

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED JUNE 30,
2014**

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COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

Charles E. Ingram, Chairperson
O. J. Cole, Jr., Vice-Chairperson

Janine Burns

Jack White

Edwina Casey

School Board

John T. Persinger, Chairperson
Lanell W. Jarvis, Vice-Chairperson

Virginia J. Richards

Jennifer M. Little

Linda G. Hodges

Department of Social Services Board

Margaret Hudgins, Chairperson
Jeannie Elliott, Vice-Chairperson

Paula Cottee
Helen Casey

Eunice Garrett

Other Officials

County Administrator Melinda Moran
Clerk of the Circuit Court Angela Ingram
County Attorney..... Andrew McRoberts
Commissioner of the RevenueLeslie Hall
TreasurerWendy Stewart
Sheriff L. Mark Barrick
Superintendent of SchoolsDr. David J. Holleran
Director of Social ServicesJo Ann Wilson-Harfst
Judge of the Circuit Court Richard Y. Atlee, Jr.
Commonwealth's Attorney Thompson C. Bowen, III
Judge of the General District Court Jeffrey W. Shaw
Judge of the Juvenile and Domestic Relations Court Cressondra B. Conyers

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COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-10
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	11
Exhibit 2 Statement of Activities	12
Fund Financial Statements:	
Exhibit 3 Balance Sheet–Governmental Funds	13
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	15
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Exhibit 7 Statement of Net Position –Proprietary Funds	17
Exhibit 8 Statement of Revenues, Expenses and Changes in Net Position –Proprietary Funds	18
Exhibit 9 Statement of Cash Flows–Proprietary Funds	19
Exhibit 10 Statement of Fiduciary Net Position –Fiduciary Funds	20
Notes to Financial Statements	21-59

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Exhibit 11 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–General Fund	60
Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual - Special Revenue Fund	61
Exhibit 13 Schedule of Pension Funding Progress–Virginia Retirement System	62
Exhibit 14 Schedule of OPEB Funding Progress–Retiree Healthcare Plan	63
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 15 Statement of Changes in Assets and Liabilities - Agency Funds	64
Discretely Presented Component Unit - School Board:	
Exhibit 16 Combining Balance Sheet - Governmental Funds	65
Exhibit 17 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances–Governmental Funds	66
Exhibit 18 Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Operating Fund	67
Exhibit 19 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -Special Revenue Funds	68
Exhibit 20 Statement of Fiduciary Net Position - Fiduciary Fund	69
Exhibit 21 Statement of Changes in Fiduciary Net Position - Fiduciary Fund	70
Discretely Presented Component Unit - Industrial Development Authority:	
Exhibit 22 Statement of Net Position	71
Exhibit 23 Statement of Revenues, Expenses, and Changes in Net Position	72
Exhibit 24 Statement of Cash Flows	73
Supporting Schedules:	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	74-80

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
<u>Other Supplementary Information: (Continued)</u>	
Supporting Schedules: (Continued)	
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	81-85
<u>Other Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function	86
Table 2 Government-Wide Revenues	87
Table 3 General Governmental Expenditures by Function–Last Ten Fiscal Years	88
Table 4 General Governmental Revenues by Source–Last Ten Fiscal Years	89
Table 5 Property Tax Levies and Collections–Last Ten Fiscal Years	90
Table 6 Assessed Value of Taxable Property–Last Ten Fiscal Years	91
Table 7 Property Tax Rates–Last Ten Fiscal Years	92
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	93
<u>Compliance:</u>	
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	94-95
Independent Auditors’ Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	96-97
Schedule of Expenditures of Federal Awards	98-99
Notes to Schedule of Expenditures of Federal Awards	100
Schedule of Findings and Questioned Costs	101
Summary Schedule of Prior Year Findings	102

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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 business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress on pages 4-10, 60-61 and 62-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Mathews, Virginia's basic financial statements. The other supplementary information and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, on our consideration of County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Mathews, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
December 5, 2014

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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, 2014.

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 \$12,274,284 (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 \$622,749 (Exhibit 5) after making contributions totaling \$6,153,087 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of \$5,397,485, an increase of \$622,749 in comparison with the prior year.

< At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,529,758, or 20% of total general fund expenditures and other financing uses.

< The combined long-term obligations decreased \$906,335 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$12,274,284 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

County of Mathews, Virginia's Net Position						
	Governmental Activities		Business-type		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 11,482,771	\$ 10,300,326	\$ 75,228	\$ 74,783	\$ 11,557,999	\$ 10,375,109
Capital assets	<u>14,589,927</u>	<u>14,940,323</u>	<u>-</u>	<u>-</u>	<u>14,589,927</u>	<u>14,940,323</u>
Total assets	<u>\$ 26,072,698</u>	<u>\$ 25,240,649</u>	<u>\$ 75,228</u>	<u>\$ 74,783</u>	<u>\$ 26,147,926</u>	<u>\$ 25,315,432</u>
Current liabilities	\$ 1,042,131	\$ 1,034,720	\$ -	\$ -	\$ 1,042,131	\$ 1,034,720
Long-term liabilities outstanding	<u>8,337,592</u>	<u>9,243,927</u>	<u>-</u>	<u>-</u>	<u>8,337,592</u>	<u>9,243,927</u>
Total liabilities	<u>\$ 9,379,723</u>	<u>\$ 10,278,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,379,723</u>	<u>\$ 10,278,647</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	<u>\$ 4,493,919</u>	<u>\$ 3,937,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,493,919</u>	<u>\$ 3,937,058</u>
Total deferred inflows of resources	<u>\$ 4,493,919</u>	<u>\$ 3,937,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,493,919</u>	<u>\$ 3,937,058</u>
Net position:						
Net investment in capital assets	\$ 6,496,040	\$ 5,919,555	\$ -	\$ -	\$ 6,496,040	\$ 5,919,555
Restricted	73,321	91,034	-	-	73,321	91,034
Unrestricted	<u>5,629,695</u>	<u>5,014,355</u>	<u>75,228</u>	<u>74,783</u>	<u>5,704,923</u>	<u>5,089,138</u>
Total net position	<u>\$ 12,199,056</u>	<u>\$ 11,024,944</u>	<u>\$ 75,228</u>	<u>\$ 74,783</u>	<u>\$ 12,274,284</u>	<u>\$ 11,099,727</u>

Government-wide Financial Analysis (Continued)

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

County of Mathews, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 139,527	\$ 115,061	\$ -	\$ -	\$ 139,527	\$ 115,061
Operating grants and contributions	2,747,853	2,303,422	-	-	2,747,853	2,303,422
Capital grants and contributions	465,119	718,129	-	-	465,119	718,129
General revenues:						
General property taxes	10,711,645	10,376,573	-	-	10,711,645	10,376,573
Other local taxes	1,248,603	1,248,362	-	-	1,248,603	1,248,362
Grants and other contributions not restricted	1,523,833	1,489,720	-	-	1,523,833	1,489,720
Other general revenues	187,766	151,563	445	403	188,211	151,966
Total revenues	\$ 17,024,346	\$ 16,402,830	\$ 445	\$ 403	\$ 17,024,791	\$ 16,403,233
Expenses:						
General government						
administration	\$ 1,239,683	\$ 1,183,758	\$ -	\$ -	\$ 1,239,683	\$ 1,183,758
Judicial administration	662,127	656,328	-	-	662,127	656,328
Public safety	2,506,931	2,297,325	-	-	2,506,931	2,297,325
Public works	1,036,856	1,105,587	-	-	1,036,856	1,105,587
Health and welfare	1,795,146	1,740,409	-	-	1,795,146	1,740,409
Education	6,737,939	6,764,109	-	-	6,737,939	6,764,109
Parks, recreation, and cultural	540,323	613,639	-	-	540,323	613,639
Community development	973,727	614,138	-	-	973,727	614,138
Interest and other fiscal charges	357,502	390,314	-	-	357,502	390,314
Total expenses	\$ 15,850,234	\$ 15,365,607	\$ -	\$ -	\$ 15,850,234	\$ 15,365,607
Change in net position	\$ 1,174,112	\$ 1,037,223	\$ 445	\$ 403	\$ 1,174,557	\$ 1,037,626
Beginning of year	11,024,944	9,987,721	74,783	74,380	11,099,727	10,062,101
End of year	\$ 12,199,056	\$ 11,024,944	\$ 75,228	\$ 74,783	\$ 12,274,284	\$ 11,099,727

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$5,397,485, an increase of \$622,749 in comparison with the prior year. Approximately 65% of the reported fund balance constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

Differences between the original and final budgeted expenditures amount to \$1,145,553 and can be briefly summarized as follows:

- < \$ 23,759 increase in general government administration expenditures
- < \$ 24,924 increase in judicial administration expenditures
- < \$ 140,450 increase in public safety expenditures
- < \$ 815,127 decrease in capital project expenditures
- < \$1,761,160 increase in debt service expenditures
- < \$ 10,387 increase in various other expenditures

During the year, budgetary estimates exceeded revenues and other financing sources by \$126,411 and expenditures and other financing uses were less than budgetary estimates by \$2,382,870, resulting in an overall positive variance of \$2,256,459.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2014 amounts to \$14,589,927 (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 \$7,763,830. Of this amount, \$3,318,830 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 \$890,208 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2014 fiscal year.

