

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

Charles E. Ingram, Chairperson
G. C. Morrow, Vice-Chairperson

Edwina J. Casey

Marion C. Love, Jr.

Amy Dubois

School Board

Linda G. Hodges, Chairperson
John L. Priest, Vice-Chairperson

Bambi L. Thompson

Melissa F. Mason

Jeanice A. Sadler

Department of Social Services Board

Marion C. Love, Chairperson
Jeannie Elliott, Vice-Chairperson

Margaret Hudgins
Mary E. Sampson

Arlene Armentor

Other Officials

County AdministratorMelinda Conner
Clerk of the Circuit Court Angela Ingram
County Attorney Andrew McRoberts
Commissioner of the Revenue Leslie Hall
Treasurer Wendy Stewart
Sheriff L. Mark Barrick
Superintendent of Schools Nancy B. Welch
Director of Social Services Tiffany Gordon
Judge of the Circuit 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

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 20 to the financial statements, in 2018, the County adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 108-109 and 110-128 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Other Information (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2018, on our consideration of County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Mathews, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Mathews, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
November 20, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Mathews, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2018.

Financial Highlights

Government-wide Financial Statements

< The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,833,873 (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 \$557,780 (Exhibit 5) after making contributions totaling \$7,115,814 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of \$8,250,436, an increase of \$557,780 in comparison with the prior year.

< At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,387,935, or 37% of total general fund expenditures and other financing uses.

< The combined long-term obligations decreased \$1,801,008 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County’s financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$14,833,873 at the close of the most recent fiscal year. The following table summarizes the County’s Statement of Net Position:

<u>County of Mathews, Virginia's Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 14,928,387	\$ 14,714,040
Capital assets	<u>11,904,129</u>	<u>12,789,856</u>
Total assets	\$ <u>26,832,516</u>	\$ <u>27,503,896</u>
Deferred outflows of resources	\$ <u>333,435</u>	\$ <u>569,535</u>
Current liabilities	\$ 1,347,294	\$ 1,720,428
Long-term liabilities outstanding	<u>5,842,439</u>	<u>6,901,619</u>
Total liabilities	\$ <u>7,189,733</u>	\$ <u>8,622,047</u>
Deferred inflows of resources	\$ <u>5,142,345</u>	\$ <u>4,995,461</u>
Net position:		
Net investment in capital assets	\$ 8,058,864	\$ 7,916,816
Restricted	329,087	320,162
Unrestricted	<u>6,445,922</u>	<u>6,218,945</u>
Total net position	\$ <u><u>14,833,873</u></u>	\$ <u><u>14,455,923</u></u>

*Restatement of Total net position for 2017 not reflected in this table.
Please see Note 20.

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Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net position by \$1,104,776 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	
	2018	2017
Revenues:		
Charges for services	\$ 183,147	\$ 177,396
Operating grants and contributions	5,145,326	5,029,663
Capital grants and contributions	115,960	2,376
General property taxes	12,014,049	12,154,544
Other local taxes	1,545,883	1,353,481
Grants and other contributions not restricted	1,485,618	1,498,151
Other general revenues	208,629	234,266
Transfers	-	-
Total revenues	\$ 20,698,612	\$ 20,449,877
Expenses:		
General government administration	\$ 1,421,505	\$ 1,440,801
Judicial administration	632,505	693,402
Public safety	2,858,519	2,582,338
Public works	1,387,017	1,191,113
Health and welfare	1,935,505	1,794,958
Education	7,648,766	7,097,225
Parks, recreation, and cultural	510,214	203,087
Community development	3,071,375	3,006,530
Interest and other fiscal charges	128,430	190,491
Total expenses	\$ 19,593,836	\$ 18,199,945
Change in net position	\$ 1,104,776	\$ 2,249,932
Net position, beginning of year, as restated	13,729,097	12,205,991
Net position, end of year	\$ 14,833,873	\$ 14,455,923

*2018 Net position, beginning differs from 2017 Net position, ending, due to a restatement of net position from an accounting change. Please see Note 20.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$8,250,436, an increase of \$557,780 in comparison with the prior year. Approximately 77% of the reported fund balance constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

During the year, revenues and other financing sources exceeded budgetary estimates by \$391,339 and expenditures and other financing uses were less than budgetary estimates by \$1,234,327, resulting in an overall positive variance of \$1,625,666.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2018 amounts to \$11,904,129 (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 \$3,661,900. Of this amount, \$971,900 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 \$991,102 during the current fiscal year.

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

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Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2019 fiscal year.

The fiscal year 2019 budget increased by approximately 3% and all tax rates stayed the same for FY19.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Mathews, Virginia
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental	Component Units	
	<u>Activities</u>	<u>School Board</u>	<u>EDA</u>
ASSETS			
Cash and cash equivalents	\$ 7,082,512	\$ 219,242	\$ 291,650
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,321,250	-	-
Accounts receivable	38,980	4	-
Notes receivable	17,905	-	-
Due from other governmental units	2,467,740	1,200,246	-
Capital assets (net of accumulated depreciation):			
Land and improvements	2,571,902	46,172	-
Buildings and improvements	8,550,040	8,631,092	-
Equipment	652,224	443,197	-
Construction in progress	129,963	-	-
Total assets	<u>\$ 26,832,516</u>	<u>\$ 10,539,953</u>	<u>\$ 291,650</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 317,828	\$ 1,332,212	\$ -
OPEB related items	15,607	116,985	-
Total deferred outflows of resources	<u>\$ 333,435</u>	<u>\$ 1,449,197</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 335,439	\$ 93,785	\$ -
Accrued liabilities	-	1,099,702	-
Accrued interest payable	41,044	-	-
Due to other governmental units	970,811	-	-
Long-term liabilities:			
Due within one year	992,916	20,439	-
Due in more than one year	4,849,523	13,085,523	-
Total liabilities	<u>\$ 7,189,733</u>	<u>\$ 14,299,449</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 4,671,350	\$ -	\$ -
Pension related items	428,497	1,393,885	-
OPEB related items	42,498	95,853	-
Total deferred inflows of resources	<u>\$ 5,142,345</u>	<u>\$ 1,489,738</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 8,058,864	\$ 9,120,461	\$ -
Restricted	430,388	-	-
Unrestricted (deficit)	6,344,621	(12,920,498)	291,650
Total net position	<u>\$ 14,833,873</u>	<u>\$ (3,800,037)</u>	<u>\$ 291,650</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government Governmental Activities	Component Units	
			Grants and Contributions	Grants and Contributions		School Board	EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,421,505	\$ -	\$ 257,984	\$ -	\$ (1,163,521)	\$ -	\$ -
Judicial administration	632,505	15,687	331,113	-	(285,705)	-	-
Public safety	2,858,519	158,061	766,908	-	(1,933,550)	-	-
Public works	1,387,017	-	-	-	(1,387,017)	-	-
Health and welfare	1,935,505	-	1,215,910	-	(719,595)	-	-
Education	7,648,766	-	-	-	(7,648,766)	-	-
Parks, recreation, and cultural	510,214	5,772	83,047	-	(421,395)	-	-
Community development	3,071,375	3,627	2,490,364	115,960	(461,424)	-	-
Interest on long-term debt	128,430	-	-	-	(128,430)	-	-
Total primary government	\$ 19,593,836	\$ 183,147	\$ 5,145,326	\$ 115,960	\$ (14,149,403)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 13,839,632	\$ 361,542	\$ 6,299,230	\$ -	\$ -	\$ (7,178,860)	\$ -
Economic Development Authority	15,709	41,629	-	-	-	-	25,920
Total component units	\$ 13,855,341	\$ 403,171	\$ 6,299,230	\$ -	\$ -	\$ (7,178,860)	\$ 25,920
General revenues:							
General property taxes					\$ 12,014,049	\$ -	\$ -
Local sales and use taxes					491,242	-	-
Consumer's utility tax					152,101	-	-
Motor vehicle licenses					281,388	-	-
Business license taxes					153,798	-	-
Other local taxes					467,354	-	-
Unrestricted revenues from use of money and property					79,942	9,172	3,269
Miscellaneous					128,687	31,967	-
Grants and contributions not restricted to specific programs					1,485,618	-	-
Payment from Mathews County					-	7,835,825	-
Total general revenues					\$ 15,254,179	\$ 7,876,964	\$ 3,269
Change in net position					\$ 1,104,776	\$ 698,104	\$ 29,189
Net position - beginning, as restated					13,729,097	(4,498,141)	262,461
Net position - ending					\$ 14,833,873	\$ (3,800,037)	\$ 291,650

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

FUND FINANCIAL STATEMENTS

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County of Mathews, Virginia
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 6,648,358	\$ 434,154	\$ 7,082,512
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,301,290	19,960	5,321,250
Accounts receivable	38,980	-	38,980
Notes receivable	-	17,905	17,905
Due from other funds	1,870,758	-	1,870,758
Due from other governmental units	507,590	1,960,150	2,467,740
Total assets	<u>\$ 14,366,976</u>	<u>\$ 2,432,169</u>	<u>\$ 16,799,145</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 144,032	\$ 191,407	\$ 335,439
Due to other funds	-	1,870,758	1,870,758
Due to other governmental units	970,811	-	970,811
Total liabilities	<u>\$ 1,114,843</u>	<u>\$ 2,062,165</u>	<u>\$ 3,177,008</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 5,371,701	\$ -	\$ 5,371,701
Total deferred inflows of resources	<u>\$ 5,371,701</u>	<u>\$ -</u>	<u>\$ 5,371,701</u>
FUND BALANCES			
Restricted	\$ -	\$ 329,087	\$ 329,087
Committed	1,492,497	40,917	1,533,414
Unassigned	6,387,935	-	6,387,935
Total fund balances	<u>\$ 7,880,432</u>	<u>\$ 370,004</u>	<u>\$ 8,250,436</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,366,976</u>	<u>\$ 2,432,169</u>	<u>\$ 16,799,145</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, 2018

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	8,250,436
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 18,976,785	
Accumulated depreciation	<u>(7,072,656)</u>	11,904,129
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes		700,351
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 317,828	
OPEB related items	<u>15,607</u>	333,435
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Lease revenue bonds	\$ (2,690,000)	
Issuance premium on refunded bonds	(183,365)	
General obligation bonds	(971,900)	
Compensated absences	(226,155)	
Net pension liability	(1,081,482)	
Net OPEB liability	(689,537)	
Accrued interest payable	<u>(41,044)</u>	(5,883,483)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (428,497)	
OPEB related items	<u>(42,498)</u>	(470,995)
Net position of governmental activities		<u><u>\$ 14,833,873</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, 2018

	General Fund	Special Revenue Fund	Total
REVENUES			
General property taxes	\$ 11,976,884	\$ -	\$ 11,976,884
Other local taxes	1,312,326	233,557	1,545,883
Permits, privilege fees, and regulatory licenses	84,989	-	84,989
Fines and forfeitures	47,613	3,627	51,240
Revenue from the use of money and property	79,506	436	79,942
Charges for services	46,918	-	46,918
Miscellaneous	119,614	9,073	128,687
Recovered costs	17,680	-	17,680
Intergovernmental:			
Commonwealth	3,365,748	280,116	3,645,864
Federal	938,080	2,162,960	3,101,040
Total revenues	<u>\$ 17,989,358</u>	<u>\$ 2,689,769</u>	<u>\$ 20,679,127</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,456,424	\$ -	\$ 1,456,424
Judicial administration	527,875	-	527,875
Public safety	2,888,690	11,768	2,900,458
Public works	1,174,436	-	1,174,436
Health and welfare	1,901,680	-	1,901,680
Education	7,122,664	-	7,122,664
Parks, recreation, and cultural	437,507	-	437,507
Community development	367,857	1,520,716	1,888,573
Capital projects	284,785	1,256,388	1,541,173
Debt service:			
Principal retirement	991,102	-	991,102
Interest and other fiscal charges	179,455	-	179,455
Total expenditures	<u>\$ 17,332,475</u>	<u>\$ 2,788,872</u>	<u>\$ 20,121,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 656,883</u>	<u>\$ (99,103)</u>	<u>\$ 557,780</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 112,930	\$ 112,930
Transfers out	(112,930)	-	(112,930)
Total other financing sources (uses)	<u>\$ (112,930)</u>	<u>\$ 112,930</u>	<u>\$ -</u>
Net change in fund balances	\$ 543,953	\$ 13,827	\$ 557,780
Fund balances - beginning	7,336,479	356,177	7,692,656
Fund balances - ending	<u>\$ 7,880,432</u>	<u>\$ 370,004</u>	<u>\$ 8,250,436</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, 2018

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

Net change in fund balances - total governmental funds \$ 557,780

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	\$ 407,617	
Allocation of School Board assets	(720,011)	
Depreciation expense	<u>(566,435)</u>	(878,829)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (6,898)

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

Property taxes		37,165
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premium, discounts and similar items when debt is first issued, whereas these amounts are deferred and in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 465,000	
Principal retirement on general obligation bonds	<u>526,102</u>	991,102

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	\$ (5,615)	
OPEB expense	34,998	
Pension expense	324,048	
(Increase) Decrease in accrued interest	14,352	
Amortization of issuance premium	<u>36,673</u>	\$ 404,456

Change in net position of governmental activities		<u><u>\$ 1,104,776</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Mathews, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 92,798
Total assets	\$ 92,798
 LIABILITIES	
Amounts held for social services clients	\$ 45,604
Amounts held for others	47,194
Total liabilities	\$ 92,798

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

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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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.