The fiscal year 2015 budget remained approximately the same as the prior year.

Real estate and personal property tax rates increased for FY15.

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, 2014

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	IDA
	Activities	Activities			
ASSETS					
Cash and cash equivalents	\$ 5,646,065	\$ 75,228	\$ 5,721,293	\$ 58,134	\$ 208,181
Receivables (net of allowance for uncollectibles):					
Taxes receivable	5,117,888	-	5,117,888	-	-
Accounts receivable	52,973	-	52,973	2,697	-
Due from other governmental units	665,845	-	665,845	1,027,054	-
Inventories	-	-	-	3,076	-
Capital assets (net of accumulated depreciation):					
Land and improvements	2,244,846	-	2,244,846	46,172	-
Buildings and improvements	11,822,629	-	11,822,629	7,834,866	-
Equipment	499,135	-	499,135	504,559	-
Construction in progress	23,317	-	23,317	-	-
Total assets	<u>\$ 26,072,698</u>	<u>\$ 75,228</u>	<u>\$ 26,147,926</u>	<u>\$ 9,476,558</u>	<u>\$ 208,181</u>
LIABILITIES					
Accounts payable	\$ 134,784	\$ -	\$ 134,784	\$ 37,465	\$ -
Accrued liabilities	-	-	-	1,026,387	-
Accrued interest payable	82,641	-	82,641	-	-
Due to other governmental units	655,869	-	655,869	-	-
Unearned revenue	168,837	-	168,837	-	-
Long-term liabilities:					
Due within one year	1,254,651	-	1,254,651	16,602	-
Due in more than one year	7,082,941	-	7,082,941	162,267	-
Total liabilities	<u>\$ 9,379,723</u>	<u>\$ -</u>	<u>\$ 9,379,723</u>	<u>\$ 1,242,721</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 4,493,919	\$ -	\$ 4,493,919	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 4,493,919</u>	<u>\$ -</u>	<u>\$ 4,493,919</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 6,496,040	\$ -	\$ 6,496,040	\$ 8,385,597	\$ -
Restricted	73,321	-	73,321	-	-
Unrestricted (deficit)	5,629,695	75,228	5,704,923	(151,760)	208,181
Total net position	<u>\$ 12,199,056</u>	<u>\$ 75,228</u>	<u>\$ 12,274,284</u>	<u>\$ 8,233,837</u>	<u>\$ 208,181</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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions			Total	School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,239,683	\$ -	\$ 178,186	\$ -	\$ (1,061,497)	\$ -	\$ -	\$ -
Judicial administration	662,127	13,046	326,674	-	(322,407)	-	-	-
Public safety	2,506,931	119,984	690,958	-	(1,695,989)	-	-	-
Public works	1,036,856	-	-	-	(1,036,856)	-	-	-
Health and welfare	1,795,146	-	1,003,167	-	(791,979)	-	-	-
Education	6,737,939	-	-	-	(6,737,939)	-	-	-
Parks, recreation, and cultural	540,323	7,388	86,562	410,301	(36,072)	-	-	-
Community development	973,727	(891)	462,306	54,818	(457,494)	-	-	-
Interest on long-term debt	357,502	-	-	-	(357,502)	-	-	-
Total governmental activities	\$ 15,850,234	\$ 139,527	\$ 2,747,853	\$ 465,119	\$ (12,497,735)	\$ -	\$ -	\$ -
Business-type activities:								
Sanitary District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 15,850,234	\$ 139,527	\$ 2,747,853	\$ 465,119	\$ (12,497,735)	\$ -	\$ -	\$ -
COMPONENT UNITS:								
School Board	\$ 12,661,244	\$ 374,176	\$ 5,581,286	\$ -	\$ -	\$ -	\$ (6,705,782)	\$ -
Industrial Development Authority	2,173	47,927	-	-	-	-	-	45,754
Total component units	\$ 12,663,417	\$ 422,103	\$ 5,581,286	\$ -	\$ -	\$ -	\$ (6,705,782)	\$ 45,754
General revenues:								
General property taxes					\$ 10,711,645	\$ -	\$ 10,711,645	\$ -
Local sales and use taxes					432,972	-	432,972	-
Consumer's utility tax					150,173	-	150,173	-
Motor vehicle licenses					285,440	-	285,440	-
Business license taxes					172,410	-	172,410	-
Other local taxes					207,608	-	207,608	-
Unrestricted revenues from use of money and property					64,912	445	65,357	94
Miscellaneous					122,854	-	122,854	-
Grants and contributions not restricted to specific programs					1,523,833	-	1,523,833	-
Payment from Mathews County					-	-	-	6,495,455
Total general revenues					\$ 13,671,847	\$ 445	\$ 13,672,292	\$ 6,534,119
Change in net position					1,174,112	445	1,174,557	(171,663)
Net position - beginning					11,024,944	74,783	11,099,727	8,405,500
Net position - ending					\$ 12,199,056	\$ 75,228	\$ 12,274,284	\$ 8,233,837

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, 2014

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 5,526,336	\$ 119,729	\$ 5,646,065
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,117,888	-	5,117,888
Accounts receivable	52,973	-	52,973
Due from other governmental units	477,136	188,709	665,845
Total assets	<u>\$ 11,174,333</u>	<u>\$ 308,438</u>	<u>\$ 11,482,771</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 107,251	\$ 27,533	\$ 134,784
Due to other governmental units	655,869	-	655,869
Unearned revenue	-	168,837	168,837
Total liabilities	<u>\$ 763,120</u>	<u>\$ 196,370</u>	<u>\$ 959,490</u>
Deferred inflows of resources:			
Deferred revenue - property taxes	\$ 5,125,796	\$ -	\$ 5,125,796
Total deferred inflows of resources	<u>\$ 5,125,796</u>	<u>\$ -</u>	<u>\$ 5,125,796</u>
Fund balances:			
Restricted	\$ -	\$ 73,321	\$ 73,321
Committed	1,755,659	31,944	1,787,603
Unassigned	3,529,758	6,803	3,536,561
Total fund balances	<u>\$ 5,285,417</u>	<u>\$ 112,068</u>	<u>\$ 5,397,485</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,174,333</u>	<u>\$ 308,438</u>	<u>\$ 11,482,771</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, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	5,397,485
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 20,964,098		
Accumulated depreciation	<u>(6,374,171)</u>		14,589,927

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		631,877
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bonds	\$ (4,445,000)		
Issuance premium on refunded bonds	(330,057)		
General obligation bonds	(3,318,830)		
Compensated absences	(217,605)		
Net OPEB obligation	(26,100)		
Accrued interest payable	<u>(82,641)</u>		(8,420,233)

Net position of governmental activities	\$	<u><u>12,199,056</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Mathews, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General <u>Fund</u>	Special Revenue <u>Fund</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 10,751,712	\$ -	\$ 10,751,712
Other local taxes	1,248,603	-	1,248,603
Permits, privilege fees, and regulatory licenses	66,100	-	66,100
Fines and forfeitures	42,599	(891)	41,708
Revenue from the use of money and property	64,483	429	64,912
Charges for services	31,719	-	31,719
Miscellaneous	95,604	27,250	122,854
Recovered costs	14,731	-	14,731
Intergovernmental:			
Commonwealth	3,177,112	99,139	3,276,251
Federal	1,042,577	417,977	1,460,554
Total revenues	<u>\$ 16,535,240</u>	<u>\$ 543,904</u>	<u>\$ 17,079,144</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,210,706	\$ -	\$ 1,210,706
Judicial administration	508,241	-	508,241
Public safety	2,421,950	14,729	2,436,679
Public works	1,008,411	-	1,008,411
Health and welfare	1,779,809	-	1,779,809
Education	6,159,410	-	6,159,410
Parks, recreation, and cultural	413,279	174	413,453
Community development	396,693	533,316	930,009
Nondepartmental	32,565	-	32,565
Capital projects	657,238	-	657,238
Debt service:			
Principal retirement	2,851,508	-	2,851,508
Interest and other fiscal charges	429,666	-	429,666
Total expenditures	<u>\$ 17,869,476</u>	<u>\$ 548,219</u>	<u>\$ 18,417,695</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,334,236)</u>	<u>\$ (4,315)</u>	<u>\$ (1,338,551)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 18,068	\$ 73,332	\$ 91,400
Transfers out	(73,332)	(18,068)	(91,400)
Issuance of refunding bonds	1,961,300	-	1,961,300
Total other financing sources (uses)	<u>\$ 1,906,036</u>	<u>\$ 55,264</u>	<u>\$ 1,961,300</u>
Net change in fund balances	\$ 571,800	\$ 50,949	\$ 622,749
Fund balances - beginning	4,713,617	61,119	4,774,736
Fund balances - ending	<u>\$ 5,285,417</u>	<u>\$ 112,068</u>	<u>\$ 5,397,485</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, 2014

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

Net change in fund balances - total governmental funds \$ 622,749

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 outlay exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 558,606	
Allocation of School Board assets	(342,368)	
Depreciation expense	<u>(533,130)</u>	(316,892)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (33,504)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (40,067)

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	\$ 415,000	
Principal retirement on general obligation bonds	2,436,508	
Refunding of lease revenue bonds	(1,961,300)	
Amortization of issuance premium	<u>36,673</u>	926,881

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	\$ (21,346)	
(Increase) Decrease in Net OPEB obligation	800	
(Increase) Decrease in accrued interest	<u>35,491</u>	14,945

Change in net position of governmental activities \$ 1,174,112

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

County of Mathews, Virginia
 Statement of Net Position
 Proprietary Funds
 June 30, 2014

	Enterprise Fund
	Sanitary District
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 75,228
Total assets	\$ 75,228
NET POSITION	
Unrestricted	\$ 75,228
Total net position	\$ 75,228

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

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Fund
	Sanitary District
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 445
Total nonoperating revenues (expenses)	\$ 445
Change in net position	\$ 445
Total net position - beginning	\$ 74,783
Total net position - ending	\$ 75,228

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

County of Mathews, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Fund
	Sanitary District
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 445
Net cash provided by (used for) by investing activities	\$ 445
Net increase (decrease) in cash and cash equivalents	\$ 445
Cash and cash equivalents - beginning	\$ 74,783
Cash and cash equivalents - ending	\$ 75,228

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, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 120,922
Total assets	\$ 120,922
 LIABILITIES	
Amounts held for social services clients	\$ 47,112
Amounts held for others	73,810
Total liabilities	\$ 120,922

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements As of June 30, 2014

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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

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

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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2014.

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, 2014.

The Mathews County Industrial Development Authority (IDA) was created by the Board of Supervisors to administer the issuance of industrial development revenue bonds and provide economic development activities for the County. The Authority may also acquire property and issue debt in its own name and may also enter into lease/purchase arrangements with the County. The County appoints all of the members of the Authority's Board of Directors. The County may significantly influence the fiscal affairs of the Authority. Financial statements for the Mathews County Industrial Development Authority can be obtained from the County Administrator's office of Mathews County. The financial statements of the Mathews County Industrial Development Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2014.

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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

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

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

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

E. Cash and Cash Equivalents

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

F. Investments

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The County has no investments as of June 30, 2014.

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 \$131,554 at June 30, 2014 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 (50% each date)	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

H. Inventories and prepaid items

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

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

I. Capital Assets

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

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

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

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

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

J. Compensated Absences

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

K. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension cost as it accrues.

L. 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.

M. 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.

N. 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.

O. Long-term Obligations

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

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

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

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 only one type of item that qualifies 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 and the amounts prepaid are reported as deferred inflows of resources.

Q. Fund Equity

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

Q. Fund Equity (Continued)

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

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

The 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	-	6,574	6,574
Wetlands compensation	-	13,001	13,001
Forfeited assets	-	17,618	17,618
Total Restricted Fund Balance	<u>\$ -</u>	<u>\$ 73,321</u>	<u>\$ 73,321</u>
Committed:			
B&G equipment replacement	\$ 33,000	\$ -	\$ 33,000
Green renovations	575,867	-	575,867
Main street improvements	250,000	-	250,000
Public access to waterways	260,000	-	260,000
Drainage improvements	50,000	-	50,000
NPC light preservation	238,000	-	238,000
Reassessment	95,000	-	95,000
Playground equipment upgrade	91,000	-	91,000
Employee accumulated leave	15,000	-	15,000
Vehicle replacement	35,000	-	35,000
School bus replacement	30,000	-	30,000
E911 office machinery	30,000	-	30,000
Information technology equipment	47,792	-	47,792
Communications equipment	5,000	-	5,000
New Point nature preserve	-	9,768	9,768
New Point comfort lighthouse	-	21,716	21,716
Mathews County Sesquicentennial	-	460	460
Total Committed Fund Balance	<u>\$ 1,755,659</u>	<u>\$ 31,944</u>	<u>\$ 1,787,603</u>
Unassigned Fund Balance	<u>\$ 3,529,758</u>	<u>\$ 6,803</u>	<u>\$ 3,536,561</u>
Total Fund Balances	<u>\$ 5,285,417</u>	<u>\$ 112,068</u>	<u>\$ 5,397,485</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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 at June 30, 2014 in the Textbook Fund.

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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 4—Due from/Due To Other Governments:

At June 30, 2014, the County has receivables from other governments as follows:

	<u>Government</u>	<u>School Board</u>
Other Local Governments:		
County of Mathews	\$ -	\$ 655,869
Commonwealth of Virginia:		
Local sales tax	87,107	-
Welfare	23,302	-
Rolling stock tax	681	-
Wireless service board funds	6,804	-
State Sales Tax	-	200,612
Constitutional officer reimbursements	85,262	-
Recordation tax	10,766	-
Comprehensive services act	32,667	-
Hazard mitigation grant	39,728	-
Fire program funds	4,263	-
Victim witness	6,358	-
Communications tax	76,028	-
DMV	1,085	-
Federal Government:		
School fund grants	-	170,573
VDOT enhancement	1,599	-
Fort Nonsense transportation safety	97,261	-
Welfare	42,450	-
Hazard mitigation grant	148,981	-
Local law enforcement block grant	<u>1,503</u>	<u>-</u>
Total due from other governments	\$ <u>665,845</u>	\$ <u>1,027,054</u>

At June 30, 2014, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>655,869</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Governmental Activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 2,244,846	\$ -	\$ -	\$ 2,244,846
Construction in progress	<u>173,486</u>	<u>467,978</u>	<u>618,147</u>	<u>23,317</u>
Total capital assets not subject to depreciation	\$ <u>2,418,332</u>	\$ <u>467,978</u>	\$ <u>618,147</u>	\$ <u>2,268,163</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,038,207	\$ 618,147	\$ -	\$ 11,656,354
Equipment	1,865,719	90,628	230,368	1,725,979
Jointly owned assets	<u>5,840,654</u>	<u>-</u>	<u>527,052</u>	<u>5,313,602</u>
Total capital assets being depreciated	\$ <u>18,744,580</u>	\$ <u>708,775</u>	\$ <u>757,420</u>	\$ <u>18,695,935</u>
Accumulated depreciation:				
Buildings and improvements	\$ 2,866,698	\$ 285,858	\$ -	\$ 3,152,556
Equipment	1,309,276	114,432	196,864	1,226,844
Jointly owned assets	<u>2,046,615</u>	<u>132,840</u>	<u>184,684</u>	<u>1,994,771</u>
Total accumulated depreciation	\$ <u>6,222,589</u>	\$ <u>533,130</u>	\$ <u>381,548</u>	\$ <u>6,374,171</u>
Total capital assets subject to depreciation, net	\$ <u>12,521,991</u>	\$ <u>175,645</u>	\$ <u>375,872</u>	\$ <u>12,321,764</u>
Governmental activities capital activities, net	\$ <u>14,940,323</u>	\$ <u>643,623</u>	\$ <u>994,019</u>	\$ <u>14,589,927</u>
Component Unit-School Board:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ <u>46,172</u>	\$ -	\$ -	\$ <u>46,172</u>
Capital assets subject to depreciation:				
Equipment	\$ 2,166,509	\$ 101,369	\$ -	\$ 2,267,878
Jointly owned assets	<u>12,016,939</u>	<u>-</u>	<u>(527,052)</u>	<u>12,543,991</u>
Total capital assets being depreciated	\$ <u>14,183,448</u>	\$ <u>101,369</u>	\$ <u>(527,052)</u>	\$ <u>14,811,869</u>
Accumulated depreciation:				
Equipment	\$ 1,633,274	\$ 130,045	\$ -	\$ 1,763,319
Jointly owned assets	<u>4,210,841</u>	<u>313,600</u>	<u>(184,684)</u>	<u>4,709,125</u>
Total accumulated depreciation	\$ <u>5,844,115</u>	\$ <u>443,645</u>	\$ <u>(184,684)</u>	\$ <u>6,472,444</u>
Total capital assets subject to depreciation, net	\$ <u>8,339,333</u>	\$ <u>(342,276)</u>	\$ <u>(342,368)</u>	\$ <u>8,339,425</u>
Net capital assets Component Unit-School Board	\$ <u>8,385,505</u>	\$ <u>(342,276)</u>	\$ <u>(342,368)</u>	\$ <u>8,385,597</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	28,876
Judicial administration		154,819
Public safety		101,058
Public works		28,460
Health and welfare		11,411
Education		134,792
Parks, recreation and cultural		<u>73,714</u>
Total Governmental activities	\$	<u>533,130</u>
Component Unit School Board	\$	<u>443,645</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2014 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 18,068	\$ 73,332
County Special Revenue	<u>73,332</u>	<u>18,068</u>
Total	<u>\$ 91,400</u>	<u>\$ 91,400</u>
Component Unit-School Board:		
School Operating	\$ -	\$ 141,536
Textbook	45,913	-
School Cafeteria	<u>95,623</u>	<u>-</u>
Total	<u>\$ 141,536</u>	<u>\$ 141,536</u>