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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, 2018.

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, 2018.

The Mathews County Economic Development Authority (EDA) was created by the Board of Supervisors to administer the issuance of industrial development revenue bonds and provide economic development activities for the County. The Authority may also acquire property and issue debt in its own name and may also enter into lease/purchase arrangements with the County. The County appoints all of the members of the Authority's Board of Directors. The County may significantly influence the fiscal affairs of the Authority. Financial statements for the Mathews County Economic Development Authority can be obtained from the County Administrator's office of Mathews County. The financial statements of the Mathews County Economic Development Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2018.

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

None

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

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

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

2. Fiduciary Funds - (Trust and Agency Funds) - Fiduciary Funds account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds which consists of the Special Welfare Fund, the Tour de Chesapeake Fund, the Market Days Fund, the Courthouse Square Basket Fund, and the Escrow Deposits Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

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

F. Investments

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

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, 2018.

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$174,119 at June 30, 2018 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.

H. Inventories and prepaid items

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

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

I. Capital Assets

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

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

I. Capital Assets (Continued)

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

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

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.

K. Use of Estimates

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

L. Net Position

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

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

M. Net Position Flow Assumption

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

N. Pensions

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

O. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Political Subdivision and Teacher Employee Health Insurance Credit Program

The County and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the County and VRS Teacher Employee HIC Programs; and the additions to/deductions from the County and VRS Teacher Employee HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

O. Other Postemployment Benefits (OPEB) (Continued)

Medical and Dental Pay-As-You Go

For purposes of measuring the medical and dental pay-as-you go liability, deferred outflows of resources and deferred inflows of resources related to the Plan's OPEB, and the related OPEB expenses, information about the fiduciary net position of the County's and School Board's Medical and Dental Pay- As-You go Plan and the additions to/deductions from the County and School Board's OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by the County's and School Board's actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

P. Long-term Obligations

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

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB measurement date. For more detailed information, reference the related notes.

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

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

R. Fund Equity

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

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

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

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

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

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

R. Fund Equity (Continued)

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

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Fund Balances:			
Restricted:			
C/V grants	\$ -	\$ 36,128	\$ 36,128
Wetlands violations	-	8,101	8,101
Wetlands compensation	-	18,910	18,910
Meals tax	-	297,158	297,158
Hazard mitigation	-	(101,301)	(101,301)
VDOT main street enhancement	-	9,340	9,340
Forfeited assets	-	40,300	40,300
Community development	-	20,451	20,451
Total Restricted Fund Balance	<u>\$ -</u>	<u>\$ 329,087</u>	<u>\$ 329,087</u>
Committed:			
Historic courthouse renovations	\$ 335,867	\$ -	\$ 335,867
Main street improvements	150,000	-	150,000
Public access to waterways	149,325	-	149,325
Drainage improvements	124,247	-	124,247
Reassessment	33,376	-	33,376
Infrastructure maintenance	341,245	-	341,245
Employee accumulated leave	30,000	-	30,000
Vehicle replacement	10,000	-	10,000
School bus replacement	50,000	-	50,000
New Point nature preserve	-	9,929	9,929
New Point comfort lighthouse	-	30,988	30,988
Technology	268,437	-	268,437
Total Committed Fund Balance	<u>\$ 1,492,497</u>	<u>\$ 40,917</u>	<u>\$ 1,533,414</u>
Unassigned	<u>\$ 6,387,935</u>	<u>\$ -</u>	<u>\$ 6,387,935</u>
Total Fund Balances	<u>\$ 7,880,432</u>	<u>\$ 370,004</u>	<u>\$ 8,250,436</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

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

Expenditures and Appropriations

Expenditures exceeded appropriations in the following funds for the fiscal year ended June 30, 2018:

School Cafeteria Fund	\$	6,938
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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.

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 4—Due from/Due To Other Governments:

At June 30, 2018, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
County of Mathews	\$ -	\$ 970,811
Commonwealth of Virginia:		
Local sales tax	103,261	-
Welfare	29,181	-
Rolling stock tax	1,614	-
Wireless service board funds	6,908	-
State Sales Tax	-	140,872
Constitutional officer reimbursements	92,360	-
Recordation tax	8,386	-
Comprehensive services act	35,896	-
Hazard mitigation grant	414,867	-
Victim witness	1,840	-
Communications tax	65,857	-
DMV	1,309	-
Information technology	56,640	-
Federal Government:		
School fund grants	-	88,563
VDOT enhancement	988,524	-
Transportation safety	3,312	-
Hazard mitigation grant	556,759	-
Victim witness	5,521	-
VDOT enhancement grant	42,050	-
Welfare	53,455	-
Total due from other governments	\$ <u>2,467,740</u>	\$ <u>1,200,246</u>

At June 30, 2018, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>970,811</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2018:

Governmental Activities:	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 2,571,902	\$ -	\$ -	\$ 2,571,902
Construction in progress	<u>121,838</u>	<u>8,125</u>	<u>-</u>	<u>129,963</u>
Total capital assets not subject to depreciation	\$ <u>2,693,740</u>	\$ <u>8,125</u>	\$ <u>-</u>	\$ <u>2,701,865</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,953,463	\$ -	\$ -	\$ 11,953,463
Equipment	2,355,802	159,945	25,866	2,489,881
Jointly owned assets	<u>2,725,666</u>	<u>239,547</u>	<u>1,133,637</u>	<u>1,831,576</u>
Total capital assets being depreciated	\$ <u>17,034,931</u>	\$ <u>399,492</u>	\$ <u>1,159,503</u>	\$ <u>16,274,920</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,064,093	\$ 311,229	\$ -	\$ 4,375,322
Equipment	1,647,057	209,568	18,968	1,837,657
Jointly owned assets	<u>1,227,665</u>	<u>45,638</u>	<u>413,626</u>	<u>859,677</u>
Total accumulated depreciation	\$ <u>6,938,815</u>	\$ <u>566,435</u>	\$ <u>432,594</u>	\$ <u>7,072,656</u>
Total capital assets subject to depreciation, net	\$ <u>10,096,116</u>	\$ <u>(166,943)</u>	\$ <u>726,909</u>	\$ <u>9,202,264</u>
Governmental activities capital activities, net	\$ <u><u>12,789,856</u></u>	\$ <u><u>(158,818)</u></u>	\$ <u><u>726,909</u></u>	\$ <u><u>11,904,129</u></u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 5—Capital Assets: (Continued)

Component Unit-School Board:	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Capital assets subject to depreciation:				
Equipment	\$ 2,537,042	\$ 128,662	\$ -	\$ 2,665,704
Jointly owned assets	<u>15,131,927</u>	<u>-</u>	<u>(1,133,637)</u>	<u>16,265,564</u>
Total capital assets being depreciated	<u>\$ 17,668,969</u>	<u>\$ 128,662</u>	<u>\$ (1,133,637)</u>	<u>\$ 18,931,268</u>
Accumulated depreciation:				
Equipment	\$ 2,079,221	\$ 143,286	\$ -	\$ 2,222,507
Jointly owned assets	<u>6,815,552</u>	<u>405,294</u>	<u>(413,626)</u>	<u>7,634,472</u>
Total accumulated depreciation	<u>\$ 8,894,773</u>	<u>\$ 548,580</u>	<u>\$ (413,626)</u>	<u>\$ 9,856,979</u>
Total capital assets subject to depreciation, net	<u>\$ 8,774,196</u>	<u>\$ (419,918)</u>	<u>\$ (720,011)</u>	<u>\$ 9,074,289</u>
Net capital assets Component Unit-School Board	<u>\$ 8,820,368</u>	<u>\$ (419,918)</u>	<u>\$ (720,011)</u>	<u>\$ 9,120,461</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 6—Interfund Transfers and Obligations: (Continued)

Details of the Primary Government’s interfund receivables and payables as of June 30, 2018 are as follows:

Fund	Interfund Receivable	Interfund Payable
Primary Government:		
General Fund	\$ 1,870,758	\$ -
Special Revenue Fund	-	1,870,758
Total	<u>\$ 1,870,758</u>	<u>\$ 1,870,758</u>

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

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2018:

	Restated Balance at July 1, 2017	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 220,540	\$ 27,669	\$ 22,054	\$ 226,155	\$ 22,616
Lease revenue bonds	3,155,000	-	465,000	2,690,000	490,000
Add: issuance premium	220,038	-	36,673	183,365	-
Net pension liability	1,783,439	1,198,804	1,900,761	1,081,482	-
Net OPEB liabilities	766,428	26,462	103,353	689,537	-
Total incurred by County	<u>\$ 6,145,445</u>	<u>\$ 1,252,935</u>	<u>\$ 2,527,841</u>	<u>\$ 4,870,539</u>	<u>\$ 512,616</u>
Incurred by School Board:					
General Obligation Bonds	<u>\$ 1,498,002</u>	<u>\$ -</u>	<u>\$ 526,102</u>	<u>\$ 971,900</u>	<u>\$ 480,300</u>
Total incurred by School Board	<u>\$ 1,498,002</u>	<u>\$ -</u>	<u>\$ 526,102</u>	<u>\$ 971,900</u>	<u>\$ 480,300</u>
Total Governmental Activities Obligations	<u>\$ 7,643,447</u>	<u>\$ 1,252,935</u>	<u>\$ 3,053,943</u>	<u>\$ 5,842,439</u>	<u>\$ 992,916</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (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
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>2,690,000</u>	\$ <u>320,695</u>

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2019	\$ 480,300	\$ 24,690
2020	491,600	10,512
Total	\$ <u>971,900</u>	\$ <u>35,202</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds:

\$4,885,000 lease revenue refunding bond issued May 25, 2011, due in annual installments ranging from \$335,000 to \$505,000 through June 2023, interest payable annually at varying coupon rates between 2.20% and 5.20%.	\$ 2,330,000
\$720,000 lease revenue refunding bond issued on July 12, 2012 due in annual installments ranging from \$55,000 to \$80,000 through April 2023, interest payable semi-annually at varying rates between 2.279% and 5.125%.	<u>360,000</u>
Total Lease Revenue Bonds	\$ <u>2,690,000</u>
Bond Premium	\$ <u>183,365</u>
Compensated Absences (payable from General Fund)	\$ <u>226,155</u>
Net Pension Liability	\$ <u>1,081,482</u>
Net OPEB Liabilities (payable from General Fund)	\$ <u>689,537</u>
Total Incurred by County	\$ <u><u>4,870,539</u></u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

\$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%.	\$	295,000
\$1,961,300 School Bonds dated March 28, 2018, maturing annually in installments of varying amounts through February 1, 2020, interest payable semi-annually at a rate of 1.93%.		<u>676,900</u>
Total General Obligations Bonds	\$	<u>971,900</u>
Total incurred by School Board	\$	<u>971,900</u>
Total General obligations, primary government	\$	<u>5,842,439</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (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, 2018:

	Restated Balance at July 1, 2017	Increases	Decreases	Balance at June 30, 2018	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 185,862	\$ 37,115	\$ 18,586	\$ 204,391	\$ 20,439
Net pension liability	12,587,742	1,910,704	3,560,498	10,937,948	-
Net OPEB liabilities	2,101,216	125,157	262,750	1,963,623	-
Total Component Unit-School Board	\$ 14,874,820	\$ 2,072,976	\$ 3,841,834	\$ 13,105,962	\$ 20,439

Note 8—Unearned and Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis of accounting, assessments for future periods are deferred. The County had unavailable revenue at June 30, 2018 totaling \$5,371,701 and deferred revenue totaling \$4,671,330 comprised of the following:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billins that are not available for the funding of current expenditures	\$ -	\$ 5,163,815
2nd half assessment - property tax	4,463,465	-
Prepaid property taxes due after June 30 but paid in advance by taxpayers	207,884	207,884
Total deferred/unavailable revenue	\$ 4,671,349	\$ 5,371,699

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 9—Commitments / Contingent Liabilities:

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

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

Note 10—Litigation:

At June 30, 2018, 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.