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 196,259	\$ 40,972	\$ 19,626	\$ 217,605	\$ 21,761
Lease revenue bonds payable	4,860,000	-	415,000	4,445,000	420,000
Add: issuance premium	366,730	-	36,673	330,057	-
Net OPEB obligation	<u>26,900</u>	<u>38,000</u>	<u>38,800</u>	<u>26,100</u>	<u>-</u>
Total incurred by County	\$ <u>5,449,889</u>	\$ <u>78,972</u>	\$ <u>510,099</u>	\$ <u>5,018,762</u>	\$ <u>441,761</u>
Incurred by School Board:					
General Obligation Bonds	\$ <u>3,794,038</u>	\$ <u>1,961,300</u>	\$ <u>2,436,508</u>	\$ <u>3,318,830</u>	\$ <u>812,890</u>
Total incurred by School Board	\$ <u>3,794,038</u>	\$ <u>1,961,300</u>	\$ <u>2,436,508</u>	\$ <u>3,318,830</u>	\$ <u>812,890</u>
Total Governmental Obligations	\$ <u><u>9,243,927</u></u>	\$ <u><u>2,040,272</u></u>	\$ <u><u>2,946,607</u></u>	\$ <u><u>8,337,592</u></u>	\$ <u><u>1,254,651</u></u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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
2015	\$ 420,000	\$ 189,490
2016	425,000	174,688
2017	445,000	157,155
2018	465,000	137,009
2019	490,000	113,601
2020	510,000	89,624
2021	535,000	64,274
2022	570,000	39,469
2023	<u>585,000</u>	<u>13,727</u>
Total	\$ <u>4,445,000</u>	\$ <u>979,037</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2015	\$ 812,890	\$ 96,097
2016	496,465	75,762
2017	511,275	59,441
2018	526,300	42,566
2019	480,300	24,690
2020	491,600	10,512
Total	\$ <u>3,318,830</u>	\$ <u>309,068</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds Payable:

\$4,885,000 lease revenue refunding bond issued May 25, 2011, due in annual installments through June 2023, interest payable annually at varying coupon rates between 2.20% and 5.20%.	\$ 3,850,000
\$720,000 lease revenue refunding bond issued on July 12, 2012 due in annual installments through April 2023, interest payable semi-annually at varying rates between 2.279% and 5.125%.	<u>595,000</u>
Total Lease Revenue Bonds	\$ <u>4,445,000</u>
Bond Premium	\$ <u>330,057</u>
Compensated absences (payable from General Fund)	\$ <u>217,605</u>
Net OPEB obligation (payable from General Fund)	\$ <u>26,100</u>
Total Incurred by County	\$ <u>5,018,762</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

\$4,270,000 School Bonds 1994 B Series, issued November 22, 1994, maturing annually in installments of varying amounts through July 15, 2015; interest payable semi-annually at 6.17%.	\$	320,000
\$2,230,000 School Bonds 1994 B Series, issued November 22, 1994, maturing annually in installments of varying amounts through July 15, 2015; interest payable semi-annually at 6.17%.		5,000
\$704,227, School Bonds, issued July 30, 1998, maturing annually in installments of \$66,864, through July 30, 2017, interest at 6.75%.		227,530
\$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%.		805,000
\$1,961,300 School Bonds dated March 28, 2014, maturing annually in installments of varying amounts through February 1, 2020, interest payable semi-annually at a rate of 1.93%.		<u>1,961,300</u>
Total General Obligations Bonds	\$	<u>3,318,830</u>
Total incurred by School Board	\$	<u>3,318,830</u>
Total General obligations, primary government	\$	<u>8,337,592</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (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, 2014:

	<u>Balance at July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2014</u>	<u>Amounts Due Within One Year</u>
<u>Component Unit-School Board:</u>					
Compensated absences	\$ 166,973	\$ 15,743	16,697	\$ 166,019	\$ 16,602
Net OPEB obligation	<u>31,613</u>	<u>40,437</u>	<u>59,200</u>	<u>12,850</u>	<u>-</u>
Total Component Unit-School Board	<u>\$ 198,586</u>	<u>\$ 56,180</u>	<u>\$ 75,897</u>	<u>\$ 178,869</u>	<u>\$ 16,602</u>

Note 8—Unearned and Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. The County had unavailable revenue at June 30, 2014 totaling \$5,125,796, unearned revenue totaling \$168,837, and deferred revenue totaling \$4,493,919 comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,958,926 (including 2nd half tax billings of \$4,327,049 not due until December 5) at June 30, 2014.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2014 but paid in advance by the taxpayers totaled \$166,870 at June 30, 2014.

Deferred Revenue - Deferred revenue representing prepaid taxes due subsequent to June 30, 2014 totaling \$166,870 and \$4,327,049 of 2nd half 2014 tax billing levied in current year but due in FY2015 totaled \$4,493,919.

Unearned Revenue - Unearned revenue representing forfeited asset funds received for a Sheriff's office project that was not started by June 30, 2014 totaled \$168,837.

Note 9—Commitments / Contingent Liabilities:

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

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

Note 10—Litigation:

At June 30, 2014, 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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 11—Risk Management:

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

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

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

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

Note 12—Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Pension Plan
Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

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Note 12—Pension Plan (continued):

A. Plan Description (Continued)

VRS – PLAN 1

1. **Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **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.

Note 12–Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **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.

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.

8. **Average Final Compensation** - A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - 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 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

10. **Normal Retirement Age** - Age 65.

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Note 12–Pension Plan: *(Continued)*

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

11. Earliest Unreduced Retirement Eligibility - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. Earliest Reduced Retirement Eligibility - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

13. 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%.

14. Eligibility - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Note 12–Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

16. 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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

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Note 12–Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2

1. **Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS 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.
2. **Eligible Members** - Employees are in VRS 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.
3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** - Same as VRS Plan 1–Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1– Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1–Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1–Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 for service earned, purchased or granted prior to January 1, 2014. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.

Note 12–Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

- 13. 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%.

- 14. Eligibility** - Same as VRS Plan 1–Refer to Section 14.

- 15. Exceptions to COLA Effective Dates** - Same as VRS Plan 1–Refer to Section 15.

- 16. 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.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** - Same as VRS Plan 1–Refer to Section 17.

HYBRID RETIREMENT PLAN

- 1. Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)

- The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 12–Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

1. Plan Overview (Continued)

- 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.

2. Eligible Members - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees*
- School division employees
- Political subdivision employees*
- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS 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

3. *Non-Eligible Members - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers’ Retirement System (SPORS)
- Members of the Virginia Law Officers’ Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. 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.

Note 12–Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

5. Creditable Service

Defined Benefit Component - 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.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. Vesting

Defined Benefit Component - 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. VRS Plan 1 or VRS 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.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

Note 12–Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1–Refer to Section 7.

Defined Contribution Component - 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.

8. Average Final Compensation - Same as VRS Plan 2–Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2–Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 12–Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2–Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2–Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2–Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS 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.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2–Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 12–Pension Plan: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be 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% member contribution. This could be phased in over a period 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. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional’s contribution rate for the fiscal year ended 2014 were 12.06% and 13.10% of annual covered payroll, respectively.

The School Board’s contributions for professional employees were \$747,336, \$711,170, and \$423,256 to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012 respectively and these contributions represented 11.66%, 11.66%, and 6.33%, respectively, of current covered payroll.

C. Annual Pension Cost

For the fiscal year 2014, the County’s annual pension cost of \$292,840 was equal to the County’s required and actual contributions.

Three Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2014	\$ 292,840	100%	\$ -
June 30, 2013	290,826	100%	-
June 30, 2012	228,680	100%	-

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 12—Pension Plan (continued):

C. Annual Pension Cost (continued):

For the fiscal year 2014, the School Board’s annual pension cost of \$91,265 was equal to the School Board’s required and actual contributions.

Three Year Trend Information - School Board Non-Professional					
Fiscal Year Ending		Annual Pension Cost (APC) (1)	Percentage of APC Contributed		Net Pension Obligation
School Board:					
Non-Professional:					
June 30, 2014	\$	91,265	100%	\$	-
June 30, 2013		89,935	100%		-
June 30, 2012		52,304	100%		-

(1) Employer portion only

The fiscal year 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County’s plan was 76.16% funded. The actuarial accrued liability for benefits was \$10,993,256, and the actuarial value of assets was \$8,372,331, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,620,925. The covered payroll (annual payroll of active employees covered by the plan) was \$2,353,511, and ratio of the UAAL to the covered payroll was 111.36%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board’s plan was 70.88% funded. The actuarial accrued liability for benefits was \$3,230,559 and the actuarial value of assets was \$2,353,459, resulting in an unfunded actuarial accrued liability (UAAL) of \$967,100. The covered payroll (annual payroll of active employees covered by the plan) was \$686,525 and ratio of the UAAL to the covered payroll was 140.87%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 13–Surety Bonds:

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

Note 14–Other Postemployment Benefits - Health Insurance:

A. Plan Description

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

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

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

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

- Advantage 65 and Dental/Vision (Medicare)

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

There is no life insurance benefit for retirees.

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

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

B. Funding Policy

The Schools currently have 13 retirees and spouses on their plan. The County has 9 retirees and spouses on their plan. The County retirees pay 100% of the insurance premium. For non-medicare eligible retirees and spouses (under age 65), the Schools contribute a monthly benefit of \$50. The \$50 will not increase in the future. For medicare eligible retirees and spouses (age 65+), the retiree may elect the Medicare supplement only and they must pay 100% of the premium cost.

C. Annual OPEB Cost and Net OPEB Obligation

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

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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

	<u>County</u>	<u>Schools</u>
Annual required contribution	\$ 38,800	\$ 40,500
Interest on net OPEB obligation	900	1,106
Adjustment to annual required contribution	(1,700)	(1,169)
Annual OPEB cost (expense)	<u>\$ 38,000</u>	<u>\$ 40,437</u>
Estimated Contributions made	<u>(38,800)</u>	<u>(59,200)</u>
Increase (decrease) in net OPEB obligation	(800)	(18,763)
Net OPEB obligation-beginning of year	26,900	31,613
Net OPEB obligation-end of year	<u><u>\$ 26,100</u></u>	<u><u>\$ 12,850</u></u>

The County and School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2012	\$ 10,200	15.69%	\$ 26,800
6/30/2013	39,900	99.75%	26,900
6/30/2014	38,000	102.11%	26,100
Schools:			
6/30/2012	\$ 61,900	94.99%	\$ 44,000
6/30/2013	40,113	130.88%	31,613
6/30/2014	40,437	146.40%	12,850

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

D. Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation, the County's actuarial accrued liability for benefits was \$543,200, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,895,700, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 28.65 percent.

As of January 1, 2013, the most recent actuarial valuation, the School Board's actuarial accrued liability for benefits was \$477,400, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,739,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7.08 percent.

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

E. Actuarial Cost Method

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

F. Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

F. Actuarial Methods and Assumptions (Continued)

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

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

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 3.50% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014 was thirty years for the schools and 16.9 years for the County.

Note 15-Other Postemployment Benefits - Retiree Health Care Credit:

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2014, 2013, and 2012 were \$71,144, \$67,701, and \$40,119, respectively and equaled the required contributions for each year.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

Note 16-Upcoming Pronouncements:

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions; and amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statement No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County believes the implementation of Statement No. 68 will significantly impact the County's net position; however, no formal study or estimate of the impact of this standard has been performed.

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REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES				
General property taxes	\$ 10,350,500	\$ 10,350,500	\$ 10,751,712	\$ 401,212
Other local taxes	1,254,000	1,254,000	1,248,603	(5,397)
Permits, privilege fees, and regulatory licenses	76,950	76,950	66,100	(10,850)
Fines and forfeitures	22,250	22,250	42,599	20,349
Revenue from the use of money and property	67,552	67,552	64,483	(3,069)
Charges for services	24,300	24,300	31,719	7,419
Miscellaneous	146,935	98,160	95,604	(2,556)
Recovered costs	11,000	11,000	14,731	3,731
Intergovernmental:				
Commonwealth	3,588,406	3,431,430	3,177,112	(254,318)
Federal	2,160,594	1,343,577	1,042,577	(301,000)
Total revenues	<u>\$ 17,702,487</u>	<u>\$ 16,679,719</u>	<u>\$ 16,535,240</u>	<u>\$ (144,479)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,222,870	\$ 1,246,629	\$ 1,210,706	\$ 35,923
Judicial administration	526,946	551,870	508,241	43,629
Public safety	2,358,810	2,499,260	2,421,950	77,310
Public works	1,170,086	1,183,767	1,008,411	175,356
Health and welfare	1,896,872	1,921,872	1,779,809	142,063
Education	7,067,017	7,067,017	6,159,410	907,607
Parks, recreation, and cultural	444,422	449,997	413,279	36,718
Community development	454,460	463,026	396,693	66,333
Nondepartmental	75,000	32,565	32,565	-
Capital projects	2,438,627	1,623,500	657,238	966,262
Debt service:				
Principal retirement	1,141,055	2,848,388	2,851,508	(3,120)
Interest and other fiscal charges	383,960	437,787	429,666	8,121
Total expenditures	<u>\$ 19,180,125</u>	<u>\$ 20,325,678</u>	<u>\$ 17,869,476</u>	<u>\$ 2,456,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,477,638)</u>	<u>\$ (3,645,959)</u>	<u>\$ (1,334,236)</u>	<u>\$ 2,311,723</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 18,068	\$ 18,068
Transfers out	-	-	(73,332)	(73,332)
Issuance of refunding bonds	-	1,961,300	1,961,300	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 1,961,300</u>	<u>\$ 1,906,036</u>	<u>\$ (55,264)</u>
Net change in fund balances	\$ (1,477,638)	\$ (1,684,659)	\$ 571,800	\$ 2,256,459
Fund balances - beginning	1,477,638	1,684,659	4,713,617	3,028,958
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,285,417</u>	<u>\$ 5,285,417</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ (891)	\$ (891)
Revenue from the use of money and property	-	-	429	429
Miscellaneous	-	65,285	27,250	(38,035)
Intergovernmental:				
Commonwealth	-	177,965	99,139	(78,826)
Federal	-	858,017	417,977	(440,040)
Total revenues	\$ -	\$ 1,101,267	\$ 543,904	\$ (557,363)
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 14,729	\$ (14,729)
Parks, recreation, and cultural	-	-	174	(174)
Community development	-	1,101,267	533,316	567,951
Total expenditures	\$ -	\$ 1,101,267	\$ 548,219	\$ 553,048
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (4,315)	\$ (4,315)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 73,332	\$ 73,332
Transfers out	-	-	(18,068)	(18,068)
Total other financing sources (uses)	\$ -	\$ -	\$ 55,264	\$ 55,264
Net change in fund balances	\$ -	\$ -	\$ 50,949	\$ 50,949
Fund balances - beginning	-	-	61,119	61,119
Fund balances - ending	\$ -	\$ -	\$ 112,068	\$ 112,068

County of Mathews, Virginia

Schedule of Pension Funding Progress - Virginia Retirement System
For the Fiscal Year Ended June 30, 2014

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded (Excess Funded) Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
6/30/2013	\$ 8,372,331	\$ 10,993,256	\$ 2,620,925	76.16%	\$ 2,353,511	111.36%
6/30/2012	8,171,457	10,614,160	2,442,703	76.99%	2,323,377	105.14%
6/30/2011	8,239,852	9,574,456	1,334,604	86.06%	2,438,066	54.74%
6/30/2010	7,949,294	8,966,564	1,017,270	88.65%	2,345,674	43.37%
6/30/2009	7,834,363	8,611,303	776,940	90.98%	2,576,400	30.16%
6/30/2008	7,653,311	8,101,377	448,066	94.47%	2,528,733	17.72%
6/30/2007	6,968,769	7,088,156	119,387	98.32%	2,364,561	5.05%
6/30/2006	6,117,776	6,259,852	142,076	97.73%	2,210,076	6.43%
6/30/2005	5,685,578	6,383,981	698,403	89.06%	2,103,904	33.20%
6/30/2004	5,551,937	5,725,284	173,347	96.97%	1,956,442	8.86%
School Board Non-Professionals:						
6/30/2013	\$ 2,353,459	\$ 3,320,559	\$ 967,100	70.88%	\$ 686,525	140.87%
6/30/2012	2,275,951	3,257,219	981,268	69.87%	671,430	146.15%
6/30/2011	2,297,268	3,176,036	878,768	72.33%	667,764	131.60%
6/30/2010	2,277,643	3,035,818	758,175	75.03%	683,069	111.00%
6/30/2009	2,293,775	2,543,178	249,403	90.19%	646,389	38.58%
6/30/2008	2,271,976	2,383,701	111,725	95.31%	825,125	13.54%
6/30/2007	2,062,175	2,322,128	259,953	88.81%	753,123	34.52%
6/30/2006	1,837,924	2,092,232	254,308	87.85%	726,106	35.02%
6/30/2005	1,723,423	1,907,633	184,210	90.34%	676,332	27.24%
6/30/2004	1,697,074	1,774,591	77,517	95.63%	618,894	12.53%

County of Mathews, Virginia

Schedule of OPEB Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2014

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
1/1/2013	\$ -	\$ 543,200	\$ 543,200	0.00%	\$ 1,895,700	28.65%
1/1/2011	-	82,900	82,900	0.00%	2,027,800	4.09%
1/1/2009	-	34,300	34,300	0.00%	2,027,000	1.69%
School Board:						
1/1/2013	\$ -	\$ 477,400	\$ 477,400	0.00%	\$ 6,739,000	7.08%
1/1/2011	-	760,800	760,800	0.00%	7,098,400	10.72%
1/1/2009	-	652,700	652,700	0.00%	7,663,700	8.52%

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUNDS 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, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 32,744	\$ 47,308	\$ 32,940	\$ 47,112
Liabilities:				
Amounts held for social services clients	\$ 32,744	\$ 47,308	\$ 32,940	\$ 47,112
Tour de Chesapeake Fund:				
Assets:				
Cash and cash equivalents	\$ 10,155	\$ 23,683	\$ 23,869	\$ 9,969
Liabilities:				
Amounts held for others	\$ 10,155	\$ 23,683	\$ 23,869	\$ 9,969
Market Days Fund:				
Assets:				
Cash and cash equivalents	\$ 26,499	\$ 24,040	\$ 18,914	\$ 31,625
Liabilities:				
Amounts held for others	\$ 26,499	\$ 24,040	\$ 18,914	\$ 31,625
Courthouse Square Basket Fund:				
Assets:				
Cash and cash equivalents	\$ 40,292	\$ 225	\$ 10,701	\$ 29,816
Liabilities:				
Amounts held for others	\$ 40,292	\$ 225	\$ 10,701	\$ 29,816
Escrow Deposits Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 2,400	\$ -	\$ 2,400
Liabilities:				
Amounts held for others	\$ -	\$ 2,400	\$ -	\$ 2,400
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 109,690	\$ 97,656	\$ 86,424	\$ 120,922
Total assets	\$ 109,690	\$ 97,656	\$ 86,424	\$ 120,922
Liabilities:				
Amounts held for others	\$ 76,946	\$ 50,348	\$ 42,783	\$ 73,810
Amounts held for social services clients	32,744	47,308	43,641	47,112
Total liabilities	\$ 109,690	\$ 97,656	\$ 86,424	\$ 120,922