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Note 12—Pension Plan:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates: (Cont.)</u></p> <ul style="list-style-type: none"> • 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. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.)	Disability Coverage (Cont.)	Disability Coverage (Cont.) Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
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. 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: <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-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, 2018 (Continued)

Note 12—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2016 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	53	36
Inactive members:		
Vested inactive members	8	1
Non-vested inactive members	9	11
Inactive members active elsewhere in VRS	40	17
Total inactive members	57	29
Active members	56	42
Total covered employees	<u>166</u>	<u>107</u>

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 employer contribution rate for the year ended June 30, 2018 was 11.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$300,373 and \$295,039 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was 11.19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$86,813 and \$88,392 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

The County’s and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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, 2016, 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, 2017.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-Hazardous Duty:

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 12—Pension Plan: (Continued)

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (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
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

Discount Rate

The discount rate used to measure the total 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, 2019, 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, 2019 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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Pension Plan: (Continued)

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, 2016	\$ 12,017,000	\$ 10,233,561	\$ 1,783,439
Changes for the year:			
Service cost	\$ 341,149	\$ -	\$ 341,149
Interest	820,550	-	820,550
Differences between expected and actual experience	(221,497)	-	(221,497)
Assumption changes	28,789	-	28,789
Contributions - employer	-	291,224	(291,224)
Contributions - employee	-	142,834	(142,834)
Net investment income	-	1,245,206	(1,245,206)
Benefit payments, including refunds			
Refund of employee contributions	(589,703)	(589,703)	-
Administrative expenses	-	(7,210)	7,210
Other changes	-	(1,106)	1,106
Net changes	\$ 379,288	\$ 1,081,245	\$ (701,957)
Balances at June 30, 2017	\$ 12,396,288	\$ 11,314,806	\$ 1,081,482

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (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, 2016	\$ 3,765,946	\$ 2,933,204	\$ 832,742
Changes for the year:			
Service cost	\$ 73,000	\$ -	\$ 73,000
Interest	257,328	-	257,328
Differences between expected and actual experience	(15,559)	-	(15,559)
Assumption changes	(28,897)	-	(28,897)
Contributions - employer	-	86,945	(86,945)
Contributions - employee	-	38,209	(38,209)
Net investment income	-	354,888	(354,888)
Benefit payments, including refunds			
Refunds of employee contributions	(179,650)	(179,650)	-
Administrative expenses	-	(2,060)	2,060
Other changes	-	(316)	316
Net changes	\$ 106,222	\$ 298,016	\$ (191,794)
Balances at June 30, 2017	\$ 3,872,168	\$ 3,231,220	\$ 640,948

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) 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 (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County's			
Net Pension Liability (Asset)	\$ 2,552,071	\$ 1,081,482	\$ (151,765)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,043,299	\$ 640,948	\$ 296,811

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (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, 2018, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$(27,490) and \$33,203 respectively. At June 30, 2018, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 261,851	\$ -	\$ 14,380
Change in assumptions	17,455	-	-	15,821
Net difference between projected and actual earnings on pension plan investments	-	166,646	\$ -	45,684
Employer contributions subsequent to the measurement date	300,373	-	86,813	-
Total	\$ 317,828	\$ 428,497	\$ 86,813	\$ 75,885

\$300,373 and \$86,813 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2019	\$ (309,788)	\$ (55,282)
2020	5,925	9,608
2021	(259)	100
2022	(106,920)	(30,311)
Thereafter	-	-

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

Each School Division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-2012 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability Contributions to the pension plan from the school division were \$1,039,399 and \$961,748 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of \$10,297,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was 0.08373% as compared to 0.08388% at June 30, 2016.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (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, 2018, the school division recognized pension expense of \$728,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 729,000
Change in assumptions	150,000	-
Net difference between projected and actual earnings on pension plan investments	-	374,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	56,000	215,000
Employer contributions subsequent to the measurement date	<u>1,039,399</u>	<u>-</u>
Total	<u>\$ 1,245,399</u>	<u>\$ 1,318,000</u>

\$1,039,399 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2019	\$ (436,000)
2020	(81,000)
2021	(188,000)
2022	(370,000)
2023	(37,000)

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (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, 2016, 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, 2017.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 12—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 45,417,520
Plan Fiduciary Net Position	33,119,545
Employers' Net Pension Liability (Asset)	<u>\$ 12,297,975</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (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:

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

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

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, 2019, 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, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	15,377,000 \$	10,297,000 \$	6,095,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City School Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>

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

Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the County were \$13,326 and \$12,860 for the years ended June 30, 2018 and June 30, 2017, respectively.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

Contributions (Continued)

Contributions to the Group Life Insurance Program from the Component Unit School Board professional group were \$33,525 and \$34,179 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board nonprofessional group were \$4,159 and \$4,108 for the years ended June 30, 2018 and June 30, 2017, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2018, the County reported a liability of \$202,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$537,000 and \$64,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the County's proportion was .01341% as compared to .01385% at June 30, 2016. At June 30, 2017, the Component Unit School Board professional and nonprofessional groups' proportion was .03564% and .00428%, respectively as compared to .03559% and .00416% respectively at June 30, 2016.

For the year ended June 30, 2018, the County recognized GLI OPEB expense of \$1,000. For the year ended June 30, 2018, the Component Unit School Board professional group recognized GLI OPEB expense of \$7,000. For the year ended June 30, 2018, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$3,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,000	\$ -	\$ 12,000	\$ -	\$ 2,000
Net difference between projected and actual earnings on GLI OPEB program investment	-	8,000	-	20,000	-	2,000
Change in assumptions	-	10,000	-	28,000	-	3,000
Changes in proportion	-	7,000	-	-	-	-
Employer contributions subsequent to the measurement date	13,326	-	33,525	-	4,159	-
Total	\$ 13,326	\$ 29,000	\$ 33,525	\$ 60,000	\$ 4,159	\$ 7,000

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

\$13,326, \$33,525, and \$4,159, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2019	\$ (6,000)	\$ (12,000)	\$ (1,000)
2020	(6,000)	(12,000)	(1,000)
2021	(6,000)	(12,000)	(1,000)
2022	(6,000)	(12,000)	(1,000)
2023	(4,000)	(7,000)	(1,000)
Thereafter	(1,000)	(5,000)	(2,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
	<u> </u>
Total GLI OPEB Liability	\$ 2,942,426
Plan Fiduciary Net Position	1,437,586
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,504,840</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%

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

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 261,000	\$ 202,000	\$ 154,000
Component School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 694,000	\$ 537,000	\$ 409,000
Component School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 83,000	\$ 64,000	\$ 49,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14—Health Insurance Credit (HIC) Program:

Plan Description

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

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p>Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees of participating employers are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
<p>Benefit Amounts The political subdivision’s Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> - For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • <u>Disability Retirement</u>- For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>2</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>2</u>
Active members	15
Total covered employees	<u>17</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2018 was .38% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Program were \$2,281 and \$2,142 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

Net HIC OPEB Liability

The County’s net Health Insurance Credit OPEB liability was measured as of June 30, 2017. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2016	\$ 24,249	\$ (277)	\$ 24,526
Changes for the year:			
Service cost	\$ 878	\$ -	\$ 878
Interest	1,641	-	1,641
Assumption changes	(744)	-	(744)
Contributions - employer	-	2,142	(2,142)
Net investment income	-	24	(24)
Benefit payments	(1,629)	(1,629)	-
Administrative expenses	-	(1)	1
Net changes	\$ 146	\$ 536	\$ (390)
Balances at June 30, 2017	\$ 24,395	\$ 259	\$ 24,136

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

Sensitivity of the County’s Health Insurance Credit Net OPEB Liability (Asset) to Changes in the Discount Rate

The follow presents the County’s Health Insurance Credit Program net HIC OPEB liability (asset) using the discount rate of 7.00%, as well as what the County’s net HIC OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County's Net HIC OPEB Liability	\$ 26,790	\$ 24,136	\$ 21,854

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2018, the County recognized Health Insurance Credit Program OPEB expense of \$2,388. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the County’s Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	\$ 20
Change in assumptions	-	616
Employer contributions subsequent to the measurement date	2,281	-
Total	<u>\$ 2,281</u>	<u>\$ 636</u>

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

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB: (Continued)

\$2,281 reported as deferred outflows of resources related to the HIC OPEB resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2019	\$	(133)
2020		(133)
2021		(133)
2022		(133)
2023		(104)
Thereafter		-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts</p> <p>The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> - For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> - For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> ○ \$4.00 per month, multiplied by twice the amount of service credit, or ○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$79,301 and \$72,745 for the years ended June 30, 2018 and June 30, 2017, respectively.

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB

At June 30, 2018, the school division reported a liability of \$1,053,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .08304% as compared to .08387% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$85,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

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

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB: (Continued)

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	\$ -	\$ 2,000
Change in assumptions	-	11,000
Change in proportion	-	10,000
Employer contributions subsequent to the measurement date	<u>79,301</u>	<u>-</u>
Total	<u>\$ 79,301</u>	<u>\$ 23,000</u>

\$79,301 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2019	\$ (3,000)
2020	(3,000)
2021	(3,000)
2022	(3,000)
2023	(3,000)
Thereafter	(8,000)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,364,702
Plan Fiduciary Net Position	96,091
Teacher Employee net HIC OPEB Liability (Asset)	\$ <u>1,268,611</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	7.04%
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The total Teacher Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

The following presents the school division’s proportionate share of the VRS Teacher Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,176,000	\$ 1,053,000	\$ 949,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program’s Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

County and School Board

Plan Description

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

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

Benefits Provided

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

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

Plan Membership

At June 30, 2018 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	58	200
Total active employees without coverage	-	-
Total retirees with coverage	7	9
Total retirees without coverage	-	-
Total	65	209

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

County and School Board: (Continued)

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2018 was \$43,844 and \$53,556.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability for the County and School Board actuarial valued on January 1, 2018 and January 1, 2017, respectively, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Salary Increases	The salary increase rate was 2.50% per annum for School Board. N/A for the County.
Discount Rate	3.5% as of June 30, 2017; 3.87% as of June 30, 2018
Investment Rate of Return	N/A

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

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

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

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

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2017 valuation of the Virginia Retirement System.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

County and School Board: (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2017 valuation of the Virginia Retirement System.

Discount Rate

The discount rate was based on the Bond Buyer 20-Year Bond GO index as of June 30, 2018.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
	<u> </u>	<u> </u>
Balances at June 30, 2017	\$ 499,902	\$ 341,216
Changes for the year:		
Service cost	5,997	18,496
Interest	16,945	11,661
Changes in assumptions	(15,599)	(8,194)
Benefit payments	(43,844)	(53,556)
Net changes	<u>\$ (36,501)</u>	<u>\$ (31,593)</u>
Balances at June 30, 2018	<u>\$ 463,401</u>	<u>\$ 309,623</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

County and School Board: (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current discount rate:

	Rate		
	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Primary Government:			
Total OPEB liability	\$ 507,758	\$ 463,401	\$ 425,375
Component Unit School Board:			
Total OPEB liability	\$ 331,989	\$ 309,623	\$ 288,158

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

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.75% decreasing to 3.25%) or one percentage point higher (8.75% decreasing to 5.25%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (6.75% decreasing to 3.25%)	Healthcare Cost Trend (7.75% decreasing to 4.25%)	1% Increase (8.75% decreasing to 5.25%)
Primary Government:			
Total OPEB liability	\$ 421,159	\$ 463,401	\$ 512,966
Component Unit School Board:			
Total OPEB liability	\$ 271,759	\$ 309,623	\$ 355,041

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

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

County and School Board: (Continued)

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

For the year ended June 30, 2018, the County and the School Board recognized OPEB expense in the amount of \$20,205 and \$27,816. At June 30, 2018, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 12,862	\$ -	\$ 5,853
Total	\$ -	\$ 12,862	\$ -	\$ 5,853

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 17-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 18-Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2018 was \$31,864.