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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, 2014

	School Operating <u>Fund</u>	Textbook <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 68,462	\$ -	\$ 68,462
Accounts receivable	2,632	65	-	2,697
Due from other governmental units	1,015,539	-	11,515	1,027,054
Inventories	-	-	3,076	3,076
Total assets	<u>\$ 1,018,171</u>	<u>\$ 68,527</u>	<u>\$ 14,591</u>	<u>\$ 1,101,289</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 37,465	\$ -	\$ -	\$ 37,465
Reconciled overdraft	-	-	10,328	10,328
Accrued liabilities	980,706	-	45,681	1,026,387
Total liabilities	<u>\$ 1,018,171</u>	<u>\$ -</u>	<u>\$ 56,009</u>	<u>\$ 1,074,180</u>
Fund balances:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 3,076	\$ 3,076
Committed	-	68,527	-	68,527
Unassigned	-	-	(44,494)	(44,494)
Total fund balances	<u>\$ -</u>	<u>\$ 68,527</u>	<u>\$ (41,418)</u>	<u>\$ 27,109</u>
Total liabilities and fund balances	<u>\$ 1,018,171</u>	<u>\$ 68,527</u>	<u>\$ 14,591</u>	<u>\$ 1,101,289</u>

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

Total fund balances per above \$ 27,109

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

Capital assets, cost	\$ 14,858,041	
Less: accumulated depreciation	<u>(6,472,444)</u>	8,385,597

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	\$ (166,019)	
Net OPEB obligation	<u>(12,850)</u>	(178,869)

Net position of governmental activities \$ 8,233,837

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, 2014

	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	\$ 7,078	\$ 1,457	\$ 32	\$ 8,567
Charges for services	33,825	-	340,351	374,176
Miscellaneous	30,097	-	-	30,097
Recovered costs	102,259	-	-	102,259
Intergovernmental:				
Local government	6,153,087	-	-	6,153,087
Commonwealth	4,755,519	-	8,723	4,764,242
Federal	494,573	-	322,471	817,044
Total revenues	<u>\$ 11,576,438</u>	<u>\$ 1,457</u>	<u>\$ 671,577</u>	<u>\$ 12,249,472</u>
EXPENDITURES				
Current:				
Education	\$ 11,434,902	\$ 210,489	\$ 795,553	\$ 12,440,944
Total expenditures	<u>\$ 11,434,902</u>	<u>\$ 210,489</u>	<u>\$ 795,553</u>	<u>\$ 12,440,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 141,536</u>	<u>\$ (209,032)</u>	<u>\$ (123,976)</u>	<u>\$ (191,472)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 45,913	\$ 95,623	\$ 141,536
Transfers out	(141,536)	-	-	(141,536)
Total other financing sources (uses)	<u>\$ (141,536)</u>	<u>\$ 45,913</u>	<u>\$ 95,623</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (163,119)	\$ (28,353)	\$ (191,472)
Fund balances - beginning	-	231,646	(13,065)	218,581
Fund balances - ending	<u>\$ -</u>	<u>\$ 68,527</u>	<u>\$ (41,418)</u>	<u>\$ 27,109</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 \$ (191,472)

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	\$ 101,369	
Allocation of School Board assets	342,368	
Depreciation expense	<u>(443,645)</u>	92

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	\$ 954	
(Increase) Decrease in net OPEB obligation	<u>18,763</u>	19,717

Change in net position of governmental activities \$ (171,663)

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, 2014

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 7,000	\$ 7,000	\$ 7,078	\$ 78
Charges for services	25,000	25,000	33,825	8,825
Miscellaneous	25,900	25,900	30,097	4,197
Recovered costs	81,000	81,000	102,259	21,259
Intergovernmental:				
Local government	7,060,694	7,060,694	6,153,087	(907,607)
Commonwealth	4,846,581	4,846,581	4,755,519	(91,062)
Federal	514,094	514,094	494,573	(19,521)
Total revenues	<u>\$ 12,560,269</u>	<u>\$ 12,560,269</u>	<u>\$ 11,576,438</u>	<u>\$ (983,831)</u>
EXPENDITURES				
Current:				
Education	\$ 11,536,219	\$ 11,536,219	\$ 11,434,902	\$ 101,317
Total expenditures	<u>\$ 11,536,219</u>	<u>\$ 11,536,219</u>	<u>\$ 11,434,902</u>	<u>\$ 101,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,024,050</u>	<u>\$ 1,024,050</u>	<u>\$ 141,536</u>	<u>\$ (882,514)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(1,024,050)	(1,024,050)	(141,536)	882,514
Total other financing sources (uses)	<u>\$ (1,024,050)</u>	<u>\$ (1,024,050)</u>	<u>\$ (141,536)</u>	<u>\$ 882,514</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
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, 2014

	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	\$ -	\$ -	\$ 32	\$ 32	\$ -	\$ -	\$ 1,457	\$ 1,457
Charges for services	415,877	415,877	340,351	(75,526)	-	-	-	-
Intergovernmental:								
Commonwealth	6,699	6,699	8,723	2,024	-	-	-	-
Federal	287,000	287,000	322,471	35,471	-	-	-	-
Total revenues	\$ 709,576	\$ 709,576	\$ 671,577	\$ (37,999)	\$ -	\$ -	\$ 1,457	\$ 1,457
EXPENDITURES								
Current:								
Education	\$ 782,391	\$ 817,708	\$ 795,553	\$ 22,155	\$ 185,000	\$ 185,000	\$ 210,489	\$ (25,489)
Total expenditures	\$ 782,391	\$ 817,708	\$ 795,553	\$ 22,155	\$ 185,000	\$ 185,000	\$ 210,489	\$ (25,489)
Excess (deficiency) of revenues over (under) expenditures	\$ (72,815)	\$ (108,132)	\$ (123,976)	\$ (15,844)	\$ (185,000)	\$ (185,000)	\$ (209,032)	\$ (24,032)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 72,815	\$ 108,132	\$ 95,623	\$ (12,509)	\$ 185,000	\$ 185,000	\$ 45,913	\$ (139,087)
Total other financing sources (uses)	\$ 72,815	\$ 108,132	\$ 95,623	\$ (12,509)	\$ 185,000	\$ 185,000	\$ 45,913	\$ (139,087)
Net change in fund balances	\$ -	\$ -	\$ (28,353)	\$ (28,353)	\$ -	\$ -	\$ (163,119)	\$ (163,119)
Fund balances - beginning	-	-	(13,065)	(13,065)	-	-	231,646	231,646
Fund balances - ending	\$ -	\$ -	\$ (41,418)	\$ (41,418)	\$ -	\$ -	\$ 68,527	\$ 68,527

County of Mathews, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Fund - Discretely Presented Component Unit School Board
 June 30, 2014

	Scholarship <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>67,777</u>
NET POSITION	
Held in trust for scholarships	\$ <u><u>67,777</u></u>

County of Mathews, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2014

	<u>Scholarship Funds</u>
ADDITIONS	
Contributions:	
Donations	\$ 70,641
Total contributions	\$ 70,641
Investment earnings:	
Interest	\$ 35
Total investment earnings	\$ 35
Total additions	\$ 70,676
DEDUCTIONS	
Scholarships	\$ 59,706
Total deductions	\$ 59,706
Change in net position	\$ 10,970
Net position - beginning	56,807
Net position - ending	\$ 67,777

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Mathews, Virginia
 Statement of Net Position
 Discretely Presented Component Unit-Industrial Development Authority
 June 30, 2014

ASSETS

Current assets:

Cash and cash equivalents	\$ 208,181
Total current assets	\$ 208,181
Total assets	\$ 208,181

NET POSITION

Unrestricted	\$ 208,181
Total net position	\$ 208,181

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2014

OPERATING REVENUES	
Miscellaneous	\$ 47,927
Total operating revenues	<u>\$ 47,927</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 2,173
Total operating expenses	<u>\$ 2,173</u>
Operating income (loss)	<u>\$ 45,754</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 94
Total nonoperating revenues (expenses)	<u>\$ 94</u>
Change in net position	\$ 45,848
Total net position - beginning	<u>162,333</u>
Total net position - ending	<u><u>\$ 208,181</u></u>

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 47,927
Payments for operating activities	(2,173)
Net cash provided by (used for) operating activities	\$ 45,754

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	\$ 94
Net cash provided by (used for) investing activities	\$ 94

Net increase (decrease) in cash and cash equivalents	\$ 45,848
--	-----------

Cash and cash equivalents - beginning	162,333
Cash and cash equivalents - ending	\$ 208,181