Note 19-Upcoming Pronouncements:

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

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

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

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Note 19-Upcoming Pronouncements: (Continued)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2018 (Continued)

Note 20 - Adoption of Accounting Principles:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the County implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in the following restatement of net position:

	Govern- mental Activities	Component Unit - School Board
Net position, July 1, 2017, as previously stated	\$ 14,455,923	\$ (2,519,760)
Implementation of GASB 75:		
Adjustment to record OPEB GLI liability as reported by VRS at the beginning of the year	(242,000)	(696,000)
Adjustment to record deferred outflow of resources related to OPEB GLI liability at the beginning of the year	12,860	38,287
Adjustment to record OPEB HIC liability as reported by VRS at the beginning of the year	(24,526)	(1,064,000)
Adjustment to record deferred outflow of resources related to OPEB HIC liability at the beginning of the year	2,142	72,745
Adjustment to remove OPEB healthcare insurance liability as reported under GASB 45	24,600	11,803
Adjustment to record OPEB healthcare insurance liability as reported under GASB 75	(499,902)	(341,216)
Net position, July 1, 2017, as restated	<u>\$ 13,729,097</u>	<u>\$ (4,498,141)</u>

REQUIRED SUPPLEMENTARY INFORMATION

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County of Mathews, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive <u>(Negative)</u>
REVENUES				
General property taxes	\$ 11,690,000	\$ 11,690,000	\$ 11,976,884	\$ 286,884
Other local taxes	1,267,000	1,267,000	1,312,326	45,326
Permits, privilege fees, and regulatory licenses	76,850	76,850	84,989	8,139
Fines and forfeitures	35,250	35,250	47,613	12,363
Revenue from the use of money and property	62,320	62,320	79,506	17,186
Charges for services	30,645	39,113	46,918	7,805
Miscellaneous	59,788	77,311	119,614	42,303
Recovered costs	11,000	11,000	17,680	6,680
Intergovernmental:				
Commonwealth	3,452,904	3,708,433	3,365,748	(342,685)
Federal	633,956	630,742	938,080	307,338
Total revenues	<u>\$ 17,319,713</u>	<u>\$ 17,598,019</u>	<u>\$ 17,989,358</u>	<u>\$ 391,339</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,561,422	\$ 1,596,554	\$ 1,456,424	\$ 140,130
Judicial administration	543,154	564,509	527,875	36,634
Public safety	2,747,217	3,054,180	2,888,690	165,490
Public works	1,287,974	1,245,366	1,174,436	70,930
Health and welfare	2,146,209	2,164,447	1,901,680	262,767
Education	6,937,767	7,176,677	7,122,664	54,013
Parks, recreation, and cultural	483,532	499,887	437,507	62,380
Community development	448,258	476,005	367,857	108,148
Capital projects	130,050	461,010	284,785	176,225
Debt service:				
Principal retirement	1,034,032	991,102	991,102	-
Interest and other fiscal charges	137,009	179,455	179,455	-
Total expenditures	<u>\$ 17,456,624</u>	<u>\$ 18,409,192</u>	<u>\$ 17,332,475</u>	<u>\$ 1,076,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (136,911)</u>	<u>\$ (811,173)</u>	<u>\$ 656,883</u>	<u>\$ 1,468,056</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (130,540)	\$ (270,540)	\$ (112,930)	\$ 157,610
Total other financing sources (uses)	<u>\$ (130,540)</u>	<u>\$ (270,540)</u>	<u>\$ (112,930)</u>	<u>\$ 157,610</u>
Net change in fund balances	\$ (267,451)	\$ (1,081,713)	\$ 543,953	\$ 1,625,666
Fund balances - beginning	267,451	1,081,713	7,336,479	6,254,766
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,880,432</u>	<u>\$ 7,880,432</u>

County of Mathews, Virginia
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Other local taxes	\$ -	\$ -	\$ 233,557	\$ 233,557
Fines and forfeitures	-	-	3,627	3,627
Revenue from the use of money and property	-	-	436	436
Miscellaneous	73,750	73,750	9,073	(64,677)
Intergovernmental:				
Commonwealth	295,000	295,000	280,116	(14,884)
Federal	1,743,410	1,743,410	2,162,960	419,550
Total revenues	<u>\$ 2,112,160</u>	<u>\$ 2,112,160</u>	<u>\$ 2,689,769</u>	<u>\$ 577,609</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 11,768	\$ (11,768)
Community development	1,590,000	1,730,000	1,520,716	209,284
Capital projects	652,700	702,700	1,256,388	(553,688)
Total expenditures	<u>\$ 2,242,700</u>	<u>\$ 2,432,700</u>	<u>\$ 2,788,872</u>	<u>\$ (356,172)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (130,540)</u>	<u>\$ (320,540)</u>	<u>\$ (99,103)</u>	<u>\$ 221,437</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 130,540	\$ 270,540	\$ 112,930	\$ (157,610)
Total other financing sources (uses)	<u>\$ 130,540</u>	<u>\$ 270,540</u>	<u>\$ 112,930</u>	<u>\$ (157,610)</u>
Net change in fund balances	\$ -	\$ (50,000)	\$ 13,827	\$ 63,827
Fund balances - beginning	-	50,000	356,177	306,177
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,004</u>	<u>\$ 370,004</u>

County of Mathews, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Years Ended June 30, 2015 through June 30, 2018

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

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

County of Mathews, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Years Ended June 30, 2015 through June 30, 2018

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

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

County of Mathews, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.08373%	0.08388%	0.08549%	0.08647%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,297,000	\$ 11,755,000	\$ 10,760,000	\$ 10,449,000
Employer's Covered Payroll	\$ 6,572,851	\$ 6,391,686	\$ 6,356,097	\$ 6,323,731
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	156.66%	183.91%	169.29%	165.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

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

* 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, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	\$ 300,373	\$ 300,373	\$ -	\$ 2,561,268	11.73%
2017	295,039	295,039	-	2,473,088	11.93%
2016	336,672	336,672	-	2,488,196	13.53%
2015	324,933	324,933	-	2,390,708	13.59%
2014	292,840	292,840	-	2,428,191	12.06%
2013	290,470	290,470	-	2,408,541	12.06%
2012	228,680	228,680	-	2,362,395	9.68%
2011	233,602	233,602	-	2,413,249	9.68%
2010	186,039	186,039	-	2,480,518	7.50%
2009	194,572	194,572	-	2,594,293	7.50%
Component Unit School Board (nonprofessional)					
2018	\$ 86,813	\$ 86,813	\$ -	\$ 799,884	10.85%
2017	88,392	88,392	-	789,923	11.19%
2016	92,400	92,400	-	747,964	12.35%
2015	91,599	91,599	-	738,188	12.41%
2014	91,265	91,265	-	696,679	13.10%
2013	89,935	89,935	-	686,525	13.10%
2012	48,436	48,436	-	688,996	7.03%
2011	47,243	47,243	-	672,027	7.03%
2010	48,308	48,308	-	638,151	7.57%
2009	51,018	51,018	-	673,954	7.57%
Component Unit School Board (professional)					
2018	\$ 1,039,399	\$ 1,039,399	\$ -	\$ 6,453,601	16.11%
2017	961,748	961,748	-	6,560,355	14.66%
2016	898,671	898,671	-	6,391,686	14.06%
2015	921,634	921,634	-	6,356,097	11.66%
2014	737,347	737,347	-	6,323,731	11.66%
2013	711,170	711,170	-	11,234,913	6.33%
2012	423,256	423,256	-	10,769,873	3.93%
2011	242,004	242,004	-	2,746,924	8.81%
2010	513,705	513,705	-	5,830,931	8.81%
2009	580,724	580,724	-	5,638,097	10.30%

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

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

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

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

Largest 10 - Non-Hazardous Duty:

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

Largest 10 - Hazardous Duty:

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Mathews, Virginia
 Schedule of County's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2017	0.01341% \$	202,000 \$	2,473,088	8.17%	48.86%
Component Unit School Board (nonprofessional):					
2017	0.00428% \$	64,000 \$	789,923	8.10%	48.86%
Component Unit School Board (professional):					
2017	0.03564% \$	537,000 \$	6,572,851	8.17%	48.86%

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

County of Mathews, Virginia
 Schedule of Employer Contributions
 Group Life Insurance Program
 For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	\$ 13,326	\$ 13,326	\$ -	2,562,615	0.52%
2017	12,860	12,860	-	2,473,088	0.52%
2016	11,943	11,943	-	2,488,196	0.48%
2015	11,502	11,502	-	2,396,305	0.48%
2014	11,655	11,655	-	2,428,191	0.48%
2013	11,561	11,561	-	2,408,541	0.48%
2012	6,615	6,615	-	2,362,395	0.28%
2011	6,757	6,757	-	2,413,249	0.28%
2010	5,107	5,107	-	1,891,485	0.27%
2009	7,005	7,005	-	2,594,293	0.27%
Component Unit School Board (nonprofessional)					
2018	\$ 4,159	\$ 4,159	\$ -	799,884	0.52%
2017	4,108	4,108	-	789,923	0.52%
2016	3,590	3,590	-	747,964	0.48%
2015	3,543	3,543	-	738,188	0.48%
2014	3,364	3,364	-	700,739	0.48%
2013	3,295	3,295	-	686,525	0.48%
2012	1,929	1,929	-	688,996	0.28%
2011	1,882	1,882	-	672,027	0.28%
2010	1,256	1,256	-	465,094	0.27%
2009	1,820	1,820	-	673,954	0.27%
Component Unit School Board (professional)					
2018	\$ 33,525	\$ 33,525	\$ -	6,447,209	0.52%
2017	34,179	34,179	-	6,572,851	0.52%
2016	30,698	30,698	-	6,395,480	0.48%
2015	30,509	30,509	-	6,356,095	0.48%
2014	30,354	30,354	-	6,323,729	0.48%
2013	29,276	29,276	-	6,099,228	0.48%
2012	16,675	16,675	-	5,955,490	0.28%
2011	17,271	17,271	-	6,168,179	0.28%
2010	10,917	10,917	-	4,043,338	0.27%
2009	17,801	17,801	-	6,593,015	0.27%

County of Mathews, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018

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

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

General State Employees

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

Teachers

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

SPORS Employees

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

VaLORS Employees

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

County of Mathews, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018 (Continued)

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

	<u>2017</u>
Total HIC OPEB Liability	
Service cost	\$ 878
Interest	1,641
Changes in assumptions	(744)
Benefit payments	(1,629)
Net change in total HIC OPEB liability	\$ 146
Total HIC OPEB Liability - beginning	24,249
Total HIC OPEB Liability - ending (a)	<u>\$ 24,395</u>
Plan fiduciary net position	
Contributions - employer	\$ 2,142
Net investment income	24
Benefit payments	(1,629)
Administrative expense	(1)
Net change in plan fiduciary net position	\$ 536
Plan fiduciary net position - beginning	(277)
Plan fiduciary net position - ending (b)	<u>\$ 259</u>
County's net HIC OPEB liability - ending (a) - (b)	\$ 24,136
Plan fiduciary net position as a percentage of the total HIC OPEB liability	1.06%
Covered payroll	\$ 563,617
County's net HIC OPEB liability as a percentage of covered payroll	4.28%

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

County of Mathews, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit Program (HIC)
 For the Years Ended June 30, 2015 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 2,281	\$ 2,281	\$ -	\$ 600,277	0.38%
2017	2,142	2,142	-	563,617	0.38%
2016	927	927	-	617,765	0.15%
2015	580	580	-	386,705	0.15%

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

County of Mathews, Virginia
Notes to Required Supplementary Information
Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Mathews, Virginia
 Schedule of County School Board's Share of Net OPEB Liability
 Teacher Health Insurance Credit Program (HIC)
 For the Year Ended June 30, 2018

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

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

County of Mathews, Virginia
 Schedule of Employer Contributions
 Teacher Health Insurance Credit Program (HIC)
 For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 79,301	\$ 79,301	\$ -	\$ 6,447,209	1.23%
2017	72,745	72,745	-	6,553,639	1.11%
2016	67,792	67,792	-	6,395,480	1.06%
2015	67,375	67,375	-	6,356,095	1.06%
2014	70,193	70,193	-	6,323,729	1.11%
2013	67,701	67,701	-	6,099,228	1.11%
2012	40,119	40,119	-	6,686,516	0.60%
2011	36,945	36,945	-	6,157,554	0.60%
2010	42,037	42,037	-	4,041,979	1.04%
2009	71,159	71,159	-	6,588,805	1.08%

County of Mathews, Virginia
Notes to Required Supplementary Information
Teacher Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

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

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

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

County of Mathews, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Year Ended June 30, 2018

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

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

County of Mathews, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Year Ended June 30, 2018

	2018
Total OPEB liability	
Service cost	\$ 18,496
Interest	11,661
Changes in assumptions	(8,194)
Benefit payments	(53,556)
Net change in total OPEB liability	\$ (31,593)
Total OPEB liability - beginning	341,216
Total OPEB liability - ending	\$ 309,623
 Covered payroll	 \$ 7,381,700
 School's total OPEB liability (asset) as a percentage of covered payroll	 4.19%

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

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

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level % of salary
Discount Rate	3.50% as of June 30, 2017; 3.87% as of June 30, 2018
Inflation	2.50%
Healthcare Trend Rate	3.75% in 2018, 7.75% in 2019, 5.00% in 2020, then grading to an ultimate rate of 4.25% in 2074
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

County of Mathews, Virginia
 Notes to Required Supplementary Information - Component Unit School Board
 For the Year Ended June 30, 2018

Valuation Date: 1/1/2017
 Measurement Date: 6/30/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level % of salary
Discount Rate	3.50% as of June 30, 2017; 3.87% as of June 30, 2018
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.80% in 2017, then gradually declines to 4.10% over 59 years
Salary Increase Rates	3.00%
Mortality Rates	Pre-Retirement: RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years and Females set back 3 years. Please see the appendices for more details. Post-Retirement: RP-2000 Combined Healthy Mortality tables projected to 2020 using Scale AA with Females set back 1 year. Please see the appendices for more details. Post-Disablement: RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement. Please see the appendices for more details.