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

Operating income (loss)	\$ 45,754
Net cash provided for (used by) operating activities	\$ 45,754

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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, 2014

<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	\$ 7,890,000	\$ 7,890,000	\$ 8,428,787	\$ 538,787
Real and personal public service corporation taxes	90,000	90,000	107,485	17,485
Personal property taxes	1,898,500	1,898,500	1,746,960	(151,540)
Mobile home taxes	32,000	32,000	33,125	1,125
Boat taxes	305,000	305,000	297,180	(7,820)
Penalties	85,000	85,000	90,452	5,452
Interest	50,000	50,000	47,723	(2,277)
Total general property taxes	<u>\$ 10,350,500</u>	<u>\$ 10,350,500</u>	<u>\$ 10,751,712</u>	<u>\$ 401,212</u>
Other local taxes:				
Local sales and use taxes	\$ 416,000	\$ 416,000	\$ 432,972	\$ 16,972
Consumers' utility taxes	148,000	148,000	150,173	2,173
Consumption tax	33,000	33,000	37,488	4,488
Business license taxes	165,000	165,000	172,410	7,410
Motor vehicle licenses	295,000	295,000	285,440	(9,560)
Bank stock taxes	102,000	102,000	83,508	(18,492)
Taxes on recordation and wills	95,000	95,000	86,612	(8,388)
Total other local taxes	<u>\$ 1,254,000</u>	<u>\$ 1,254,000</u>	<u>\$ 1,248,603</u>	<u>\$ (5,397)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 3,753	\$ (1,247)
Transfer fees	500	500	415	(85)
Permits and other licenses	71,450	71,450	61,932	(9,518)
Total permits, privilege fees, and regulatory licenses	<u>\$ 76,950</u>	<u>\$ 76,950</u>	<u>\$ 66,100</u>	<u>\$ (10,850)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 22,250	\$ 22,250	\$ 42,599	\$ 20,349
Total fines and forfeitures	<u>\$ 22,250</u>	<u>\$ 22,250</u>	<u>\$ 42,599</u>	<u>\$ 20,349</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 17,200	\$ 17,200	\$ 12,456	\$ (4,744)
Revenue from use of property	50,352	50,352	52,027	1,675
Total revenue from use of money and property	<u>\$ 67,552</u>	<u>\$ 67,552</u>	<u>\$ 64,483</u>	<u>\$ (3,069)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,000	\$ 1,000	\$ 734	\$ (266)
Charges for courthouse maintenance	2,000	2,000	2,088	88
Charges for court costs	3,400	3,400	7,894	4,494
Courthouse security fees	5,800	5,800	8,953	3,153
Circuit court- document reproduction	3,500	3,500	2,656	(844)
Charges for Commonwealth's Attorney	600	600	408	(192)
Charges for other protection	1,500	1,500	1,598	98
Charges for library	6,500	6,500	7,388	888
Total charges for services	<u>\$ 24,300</u>	<u>\$ 24,300</u>	<u>\$ 31,719</u>	<u>\$ 7,419</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 146,935	\$ 98,160	\$ 95,604	\$ (2,556)
Total miscellaneous revenue	<u>\$ 146,935</u>	<u>\$ 98,160</u>	<u>\$ 95,604</u>	<u>\$ (2,556)</u>
Recovered costs:				
DMV License agent	\$ 11,000	\$ 11,000	\$ 14,731	\$ 3,731
Total recovered costs	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 14,731</u>	<u>\$ 3,731</u>
Total revenue from local sources	<u>\$ 11,953,487</u>	<u>\$ 11,904,712</u>	<u>\$ 12,315,551</u>	<u>\$ 410,839</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 775	\$ 775	\$ 1,272	\$ 497
Mobile home titling tax	5,000	5,000	8,143	3,143
Motor vehicle rental tax	250	250	-	(250)
State recordation tax	63,000	63,000	61,365	(1,635)
State technology trust fund	13,000	22,939	-	(22,939)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	460,000	460,000	451,188	(8,812)
Total noncategorical aid	<u>\$ 1,542,108</u>	<u>\$ 1,552,047</u>	<u>\$ 1,522,051</u>	<u>\$ (29,996)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 165,582	\$ 165,582	\$ 161,417	\$ (4,165)
Sheriff	587,566	587,566	569,781	(17,785)
Commissioner of revenue	76,843	76,843	74,565	(2,278)
Treasurer	78,281	78,281	74,942	(3,339)
Medical examiner	150	150	-	(150)
Registrar/electoral board	36,000	36,000	27,778	(8,222)
Clerk of the Circuit Court	139,759	139,759	139,787	28
Total shared expenses	<u>\$ 1,084,181</u>	<u>\$ 1,084,181</u>	<u>\$ 1,048,270</u>	<u>\$ (35,911)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 281,133	\$ 281,133	\$ 285,789	\$ 4,656
Emergency medical services - two for life	7,000	10,142	10,142	-
Comprehensive services act	297,250	297,250	130,602	(166,648)
Litter control	5,000	6,366	6,366	-
Library grant	72,000	78,542	77,484	(1,058)
Wireless board funds	35,000	35,000	43,498	8,498
Commission for the arts grant	5,000	5,000	-	(5,000)
Victim-witness grant	25,699	25,699	25,470	(229)
Fire programs fund	25,000	25,000	26,963	1,963
Hazard mitigation grant	177,965	-	-	-

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other state aid	\$ 31,070	\$ 31,070	\$ 477	\$ (30,593)
Total other categorical aid	<u>\$ 962,117</u>	<u>\$ 795,202</u>	<u>\$ 606,791</u>	<u>\$ (188,411)</u>
Total categorical aid	<u>\$ 2,046,298</u>	<u>\$ 1,879,383</u>	<u>\$ 1,655,061</u>	<u>\$ (224,322)</u>
Total revenue from the Commonwealth	<u>\$ 3,588,406</u>	<u>\$ 3,431,430</u>	<u>\$ 3,177,112</u>	<u>\$ (254,318)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 496,077	\$ 496,077	\$ 586,776	\$ 90,699
Local law enforcement block grant	-	-	1,118	1,118
VDOT enhancement grant	800,000	800,000	410,301	(389,699)
Recovery implementation	-	-	9,078	9,078
Homeland security grant	-	30,000	25,000	(5,000)
CDBG grant	667,369	7,500	-	(7,500)
Transportation safety	10,000	10,000	9,880	(120)
Other federal grants	-	-	424	424
FEMA grant	187,148	-	-	-
Total categorical aid	<u>\$ 2,160,594</u>	<u>\$ 1,343,577</u>	<u>\$ 1,042,577</u>	<u>\$ (301,000)</u>
Total revenue from the federal government	<u>\$ 2,160,594</u>	<u>\$ 1,343,577</u>	<u>\$ 1,042,577</u>	<u>\$ (301,000)</u>
Total General Fund	<u>\$ 17,702,487</u>	<u>\$ 16,679,719</u>	<u>\$ 16,535,240</u>	<u>\$ (144,479)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ (891)	\$ (891)
Total fines and forfeitures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (891)</u>	<u>\$ (891)</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 429	\$ 429
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429</u>	<u>\$ 429</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 65,285	\$ 27,250	\$ (38,035)
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 65,285</u>	<u>\$ 27,250</u>	<u>\$ (38,035)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 65,285</u>	<u>\$ 26,788</u>	<u>\$ (38,497)</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
Payment in lieu of taxes	\$ -	\$ -	\$ 1,782	\$ 1,782
Total noncategorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,782</u>	<u>\$ 1,782</u>
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 1,870	\$ 1,870
Hazard mitigation grant	-	177,965	95,487	(82,478)
Total categorical aid	<u>\$ -</u>	<u>\$ 177,965</u>	<u>\$ 97,357</u>	<u>\$ (80,608)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 177,965</u>	<u>\$ 99,139</u>	<u>\$ (78,826)</u>
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ -	\$ 3,500	\$ 2,379	\$ (1,121)
Forfeited assets	-	-	2,706	2,706
SRL grant	-	187,148	54,818	(132,330)
Hazard mitigation grant	-	667,369	358,074	(309,295)
Total categorical aid	<u>\$ -</u>	<u>\$ 858,017</u>	<u>\$ 417,977</u>	<u>\$ (440,040)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 858,017</u>	<u>\$ 417,977</u>	<u>\$ (440,040)</u>
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ 1,101,267</u>	<u>\$ 543,904</u>	<u>\$ (557,363)</u>
Total Primary Government	<u>\$ 17,702,487</u>	<u>\$ 17,780,986</u>	<u>\$ 17,079,144</u>	<u>\$ (701,842)</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	\$ 7,078	\$ 78
Total revenue from use of money and property	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 7,078</u>	<u>\$ 78</u>
Charges for services:				
Tuition and payments from other divisions	\$ 25,000	\$ 25,000	\$ 33,825	\$ 8,825
Total charges for services	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 33,825</u>	<u>\$ 8,825</u>
Miscellaneous revenue:				
Miscellaneous	\$ 25,900	\$ 25,900	\$ 30,097	\$ 4,197