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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County of Mathews, Virginia

Fiduciary Funds

Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 48,182	\$ 30,216	\$ 32,794	\$ 45,604
Liabilities:				
Amounts held for social services clients	\$ 48,182	\$ 30,216	\$ 32,794	\$ 45,604
Tour de Chesapeake Fund:				
Assets:				
Cash and cash equivalents	\$ 18,871	\$ 32,775	\$ 29,565	\$ 22,081
Liabilities:				
Amounts held for others	\$ 18,871	\$ 32,775	\$ 29,565	\$ 22,081
Market Days Fund:				
Assets:				
Cash and cash equivalents	\$ 20,732	\$ 20,066	\$ 17,658	\$ 23,140
Liabilities:				
Amounts held for others	\$ 20,732	\$ 20,066	\$ 17,658	\$ 23,140
Courthouse Square Basket Fund:				
Assets:				
Cash and cash equivalents	\$ 8,496	\$ 33	\$ 8,559	\$ (30)
Liabilities:				
Amounts held for others	\$ 8,496	\$ 33	\$ 8,559	\$ (30)
Escrow Deposits Fund:				
Assets:				
Cash and cash equivalents	\$ 2,003	\$ -	\$ -	\$ 2,003
Liabilities:				
Amounts held for others	\$ 2,003	\$ -	\$ -	\$ 2,003
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 98,284	\$ 83,090	\$ 88,576	\$ 92,798
Total assets	\$ 98,284	\$ 83,090	\$ 88,576	\$ 92,798
Liabilities:				
Amounts held for others	\$ 50,102	\$ 52,874	\$ 55,782	\$ 47,194
Amounts held for social services clients	48,182	30,216	32,794	45,604
Total liabilities	\$ 98,284	\$ 83,090	\$ 88,576	\$ 92,798

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Mathews, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2018

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 189,286	\$ 29,956	\$ 219,242
Accounts receivable	-	4	-	4
Due from other governmental units	1,148,983	-	51,263	1,200,246
Total assets	<u>\$ 1,148,983</u>	<u>\$ 189,290</u>	<u>\$ 81,219</u>	<u>\$ 1,419,492</u>
LIABILITIES				
Accounts payable	\$ 85,874	\$ -	\$ 7,911	\$ 93,785
Accrued liabilities	1,063,109	-	36,593	1,099,702
Total liabilities	<u>\$ 1,148,983</u>	<u>\$ -</u>	<u>\$ 44,504</u>	<u>\$ 1,193,487</u>
FUND BALANCES				
Committed	\$ -	\$ 189,290	\$ -	\$ 189,290
Unassigned	-	-	36,715	36,715
Total fund balances	<u>\$ -</u>	<u>\$ 189,290</u>	<u>\$ 36,715</u>	<u>\$ 226,005</u>
Total liabilities and fund balances	<u>\$ 1,148,983</u>	<u>\$ 189,290</u>	<u>\$ 81,219</u>	<u>\$ 1,419,492</u>

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

Total fund balances per above	\$ 226,005
-------------------------------	------------

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

Capital assets, cost	\$ 18,977,440	
Less: accumulated depreciation	<u>(9,856,979)</u>	9,120,461

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

Pension related items	\$ 1,332,212	
OPEB related items	<u>116,985</u>	1,449,197

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	\$ (204,391)	
Net pension liability	(10,937,948)	
Net OPEB liability	<u>(1,963,623)</u>	(13,105,962)

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

Pension related items	\$ (1,393,885)	
OPEB related items	<u>(95,853)</u>	(1,489,738)

Net position of governmental activities	<u>\$ (3,800,037)</u>
---	-----------------------

County of Mathews, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
REVENUES				
Revenue from the use of money and property	\$ 8,338	\$ 267	\$ 567	\$ 9,172
Charges for services	14,708	-	346,834	361,542
Miscellaneous	31,967	-	-	31,967
Recovered costs	110,320	-	-	110,320
Intergovernmental:				
Local government	7,115,814	-	-	7,115,814
Commonwealth	5,399,080	-	8,738	5,407,818
Federal	516,691	-	374,721	891,412
Total revenues	<u>\$ 13,196,918</u>	<u>\$ 267</u>	<u>\$ 730,860</u>	<u>\$ 13,928,045</u>
EXPENDITURES				
Current:				
Education	\$ 13,054,040	\$ 56,132	\$ 803,840	\$ 13,914,012
Total expenditures	<u>\$ 13,054,040</u>	<u>\$ 56,132</u>	<u>\$ 803,840</u>	<u>\$ 13,914,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 142,878</u>	<u>\$ (55,865)</u>	<u>\$ (72,980)</u>	<u>\$ 14,033</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 56,308	\$ 86,570	\$ 142,878
Transfers out	(142,878)	-	-	(142,878)
Total other financing sources (uses)	<u>\$ (142,878)</u>	<u>\$ 56,308</u>	<u>\$ 86,570</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 443	\$ 13,590	\$ 14,033
Fund balances - beginning	-	188,847	23,125	211,972
Fund balances - ending	<u>\$ -</u>	<u>\$ 189,290</u>	<u>\$ 36,715</u>	<u>\$ 226,005</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 \$ 14,033

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	\$ 128,662	
Allocation of School Board assets	720,011	
Depreciation expense	<u>(548,580)</u>	300,093

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	\$ (18,529)	
Pension expense	354,814	
OPEB expense	<u>47,693</u>	383,978

Change in net position of governmental activities \$ 698,104

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, 2018

	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	\$ 8,338	\$ 1,338
Charges for services	25,000	20,000	14,708	(5,292)
Miscellaneous	50,900	98,731	31,967	(66,764)
Recovered costs	50,000	50,000	110,320	60,320
Intergovernmental:				
Local government	6,930,917	7,169,827	7,115,814	(54,013)
Commonwealth	5,377,175	5,509,190	5,399,080	(110,110)
Federal	520,732	529,700	516,691	(13,009)
Total revenues	<u>\$ 12,961,724</u>	<u>\$ 13,384,448</u>	<u>\$ 13,196,918</u>	<u>\$ (187,530)</u>
EXPENDITURES				
Current:				
Education	\$ 12,820,194	\$ 13,259,151	\$ 13,054,040	\$ 205,111
Total expenditures	<u>\$ 12,820,194</u>	<u>\$ 13,259,151</u>	<u>\$ 13,054,040</u>	<u>\$ 205,111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 141,530</u>	<u>\$ 125,297</u>	<u>\$ 142,878</u>	<u>\$ 17,581</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (141,530)	\$ (142,878)	\$ (142,878)	\$ -
Total other financing sources (uses)	<u>\$ (141,530)</u>	<u>\$ (142,878)</u>	<u>\$ (142,878)</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (17,581)	\$ -	\$ 17,581
Fund balances - beginning	-	17,581	-	(17,581)
Fund balances - ending	<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, 2018

	School Cafeteria Fund				Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 567	\$ 567	\$ -	\$ -	\$ 267	\$ 267
Charges for services	365,807	360,406	346,834	(13,572)	-	-	-	-
Intergovernmental:								
Commonwealth	8,179	8,179	8,738	559	-	-	-	-
Federal	300,000	341,747	374,721	32,974	-	-	-	-
Total revenues	\$ 673,986	\$ 710,332	\$ 730,860	\$ 20,528	\$ -	\$ -	\$ 267	\$ 267
EXPENDITURES								
Current:								
Education	\$ 760,556	\$ 796,902	\$ 803,840	\$ (6,938)	\$ 78,015	\$ 78,015	\$ 56,132	\$ 21,883
Total expenditures	\$ 760,556	\$ 796,902	\$ 803,840	\$ (6,938)	\$ 78,015	\$ 78,015	\$ 56,132	\$ 21,883
Excess (deficiency) of revenues over (under) expenditures	\$ (86,570)	\$ (86,570)	\$ (72,980)	\$ 13,590	\$ (78,015)	\$ (78,015)	\$ (55,865)	\$ 22,150
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 86,570	\$ 86,570	\$ 86,570	\$ -	\$ 54,960	\$ 54,960	\$ 56,308	\$ 1,348
Total other financing sources (uses)	\$ 86,570	\$ 86,570	\$ 86,570	\$ -	\$ 54,960	\$ 54,960	\$ 56,308	\$ 1,348
Net change in fund balances	\$ -	\$ -	\$ 13,590	\$ 13,590	\$ (23,055)	\$ (23,055)	\$ 443	\$ 23,498
Fund balances - beginning	-	-	23,125	23,125	23,055	23,055	188,847	165,792
Fund balances - ending	\$ -	\$ -	\$ 36,715	\$ 36,715	\$ -	\$ -	\$ 189,290	\$ 189,290

County of Mathews, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Fund - Discretely Presented Component Unit School Board
 June 30, 2018

	Scholarship <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 84,194
NET POSITION	
Held in trust for scholarships	\$ 84,194

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, 2018

	<u>Scholarship Funds</u>
ADDITIONS	
Contributions:	
Donations	\$ 71,422
Total contributions	\$ 71,422
Investment income:	
Interest	\$ 49
Total investment earnings	\$ 49
Total additions	\$ 71,471
DEDUCTIONS	
Scholarships	\$ 77,750
Total deductions	\$ 77,750
Change in net position	\$ (6,279)
Net position - beginning	90,473
Net position - ending	\$ 84,194

*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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County of Mathews, Virginia
 Statement of Net Position
 Discretely Presented Component Unit-Economic Development Authority
 June 30, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$ 291,650
Total current assets	\$ 291,650
Total assets	\$ 291,650

NET POSITION

Unrestricted	\$ 291,650
Total net position	\$ 291,650

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2018

OPERATING REVENUES	
Miscellaneous	\$ 41,629
Total operating revenues	<u>\$ 41,629</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 15,709
Total operating expenses	<u>\$ 15,709</u>
Operating income (loss)	<u>\$ 25,920</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 3,269
Total nonoperating revenues (expenses)	<u>\$ 3,269</u>
Change in net position	\$ 29,189
Total net position - beginning	262,461
Total net position - ending	<u><u>\$ 291,650</u></u>

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 41,629
Payments for operating activities	(15,709)
Net cash provided by (used for) operating activities	\$ 25,920

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	\$ 3,269
Net cash provided by (used for) investing activities	\$ 3,269

Net increase (decrease) in cash and cash equivalents	\$ 29,189
--	-----------

Cash and cash equivalents - beginning	262,461
Cash and cash equivalents - ending	\$ 291,650

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

Operating income (loss)	\$ 25,920
Net cash provided by (used for) operating activities	\$ 25,920

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SUPPORTING SCHEDULES

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County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 9,300,000	\$ 9,300,000	\$ 9,342,989	\$ 42,989
Real and personal public service corporation taxes	105,000	105,000	69,151	(35,849)
Personal property taxes	1,775,000	1,775,000	2,029,076	254,076
Mobile home taxes	30,000	30,000	31,550	1,550
Boat taxes	260,000	260,000	260,949	949
Machinery and tools taxes	100,000	100,000	95,268	(4,732)
Penalties	70,000	70,000	79,701	9,701
Interest	50,000	50,000	68,200	18,200
Total general property taxes	<u>\$ 11,690,000</u>	<u>\$ 11,690,000</u>	<u>\$ 11,976,884</u>	<u>\$ 286,884</u>
Other local taxes:				
Local sales and use taxes	\$ 475,000	\$ 475,000	\$ 491,242	\$ 16,242
Consumers' utility taxes	175,000	175,000	152,101	(22,899)
Consumption tax	36,000	36,000	37,679	1,679
Business license taxes	134,000	134,000	153,798	19,798
Motor vehicle licenses	280,000	280,000	281,388	1,388
Bank stock taxes	82,000	82,000	94,525	12,525
Taxes on recordation and wills	85,000	85,000	101,593	16,593
Total other local taxes	<u>\$ 1,267,000</u>	<u>\$ 1,267,000</u>	<u>\$ 1,312,326</u>	<u>\$ 45,326</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,400	\$ 2,400	\$ 3,147	\$ 747
Transfer fees	500	500	475	(25)
Permits and other licenses	73,950	73,950	81,367	7,417
Total permits, privilege fees, and regulatory licenses	<u>\$ 76,850</u>	<u>\$ 76,850</u>	<u>\$ 84,989</u>	<u>\$ 8,139</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 35,250	\$ 35,250	\$ 47,613	\$ 12,363
Total fines and forfeitures	<u>\$ 35,250</u>	<u>\$ 35,250</u>	<u>\$ 47,613</u>	<u>\$ 12,363</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 11,000	\$ 11,000	\$ 27,224	\$ 16,224
Revenue from use of property	51,320	51,320	52,282	962
Total revenue from use of money and property	<u>\$ 62,320</u>	<u>\$ 62,320</u>	<u>\$ 79,506</u>	<u>\$ 17,186</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 800	\$ 9,268	\$ 13,666	\$ 4,398
Charges for courthouse maintenance	1,100	1,100	2,154	1,054
Charges for court costs	3,100	3,100	8,260	5,160
Courthouse security fees	10,645	10,645	9,686	(959)
Circuit court- document reproduction	5,000	5,000	4,570	(430)
Charges for Commonwealth's Attorney	600	600	703	103
Charges for other protection	1,900	1,900	2,107	207
Charges for library	7,500	7,500	5,772	(1,728)
Total charges for services	<u>\$ 30,645</u>	<u>\$ 39,113</u>	<u>\$ 46,918</u>	<u>\$ 7,805</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 59,788	\$ 77,311	\$ 119,614	\$ 42,303
Total miscellaneous	\$ 59,788	\$ 77,311	\$ 119,614	\$ 42,303
Recovered costs:				
DMV License agent	\$ 11,000	\$ 11,000	\$ 17,680	\$ 6,680
Total recovered costs	\$ 11,000	\$ 11,000	\$ 17,680	\$ 6,680
Total revenue from local sources	\$ 13,232,853	\$ 13,258,844	\$ 13,685,530	\$ 426,686
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 775	\$ 775	\$ 1,614	\$ 839
Mobile home titling tax	500	500	6,637	6,137
Motor vehicle rental tax	100	100	-	(100)
State recordation tax	35,500	35,500	67,180	31,680
State technology trust fund	13,000	13,000	-	(13,000)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	450,000	450,000	410,104	(39,896)
Total noncategorical aid	\$ 1,499,958	\$ 1,499,958	\$ 1,485,618	\$ (14,340)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 152,745	\$ 152,745	\$ 168,219	\$ 15,474
Sheriff	544,519	551,289	598,158	46,869
Commissioner of revenue	77,994	77,994	78,006	12
Treasurer	79,541	79,541	84,595	5,054
Medical examiner	150	150	-	(150)
Registrar/electoral board	36,000	36,000	35,656	(344)
Clerk of the Circuit Court	132,587	132,587	152,234	19,647
Total shared expenses	\$ 1,023,536	\$ 1,030,306	\$ 1,116,868	\$ 86,562
Other categorical aid:				
Public assistance and welfare administration	\$ 377,440	\$ 378,892	\$ 359,779	\$ (19,113)
Emergency medical services - two for life	7,000	7,000	-	(7,000)
Comprehensive services act	299,820	299,820	127,822	(171,998)
Litter control	5,000	6,038	6,038	-
Library grant	81,906	81,906	76,880	(5,026)
Wireless board funds	35,000	50,950	44,124	(6,826)
VDOT enhancement project	-	185,960	42,050	(143,910)
Commission for the arts grant	4,500	4,370	4,500	130
Victim-witness grant	32,674	32,674	10,660	(22,014)
Library of Virginia grant	-	1,667	1,667	-
Fire programs fund	25,000	32,929	30,015	(2,914)

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Wireless services	\$ -	\$ -	\$ 56,640	\$ 56,640
Other state aid	61,070	95,963	3,087	(92,876)
Total other categorical aid	<u>\$ 929,410</u>	<u>\$ 1,178,169</u>	<u>\$ 763,262</u>	<u>\$ (414,907)</u>
Total categorical aid	<u>\$ 1,952,946</u>	<u>\$ 2,208,475</u>	<u>\$ 1,880,130</u>	<u>\$ (328,345)</u>
Total revenue from the Commonwealth	<u>\$ 3,452,904</u>	<u>\$ 3,708,433</u>	<u>\$ 3,365,748</u>	<u>\$ (342,685)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 633,956	\$ 630,742	\$ 716,346	\$ 85,604
Comprehensive services act	-	-	11,963	11,963
Local law enforcement block grant	-	-	17,970	17,970
VDOT enhancement grant	-	-	115,960	115,960
Victim-witness grant	-	-	31,981	31,981
Homeland security grant	-	-	30,000	30,000
Ground transport safety	-	-	13,860	13,860
Total categorical aid	<u>\$ 633,956</u>	<u>\$ 630,742</u>	<u>\$ 938,080</u>	<u>\$ 307,338</u>
Total revenue from the federal government	<u>\$ 633,956</u>	<u>\$ 630,742</u>	<u>\$ 938,080</u>	<u>\$ 307,338</u>
Total General Fund	<u>\$ 17,319,713</u>	<u>\$ 17,598,019</u>	<u>\$ 17,989,358</u>	<u>\$ 391,339</u>
Special Revenue Fund:				
Special Revenue Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ -	\$ -	\$ 233,557	\$ 233,557
Total other local taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,557</u>	<u>\$ 233,557</u>
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 3,627	\$ 3,627
Total fines and forfeitures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,627</u>	<u>\$ 3,627</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 436	\$ 436
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 436</u>	<u>\$ 436</u>
Miscellaneous:				
Miscellaneous	\$ 73,750	\$ 73,750	\$ 9,073	\$ (64,677)
Total miscellaneous	<u>\$ 73,750</u>	<u>\$ 73,750</u>	<u>\$ 9,073</u>	<u>\$ (64,677)</u>
Total revenue from local sources	<u>\$ 73,750</u>	<u>\$ 73,750</u>	<u>\$ 246,693</u>	<u>\$ 172,943</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018

<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)				
Special Revenue Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 800	\$ 800
Hazard mitigation grant	295,000	295,000	279,316	(15,684)
Total categorical aid	<u>\$ 295,000</u>	<u>\$ 295,000</u>	<u>\$ 280,116</u>	<u>\$ (14,884)</u>
Total revenue from the Commonwealth	<u>\$ 295,000</u>	<u>\$ 295,000</u>	<u>\$ 280,116</u>	<u>\$ (14,884)</u>
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ 115,000	\$ 115,000	\$ 131,427	\$ 16,427
VDOT enhancement grant	522,160	522,160	984,099	461,939
Hazard mitigation grant	1,106,250	1,106,250	1,047,434	(58,816)
Total categorical aid	<u>\$ 1,743,410</u>	<u>\$ 1,743,410</u>	<u>\$ 2,162,960</u>	<u>\$ 419,550</u>
Total revenue from the federal government	<u>\$ 1,743,410</u>	<u>\$ 1,743,410</u>	<u>\$ 2,162,960</u>	<u>\$ 419,550</u>
Total Special Revenue Fund	<u>\$ 2,112,160</u>	<u>\$ 2,112,160</u>	<u>\$ 2,689,769</u>	<u>\$ 577,609</u>
Total Primary Government	<u>\$ 19,431,873</u>	<u>\$ 19,710,179</u>	<u>\$ 20,679,127</u>	<u>\$ 968,948</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 7,000	\$ 7,000	\$ 8,338	\$ 1,338
Total revenue from use of money and property	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 8,338</u>	<u>\$ 1,338</u>
Charges for services:				
Tuition and payments from other divisions	\$ 25,000	\$ 20,000	\$ 14,708	\$ (5,292)
Total charges for services	<u>\$ 25,000</u>	<u>\$ 20,000</u>	<u>\$ 14,708</u>	<u>\$ (5,292)</u>
Miscellaneous:				
Miscellaneous	\$ 50,900	\$ 98,731	\$ 31,967	\$ (66,764)
Total miscellaneous	<u>\$ 50,900</u>	<u>\$ 98,731</u>	<u>\$ 31,967</u>	<u>\$ (66,764)</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

<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	\$ 25,000	\$ 25,000	\$ 85,696	\$ 60,696
Medicaid reimbursements	25,000	25,000	24,624	(376)
Total recovered costs	\$ 50,000	\$ 50,000	\$ 110,320	\$ 60,320
Total revenue from local sources	\$ 132,900	\$ 175,731	\$ 165,333	\$ (10,398)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 6,930,917	\$ 7,169,827	\$ 7,115,814	\$ (54,013)
Total revenues from local governments	\$ 6,930,917	\$ 7,169,827	\$ 7,115,814	\$ (54,013)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,203,965	\$ 1,206,149	\$ 1,133,598	\$ (72,551)
Basic school aid	2,475,348	2,549,060	2,548,713	(347)
Remedial summer education	15,049	13,344	86,361	73,017
Regular foster care	32,664	32,664	-	(32,664)
Special education - foster care	-	-	11,748	11,748
Gifted and talented	24,031	24,620	24,620	-
Lottery proceeds	-	-	140,728	140,728
Special education	386,494	395,969	395,969	-
Textbook payment	54,960	56,308	56,308	-
Project graduation	3,674	-	3,674	3,674
Vocational education	100,128	102,522	108,653	6,131
School fringes	526,673	539,584	539,584	-
Compensation supplement	373	-	26,216	26,216
ISAEP	7,859	7,859	8,294	435
Early reading intervention	15,568	15,568	15,568	-
Primary class size	75,325	74,895	-	(74,895)
Homebound	-	3,412	3,412	-
At risk payments	66,218	67,954	68,649	695
Career and technical education	3,592	3,592	-	(3,592)
Remediation assistance - SOL	76,598	76,599	78,476	1,877
Technology	153,587	153,587	128,000	(25,587)
Standards of Learning algebra readiness	9,447	9,299	9,447	148
Supplement per pupil	137,235	163,912	-	(163,912)
Mentor teacher program	842	414	414	-
English as a second language	5,937	6,249	6,249	-
Other state funds	1,608	5,630	4,399	(1,231)
Total categorical aid	\$ 5,377,175	\$ 5,509,190	\$ 5,399,080	\$ (110,110)
Total revenue from the Commonwealth	\$ 5,377,175	\$ 5,509,190	\$ 5,399,080	\$ (110,110)

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 197,564	\$ 197,564	\$ 183,394	\$ (14,170)
Title VI-B, special education flow-through	252,316	252,316	260,991	8,675
Carl Perkins	15,000	15,000	16,934	1,934
Title VI-B, special education pre-school	9,419	9,419	10,405	986
Title III	1,020	1,020	-	(1,020)
Student support and academic achievement grants	-	-	10,000	10,000
Title II - A	45,413	54,381	34,967	(19,414)
Total categorical aid	<u>\$ 520,732</u>	<u>\$ 529,700</u>	<u>\$ 516,691</u>	<u>\$ (13,009)</u>
Total revenue from the federal government	<u>\$ 520,732</u>	<u>\$ 529,700</u>	<u>\$ 516,691</u>	<u>\$ (13,009)</u>
Total School Operating Fund	<u>\$ 12,961,724</u>	<u>\$ 13,384,448</u>	<u>\$ 13,196,918</u>	<u>\$ (187,530)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 567	\$ 567
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 567</u>	<u>\$ 567</u>
Charges for services:				
Cafeteria sales	\$ 365,807	\$ 360,406	\$ 346,834	\$ (13,572)
Total charges for services	<u>\$ 365,807</u>	<u>\$ 360,406</u>	<u>\$ 346,834</u>	<u>\$ (13,572)</u>
Total revenue from local sources	<u>\$ 365,807</u>	<u>\$ 360,406</u>	<u>\$ 347,401</u>	<u>\$ (13,005)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 8,179	\$ 8,179	\$ 8,738	\$ 559
Total categorical aid	<u>\$ 8,179</u>	<u>\$ 8,179</u>	<u>\$ 8,738</u>	<u>\$ 559</u>
Total revenue from the Commonwealth	<u>\$ 8,179</u>	<u>\$ 8,179</u>	<u>\$ 8,738</u>	<u>\$ 559</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 300,000	\$ 300,000	\$ 332,974	\$ 32,974
Commodities	-	41,747	41,747	-
Total categorical aid	<u>\$ 300,000</u>	<u>\$ 341,747</u>	<u>\$ 374,721</u>	<u>\$ 32,974</u>
Total revenue from the federal government	<u>\$ 300,000</u>	<u>\$ 341,747</u>	<u>\$ 374,721</u>	<u>\$ 32,974</u>
Total School Cafeteria Fund	<u>\$ 673,986</u>	<u>\$ 710,332</u>	<u>\$ 730,860</u>	<u>\$ 20,528</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018

<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	\$ -	\$ -	\$ 267	\$ 267
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267</u>	<u>\$ 267</u>
 Total revenue from local sources	 \$ -	 \$ -	 \$ 267	 \$ 267
 Total Textbook Fund	 \$ -	 \$ -	 \$ 267	 \$ 267
 Total Discretely Presented Component Unit - School Board	 \$ 13,635,710	 \$ 14,094,780	 \$ 13,928,045	 \$ (166,735)

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County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

<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	\$ 157,132	\$ 150,654	\$ 93,992	\$ 56,662
General and financial administration:				
County administrator	\$ 450,983	\$ 450,983	\$ 442,707	\$ 8,276
Legal services	50,000	90,510	114,178	(23,668)
Commissioner of revenue	243,806	243,806	224,839	18,967
Independent Auditor	50,000	50,000	46,143	3,857
Treasurer	285,408	285,408	278,301	7,107
Information Technology	190,050	190,050	152,228	37,822
Total general and financial administration	<u>\$ 1,270,247</u>	<u>\$ 1,310,757</u>	<u>\$ 1,258,396</u>	<u>\$ 52,361</u>
Board of elections:				
Electoral board and officials	\$ 56,496	\$ 57,596	\$ 26,932	\$ 30,664
Registrar	77,547	77,547	77,104	443
Total board of elections	<u>\$ 134,043</u>	<u>\$ 135,143</u>	<u>\$ 104,036</u>	<u>\$ 31,107</u>
Total general government administration	<u>\$ 1,561,422</u>	<u>\$ 1,596,554</u>	<u>\$ 1,456,424</u>	<u>\$ 140,130</u>
Judicial administration:				
Courts:				
Circuit court	\$ 24,750	\$ 26,847	\$ 26,847	\$ -
General district court	10,675	10,675	5,109	5,566
Special magistrates	300	300	59	241
Juvenile and domestic relations court	5,100	5,100	2,541	2,559
Victim witness	32,674	33,265	33,265	-
Clerk of the circuit court	214,682	216,349	210,306	6,043
Total courts	<u>\$ 288,181</u>	<u>\$ 292,536</u>	<u>\$ 278,127</u>	<u>\$ 14,409</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 254,973	\$ 271,973	\$ 249,748	\$ 22,225
Total commonwealth's attorney	<u>\$ 254,973</u>	<u>\$ 271,973</u>	<u>\$ 249,748</u>	<u>\$ 22,225</u>
Total judicial administration	<u>\$ 543,154</u>	<u>\$ 564,509</u>	<u>\$ 527,875</u>	<u>\$ 36,634</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,422,252	\$ 1,531,534	\$ 1,459,529	\$ 72,005
E-911	125,956	243,371	226,314	17,057
Total law enforcement and traffic control	<u>\$ 1,548,208</u>	<u>\$ 1,774,905</u>	<u>\$ 1,685,843</u>	<u>\$ 89,062</u>
Fire and rescue services:				
Fire department	\$ 202,300	\$ 210,229	\$ 210,199	\$ 30
Ambulance and rescue services	215,889	263,206	217,150	46,056
Total fire and rescue services	<u>\$ 418,189</u>	<u>\$ 473,435</u>	<u>\$ 427,349</u>	<u>\$ 46,086</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Regional jail	\$ 474,940	\$ 474,940	\$ 463,057	\$ 11,883
Juvenile probation and detention	78,708	78,708	73,517	5,191
Total correction and detention	<u>\$ 553,648</u>	<u>\$ 553,648</u>	<u>\$ 536,574</u>	<u>\$ 17,074</u>
Inspections:				
Building	\$ 147,950	\$ 147,950	\$ 145,356	\$ 2,594
Total inspections	<u>\$ 147,950</u>	<u>\$ 147,950</u>	<u>\$ 145,356</u>	<u>\$ 2,594</u>
Other protection:				
Animal control	\$ 79,122	\$ 104,142	\$ 93,488	\$ 10,654
Medical examiner	100	100	80	20
Total other protection	<u>\$ 79,222</u>	<u>\$ 104,242</u>	<u>\$ 93,568</u>	<u>\$ 10,674</u>
Total public safety	<u>\$ 2,747,217</u>	<u>\$ 3,054,180</u>	<u>\$ 2,888,690</u>	<u>\$ 165,490</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 18,000	\$ 18,000	\$ 16,714	\$ 1,286
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 16,714</u>	<u>\$ 1,286</u>
Sanitation and waste removal:				
Refuse disposal	\$ 643,632	\$ 646,817	\$ 646,817	\$ -
Total sanitation and waste removal	<u>\$ 643,632</u>	<u>\$ 646,817</u>	<u>\$ 646,817</u>	<u>\$ -</u>
Maintenance of general buildings and grounds:				
General properties	\$ 626,342	\$ 580,549	\$ 510,905	\$ 69,644
Total maintenance of general buildings and grounds	<u>\$ 626,342</u>	<u>\$ 580,549</u>	<u>\$ 510,905</u>	<u>\$ 69,644</u>
Total public works	<u>\$ 1,287,974</u>	<u>\$ 1,245,366</u>	<u>\$ 1,174,436</u>	<u>\$ 70,930</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 130,716	\$ 130,716	\$ 130,716	\$ -
Total health	<u>\$ 130,716</u>	<u>\$ 130,716</u>	<u>\$ 130,716</u>	<u>\$ -</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller Center	38,130	38,130	38,130	-
Total mental health and mental retardation	<u>\$ 48,630</u>	<u>\$ 48,630</u>	<u>\$ 48,630</u>	<u>\$ -</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,372,458	\$ 1,390,695	\$ 1,322,553	\$ 68,142
Area agency on aging	54,324	54,325	54,325	-
Comprehensive services act	540,081	540,081	244,674	295,407
Tax relief for the elderly	-	-	100,782	(100,782)
Total welfare	<u>\$ 1,966,863</u>	<u>\$ 1,985,101</u>	<u>\$ 1,722,334</u>	<u>\$ 262,767</u>
Total health and welfare	<u>\$ 2,146,209</u>	<u>\$ 2,164,447</u>	<u>\$ 1,901,680</u>	<u>\$ 262,767</u>
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 6,850	\$ 6,850	\$ 6,850	\$ -
Contribution to County School Board	6,930,917	7,169,827	7,115,814	54,013
Total education	<u>\$ 6,937,767</u>	<u>\$ 7,176,677</u>	<u>\$ 7,122,664</u>	<u>\$ 54,013</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 103,500	\$ 103,500	\$ 103,066	\$ 434
Total parks and recreation	<u>\$ 103,500</u>	<u>\$ 103,500</u>	<u>\$ 103,066</u>	<u>\$ 434</u>
Library:				
Contribution to county library	\$ 380,032	\$ 396,387	\$ 334,441	\$ 61,946
Total library	<u>\$ 380,032</u>	<u>\$ 396,387</u>	<u>\$ 334,441</u>	<u>\$ 61,946</u>
Total parks, recreation, and cultural	<u>\$ 483,532</u>	<u>\$ 499,887</u>	<u>\$ 437,507</u>	<u>\$ 62,380</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 332,990	\$ 359,699	\$ 278,458	\$ 81,241
Planning and zoning boards	9,356	9,356	1,751	7,605
Middle Peninsula planning district commission	16,900	16,900	16,900	-
Wetlands board	3,988	3,988	781	3,207
Economic development	39,000	39,000	38,500	500
Total planning and community development	<u>\$ 402,234</u>	<u>\$ 428,943</u>	<u>\$ 336,390</u>	<u>\$ 92,553</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	5,000	6,038	6,038	-
Total environmental management	<u>\$ 11,000</u>	<u>\$ 12,038</u>	<u>\$ 12,038</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 35,024	\$ 35,024	\$ 19,429	\$ 15,595
Total cooperative extension program	<u>\$ 35,024</u>	<u>\$ 35,024</u>	<u>\$ 19,429</u>	<u>\$ 15,595</u>
Total community development	<u>\$ 448,258</u>	<u>\$ 476,005</u>	<u>\$ 367,857</u>	<u>\$ 108,148</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2018

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Capital projects:				
Public access improvement and lighthouse improvement	\$ 25,000	\$ 25,000	\$ 5,000	\$ 20,000
Stormwater drainage improvements	-	210,960	183,040	27,920
Historic courtgreen renovations	75,000	75,000	-	75,000
Technology purchases	20,050	140,050	96,745	43,305
Other capital projects	10,000	10,000	-	10,000
Total capital projects	<u>\$ 130,050</u>	<u>\$ 461,010</u>	<u>\$ 284,785</u>	<u>\$ 176,225</u>
Debt service:				
Principal retirement	\$ 1,034,032	\$ 991,102	\$ 991,102	\$ -
Interest and other fiscal charges	137,009	179,455	179,455	-
Total debt service	<u>\$ 1,171,041</u>	<u>\$ 1,170,557</u>	<u>\$ 1,170,557</u>	<u>\$ -</u>
Total General Fund	<u>\$ 17,456,624</u>	<u>\$ 18,409,192</u>	<u>\$ 17,332,475</u>	<u>\$ 1,076,717</u>
Special Revenue Fund:				
Special Revenue Fund:				
Public Safety:				
Other protection:				
Forfeited assets	\$ -	\$ -	\$ 11,768	\$ (11,768)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,768</u>	<u>\$ (11,768)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,768</u>	<u>\$ (11,768)</u>
Community Development:				
Planning and community development:				
Community development block grant	\$ 115,000	\$ 255,000	\$ 125,829	\$ 129,171
Hazard mitigation grant program	1,475,000	1,475,000	1,394,887	80,113
Total planning and community development	<u>\$ 1,590,000</u>	<u>\$ 1,730,000</u>	<u>\$ 1,520,716</u>	<u>\$ 209,284</u>
Capital projects:				
Main street improvements	\$ 652,700	\$ 652,700	\$ 1,206,388	\$ (553,688)
Bohannon fire station	-	50,000	50,000	-
Total capital projects	<u>\$ 652,700</u>	<u>\$ 702,700</u>	<u>\$ 1,256,388</u>	<u>\$ (553,688)</u>
Total Special Revenue Fund	<u>\$ 2,242,700</u>	<u>\$ 2,432,700</u>	<u>\$ 2,788,872</u>	<u>\$ (356,172)</u>
Total Primary Government	<u>\$ 19,699,324</u>	<u>\$ 20,841,892</u>	<u>\$ 20,121,347</u>	<u>\$ 720,545</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

<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	\$ 780,657	\$ 773,693	\$ 817,000	\$ (43,307)
Instruction costs	9,659,927	9,688,836	9,538,285	150,551
Pupil transportation	1,009,466	1,095,492	1,044,604	50,888
Operation and maintenance of school plant	1,370,144	1,701,130	1,654,151	46,979
Total education	\$ 12,820,194	\$ 13,259,151	\$ 13,054,040	\$ 205,111
Total School Operating Fund	\$ 12,820,194	\$ 13,259,151	\$ 13,054,040	\$ 205,111
 Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 760,556	\$ 755,155	\$ 762,093	\$ (6,938)
Commodities	-	41,747	41,747	-
Total school food services	\$ 760,556	\$ 796,902	\$ 803,840	\$ (6,938)
Total School Cafeteria Fund	\$ 760,556	\$ 796,902	\$ 803,840	\$ (6,938)
 Textbook Fund:				
Education:				
Purchase of textbooks	\$ 78,015	\$ 78,015	\$ 56,132	\$ 21,883
Total education	\$ 78,015	\$ 78,015	\$ 56,132	\$ 21,883
Total Textbook Fund	\$ 78,015	\$ 78,015	\$ 56,132	\$ 21,883
Total Discretely Presented Component Unit - School Board	\$ 13,658,765	\$ 14,134,068	\$ 13,914,012	\$ 220,056

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OTHER STATISTICAL INFORMATION

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Table 1

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

Fiscal Year	General										Interest on Long-Term Debt	Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development				
2008-09	\$ 1,095,634	\$ 700,239	\$ 2,351,796	\$ 1,663,793	\$ 1,416,104	\$ 6,632,069	\$ 460,944	\$ 578,584	\$ 654,967	\$ 15,554,130		
2009-10	1,303,675	685,093	2,440,580	1,330,254	1,768,312	6,434,299	475,858	638,063	1,029,985	16,106,119		
2010-11	1,376,919	650,189	2,362,595	1,169,512	1,909,899	6,296,291	505,397	544,077	418,566	15,233,445		
2011-12	1,299,464	637,734	2,357,034	1,352,826	1,691,248	6,535,760	500,977	1,027,809	421,516	15,824,368		
2012-13	1,183,758	656,328	2,297,325	1,105,587	1,740,409	6,764,109	613,639	614,138	390,314	15,365,607		
2013-14	1,239,683	662,127	2,506,931	1,036,856	1,795,146	6,737,939	540,323	973,727	357,502	15,850,234		
2014-15	1,228,237	653,308	2,621,490	1,064,290	1,965,530	7,550,860	618,910	782,253	245,912	16,730,790		
2015-16	1,385,622	690,064	2,697,008	1,164,093	1,975,002	7,300,079	646,223	2,046,275	201,364	18,105,730		
2016-17	1,440,801	693,402	2,582,338	1,191,113	1,794,958	7,097,225	203,087	3,006,530	190,491	18,199,945		
2017-18	1,421,505	632,505	2,858,519	1,387,017	1,935,505	7,648,766	510,214	3,071,375	128,430	19,593,836		

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	
2008-09	\$ 116,638	\$ 2,219,755	\$ 98,793	\$ 9,686,696	\$ 1,677,012	\$ 123,641	\$ 192,558	\$ 1,011,095	\$ 15,126,188		
2009-10	103,859	2,714,665	-	9,849,635	1,236,738	79,923	102,650	1,480,737	15,568,207		
2010-11	101,032	2,639,485	70,517	10,483,159	1,257,210	61,410	204,748	1,486,153	16,303,714		
2011-12	97,920	2,629,058	189,801	10,412,119	1,240,714	75,073	157,066	1,475,634	16,277,385		
2012-13	115,061	2,303,422	718,129	10,376,573	1,248,362	67,636	84,330	1,489,720	16,403,233		
2013-14	139,527	2,747,853	465,119	10,711,645	1,248,603	65,357	122,854	1,523,833	17,024,791		
2014-15	143,326	3,044,668	32,973	11,351,848	1,234,607	63,858	119,972	1,494,299	17,485,551		
2015-16	153,117	4,322,751	6,227	11,503,713	1,299,711	67,593	314,643	1,509,598	19,177,353		
2016-17	177,396	4,916,062	2,376	12,154,544	1,467,082	72,981	161,285	1,498,151	20,449,877		
2017-18	183,147	5,145,326	115,960	12,014,049	1,545,883	79,942	128,687	1,485,618	20,698,612		

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2008-09	\$ 1,201,206	\$ 537,074	\$ 2,290,536	\$ 1,637,813	\$ 1,529,173	\$ 13,094,022	\$ 376,457	\$ 573,907	\$ -	\$ 1,773,181	\$ 23,013,369
2009-10	1,308,574	526,665	2,345,394	1,324,257	1,785,690	12,751,860	358,094	632,375	-	1,902,243	22,935,152
2010-11	1,325,878	488,183	2,317,126	1,159,235	1,919,658	11,678,792	357,877	458,078	7,668	1,358,872	21,071,367
2011-12	1,296,075	510,475	2,457,241	1,317,282	1,765,570	11,790,798	427,708	389,268	-	1,688,717	21,643,134
2012-13	1,151,376	520,993	2,238,160	1,076,440	1,727,435	12,031,391	372,817	611,682	5,172	2,376,329	22,111,795
2013-14	1,210,706	508,241	2,436,679	1,008,411	1,779,809	12,447,268	413,453	930,009	32,565	3,281,174	24,048,315
2014-15	1,231,426	516,125	2,644,582	1,058,084	1,922,852	13,020,661	393,315	747,862	84,120	1,518,477	23,137,504
2015-16	1,382,307	552,249	2,640,999	1,138,343	1,960,991	13,040,998	508,237	2,047,135	46,238	1,171,898	24,489,395
2016-17	1,396,790	554,889	2,730,324	1,178,431	1,767,509	13,401,128	433,791	2,238,228	110,095	1,195,484	25,006,669
2017-18	1,456,424	527,875	2,900,458	1,174,436	1,901,680	13,920,862	437,507	1,888,573	-	1,170,557	25,378,372

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

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

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2008-09	\$ 9,531,774	\$ 1,677,012	\$ 65,635	\$ 24,870	\$ 121,594	\$ 472,235	\$ 304,168	\$ 14,602	\$ 9,857,471	\$ 22,069,361
2009-10	9,835,627	1,236,738	62,856	14,899	85,190	441,423	189,174	52,447	10,658,575	22,576,929
2010-11	10,377,660	1,257,210	61,501	12,241	59,458	444,016	278,368	82,985	9,776,395	22,349,834
2011-12	10,359,905	1,240,714	57,762	15,490	76,352	426,293	216,580	107,717	9,720,923	22,221,736
2012-13	10,304,680	1,248,362	56,410	30,604	71,421	429,422	115,517	99,394	10,175,515	22,531,325
2013-14	10,751,712	1,248,603	66,100	41,708	73,479	405,895	152,951	116,990	10,318,091	23,175,529
2014-15	11,328,543	1,234,607	75,064	40,085	68,413	457,233	147,650	101,316	10,521,974	23,974,885
2015-16	11,568,862	1,299,711	83,127	39,146	73,942	392,198	373,577	71,345	11,734,138	25,636,046
2016-17	12,081,391	1,467,082	94,182	46,665	79,887	446,838	209,560	159,272	12,722,160	27,307,037
2017-18	11,976,884	1,545,883	84,989	51,240	89,114	408,460	160,654	128,000	13,046,134	27,491,358

(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		Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections	to Tax Levy		
2008-09	\$ 10,952,299	\$ 10,427,724	95.21%	\$ 8,455	\$ 10,436,179	95.29%	\$ 590,247	5.39%	
2009-10	10,989,815	10,720,806	97.55%	5,851	10,726,657	97.61%	688,793	6.27%	
2010-11	11,482,310	10,972,532	95.56%	283,517	11,256,049	98.03%	776,874	6.77%	
2011-12	10,880,993	10,964,212	100.76%	247,741	11,211,953	103.04%	745,683	6.85%	
2012-13	11,037,711	10,897,802	98.73%	286,351	11,184,153	101.33%	822,854	7.45%	
2013-14	12,224,814	11,475,794	93.87%	266,290	11,742,084	96.05%	633,988	5.19%	
2014-15	12,210,356	12,104,049	99.13%	215,566	12,319,615	100.89%	624,990	5.12%	
2015-16	12,367,129	12,159,910	98.32%	271,688	12,431,598	100.52%	652,513	5.28%	
2016-17	12,834,564	12,441,192	96.94%	476,210	12,917,402	100.65%	665,125	5.18%	
2017-18	12,946,067	12,534,225	96.82%	261,154	12,795,379	98.84%	925,783	7.15%	

(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	
2008-09	\$ 1,309,625,538	\$ 109,396,890	\$ 18,074,493	\$ 13,353,782	\$ -	\$ 1,450,450,703
2009-10	1,319,914,661	118,005,040	10,374,005	13,896,370	-	1,462,190,076
2010-11	1,641,431,416	100,040,632	16,977,516	14,710,448	-	1,773,160,012
2011-12	1,640,724,165	100,150,365	15,810,352	19,419,122	26,572	1,776,130,576
2012-13	1,687,485,370	97,469,238	15,685,119	19,419,119	280,556	1,820,339,402
2013-14	1,676,588,104	101,579,544	15,856,646	22,828,636	5,216	1,816,858,147
2014-15	1,679,904,453	100,052,698	17,021,474	23,494,058	18,398	1,820,491,080
2015-16	1,681,478,871	103,965,707	17,435,500	24,090,612	1,751	1,826,972,441
2016-17	1,684,324,064	110,215,374	18,267,027	24,090,612	1,751	1,836,898,829
2017-18	1,603,915,978	121,572,095	17,455,495	26,187,429	-	1,769,130,997

(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
2008-09	\$ 0.56	\$ 0.56	\$ 3.60	\$ 2.14
2009-10	0.56	0.56	4.53	2.14
2010-11(2)	.56/ .47	0.56	4.53	2.14
2011-12	0.47	0.47	3.70	2.14
2012-13	0.47	0.47	3.65	2.14
2013-14	0.54	0.47	3.65	2.14
2014-15	0.54	0.54	3.70	2.14
2015-16	0.54	0.54	3.70	2.14
2016-17	0.575	0.575	3.70	2.14
2017-18	0.575	0.575	3.70	2.14

(1) Per \$100 of assessed value.

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
2008-09	9,100	\$ 1,450,451	\$ 6,742,007	\$ -	\$ -	\$ 6,742,007	0.46%	\$ 741
2009-10	9,100	1,462,190	5,986,205	-	-	5,986,205	0.41%	658
2010-11	8,978	1,773,160	5,254,171	-	-	5,254,171	0.30%	585
2011-12	8,978	1,776,131	4,505,275	-	-	4,505,275	0.25%	502
2012-13	8,978	1,820,339	3,794,038	-	-	3,794,038	0.21%	423
2013-14	8,978	1,816,858	3,318,830	-	-	3,318,830	0.18%	370
2014-15	8,978	1,820,491	2,505,852	-	-	2,505,852	0.14%	279
2015-16	8,978	1,826,972	2,009,277	-	-	2,009,277	0.11%	224
2016-17	8,978	1,836,899	1,498,002	-	-	1,498,002	0.08%	167
2017-18	8,978	1,769,131	971,900	-	-	971,900	0.05%	108

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

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

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

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Mathews, Virginia's basic financial statements and have issued our report thereon dated November 20, 2018.

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. Cox", followed by a horizontal line extending to the right.

Richmond, Virginia
November 20, 2018

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Mathews, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Mathews, Virginia's major federal programs for the year ended June 30, 2018. County of Mathews, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Mathews, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Mathews, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, County of Mathews, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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



Richmond, Virginia
November 20, 2018

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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	0950117/0950118	\$ 11,974
Temporary Assistance for Needy Families	93.558	0400117/0400118	82,583
Refugee and Entrant Assistance - State Administered Programs	93.566	0500117/0500118	126
Low-income Home Energy Assistance	93.568	0600417/0600418	12,008
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760117/0760118	14,049
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900117/090118	296
Foster Care - Title IV-E	93.658	1100117/1100118	93,370
Adoption Assistance	93.659	1120117/1120118	133,032
Social Services Block Grant	93.667	1000117/1000118	91,289
Chafee Foster Care Independence Program	93.674	9150117/9150118	1,003
Children's Health Insurance Program	93.767	0540117/0540118	5,342
Medical Assistance Program	93.778	1200117/1200118	142,689
			\$ 587,761
Total Department of Health and Human Services			
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Hazard Mitigation Grant	97.039	77602-155/146	\$ 1,047,434
Homeland Security Grant Program	97.067	775001-110274	30,000
			\$ 1,077,434
Total Department of Homeland Security			
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 41,747
Department of Education:			
National School Lunch Program	10.555	17901-45707	236,879
Sub-total CFDA 10.555			\$ 278,626
Department of Education:			
School Breakfast Program	10.553	17901-40591	96,095
			\$ 374,721
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010116/0010117	140,548
			\$ 515,269
Total Department of Agriculture			

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Compensation Board:			
Crime Victim Assistance	16.575	3900100-10220	\$ 31,981
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3900100-81100	17,970
Total Department of Justice			<u>\$ 49,951</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-50287	\$ 13,860
Virginia Department of Transportation:			
Highway Planning and Construction (ISTEA)	20.205	60302-0	1,100,059
Total Department of Transportation			<u>\$ 1,113,919</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	\$ 131,427
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901-42999	\$ 183,394
Special Education Cluster:			
Special Education Grants to States	84.027	17901-43071-61234	\$ 260,991
Special Education - Preschool Grants	84.173	17901-62521	10,405
Career and Technical Education - Basic Grants to States	84.048	17901-61095	16,934
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	17901-61480	34,967
Student Support and Academic Enrichment Grants	84.424	5424A170048	10,000
Total Department of Education			<u>\$ 516,691</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,992,452</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, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Mathews, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Mathews, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 938,080
Special Revenue Fund	2,162,960
Total primary government	\$ <u>3,101,040</u>
Component Unit School Board:	
School Operating Fund	\$ 516,691
School Cafeteria Fund	374,721
Total component unit school board	\$ <u>891,412</u>
Total federal expenditures per basic financial statements	\$ <u>3,992,452</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>3,992,452</u></u>

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

County of Mathews, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2018

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? _____ yes _____ no
 Significant deficiency(ies) identified? _____ yes _____ none reported
 Noncompliance material to financial statements noted? _____ yes _____ no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ yes _____ no
 Significant deficiency(ies) identified? _____ yes _____ none reported
 Type of auditors' report issued on compliance
 for major programs: unmodified
 Any findings disclosed that are required to be
 reported in accordance with 2 CFR section 200.516(a)? _____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between type A
 and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Mathews, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

There were no prior year findings.

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