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
E-rate	\$ 36,000	\$ 36,000	\$ 38,390	\$ 2,390
Medicaid reimbursements	45,000	45,000	63,869	18,869
Total recovered costs	<u>\$ 81,000</u>	<u>\$ 81,000</u>	<u>\$ 102,259</u>	<u>\$ 21,259</u>
 Total revenue from local sources	 <u>\$ 138,900</u>	 <u>\$ 138,900</u>	 <u>\$ 173,259</u>	 <u>\$ 34,359</u>
 Intergovernmental:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 7,060,694	\$ 7,060,694	\$ 6,153,087	\$ (907,607)
Total revenues from local governments	<u>\$ 7,060,694</u>	<u>\$ 7,060,694</u>	<u>\$ 6,153,087</u>	<u>\$ (907,607)</u>
 Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,230,470	\$ 1,230,470	\$ 1,180,562	\$ (49,908)
Basic school aid	2,253,038	2,253,038	2,206,605	(46,433)
Remedial summer education	26,706	26,706	57,585	30,879
Regular foster care	13,716	13,716	4,336	(9,380)
Gifted and talented	24,049	24,049	23,510	(539)
Special education	319,286	319,286	312,127	(7,159)
Textbook payment	45,913	45,913	44,883	(1,030)
Vocational education	111,034	111,034	108,544	(2,490)
School fringes	454,267	454,267	482,874	28,607
ISAEP	9,977	9,977	8,754	(1,223)
Early reading intervention	8,263	8,263	9,640	1,377
Primary class size	73,851	73,851	74,352	501
Homebound	3,189	3,189	1,919	(1,270)
At risk payments	39,006	39,006	38,069	(937)
Career and technical education	3,830	3,830	3,678	(152)
Remediation assistance - SOL	52,703	52,703	51,521	(1,182)
Technology	128,000	128,000	128,000	-
Standards of Learning algebra readiness	8,459	8,459	8,459	-
Workplace readiness	-	-	4,352	4,352
English as a second language	1,315	1,315	2,367	1,052
Other state funds	39,509	39,509	3,382	(36,127)
Total categorical aid	<u>\$ 4,846,581</u>	<u>\$ 4,846,581</u>	<u>\$ 4,755,519</u>	<u>\$ (91,062)</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 166,842	\$ 166,842	\$ 164,919	\$ (1,923)
Title VI-B, special education flow-through	273,973	273,973	258,724	(15,249)
Carl Perkins	15,000	15,000	17,606	2,606
Title VI-B, special education pre-school	9,757	9,757	6,278	(3,479)
Title II - A	48,522	48,522	47,046	(1,476)
Total categorical aid	<u>\$ 514,094</u>	<u>\$ 514,094</u>	<u>\$ 494,573</u>	<u>\$ (19,521)</u>
Total School Operating Fund	<u>\$ 12,560,269</u>	<u>\$ 12,560,269</u>	<u>\$ 11,576,438</u>	<u>\$ (983,831)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 32	\$ 32
Charges for services:				
Cafeteria sales	\$ 415,877	\$ 415,877	\$ 340,351	\$ (75,526)
Total charges for services	<u>\$ 415,877</u>	<u>\$ 415,877</u>	<u>\$ 340,351</u>	<u>\$ (75,526)</u>
Total revenue from local sources	<u>\$ 415,877</u>	<u>\$ 415,877</u>	<u>\$ 340,383</u>	<u>\$ (75,494)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 6,699	\$ 6,699	\$ 8,723	\$ 2,024
Total categorical aid	<u>\$ 6,699</u>	<u>\$ 6,699</u>	<u>\$ 8,723</u>	<u>\$ 2,024</u>
Total revenue from the Commonwealth	<u>\$ 6,699</u>	<u>\$ 6,699</u>	<u>\$ 8,723</u>	<u>\$ 2,024</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 287,000	\$ 287,000	\$ 287,154	\$ 154
Commodities	-	-	35,317	35,317
Total categorical aid	<u>\$ 287,000</u>	<u>\$ 287,000</u>	<u>\$ 322,471</u>	<u>\$ 35,471</u>
Total revenue from the federal government	<u>\$ 287,000</u>	<u>\$ 287,000</u>	<u>\$ 322,471</u>	<u>\$ 35,471</u>
Total School Cafeteria Fund	<u>\$ 709,576</u>	<u>\$ 709,576</u>	<u>\$ 671,577</u>	<u>\$ (37,999)</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<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	\$ -	\$ -	\$ 1,457	\$ 1,457
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,457</u>	<u>\$ 1,457</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,457</u>	<u>\$ 1,457</u>
Total Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,457</u>	<u>\$ 1,457</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 13,269,845</u>	<u>\$ 13,269,845</u>	<u>\$ 12,249,472</u>	<u>\$ (1,020,373)</u>

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County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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	\$ 57,652	\$ 58,923	\$ 60,095	\$ (1,172)
General and financial administration:				
County administrator	\$ 336,401	\$ 344,205	\$ 344,759	\$ (554)
Legal services	65,000	65,000	30,599	34,401
Commissioner of revenue	220,956	216,732	216,732	-
Independent Auditor	40,000	42,574	42,574	-
Treasurer	254,522	248,844	248,432	412
Information Technology	164,500	186,512	186,512	-
Total general and financial administration	<u>\$ 1,081,379</u>	<u>\$ 1,103,867</u>	<u>\$ 1,069,608</u>	<u>\$ 34,259</u>
Board of elections:				
Electoral board and officials	\$ 23,625	\$ 23,625	\$ 22,106	\$ 1,519
Registrar	60,214	60,214	58,897	1,317
Total board of elections	<u>\$ 83,839</u>	<u>\$ 83,839</u>	<u>\$ 81,003</u>	<u>\$ 2,836</u>
Total general government administration	<u>\$ 1,222,870</u>	<u>\$ 1,246,629</u>	<u>\$ 1,210,706</u>	<u>\$ 35,923</u>
Judicial administration:				
Courts:				
Circuit court	\$ 23,632	\$ 26,075	\$ 26,075	\$ -
General district court	8,050	8,050	7,092	958
Special magistrates	800	800	746	54
Juvenile and domestic relations court	6,815	6,815	1,030	5,785
J&DR court services unit	15,600	15,600	9,735	5,865
Victim witness	25,698	25,698	25,459	239
Clerk of the circuit court	217,729	240,210	214,411	25,799
Total courts	<u>\$ 298,324</u>	<u>\$ 323,248</u>	<u>\$ 284,548</u>	<u>\$ 38,700</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 228,622	\$ 228,622	\$ 223,693	\$ 4,929
Total commonwealth's attorney	<u>\$ 228,622</u>	<u>\$ 228,622</u>	<u>\$ 223,693</u>	<u>\$ 4,929</u>
Total judicial administration	<u>\$ 526,946</u>	<u>\$ 551,870</u>	<u>\$ 508,241</u>	<u>\$ 43,629</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,312,678	\$ 1,340,086	\$ 1,304,417	\$ 35,669
E-911	116,514	123,499	123,499	-
Total law enforcement and traffic control	<u>\$ 1,429,192</u>	<u>\$ 1,463,585</u>	<u>\$ 1,427,916</u>	<u>\$ 35,669</u>
Fire and rescue services:				
Fire department	\$ 162,300	\$ 162,300	\$ 159,970	\$ 2,330
Ambulance and rescue services	160,750	193,892	154,641	39,251
Total fire and rescue services	<u>\$ 323,050</u>	<u>\$ 356,192</u>	<u>\$ 314,611</u>	<u>\$ 41,581</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<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	\$ 347,796	\$ 416,617	\$ 416,617	\$ -
Juvenile probation and detention	61,634	62,141	62,141	-
Total correction and detention	<u>\$ 409,430</u>	<u>\$ 478,758</u>	<u>\$ 478,758</u>	<u>\$ -</u>
Inspections:				
Building	\$ 128,366	\$ 128,455	\$ 128,455	\$ -
Total inspections	<u>\$ 128,366</u>	<u>\$ 128,455</u>	<u>\$ 128,455</u>	<u>\$ -</u>
Other protection:				
Animal control	\$ 68,672	\$ 72,170	\$ 72,170	\$ -
Medical examiner	100	100	40	60
Total other protection	<u>\$ 68,772</u>	<u>\$ 72,270</u>	<u>\$ 72,210</u>	<u>\$ 60</u>
Total public safety	<u>\$ 2,358,810</u>	<u>\$ 2,499,260</u>	<u>\$ 2,421,950</u>	<u>\$ 77,310</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 500	\$ 500	-	\$ 500
Streetlights	11,000	16,154	16,154	-
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 11,500</u>	<u>\$ 16,654</u>	<u>\$ 16,154</u>	<u>\$ 500</u>
Sanitation and waste removal:				
Refuse disposal	\$ 581,650	\$ 581,650	\$ 563,360	\$ 18,290
Total sanitation and waste removal	<u>\$ 581,650</u>	<u>\$ 581,650</u>	<u>\$ 563,360</u>	<u>\$ 18,290</u>
Maintenance of general buildings and grounds:				
General properties	\$ 576,936	\$ 585,463	\$ 428,897	\$ 156,566
Total maintenance of general buildings and grounds	<u>\$ 576,936</u>	<u>\$ 585,463</u>	<u>\$ 428,897</u>	<u>\$ 156,566</u>
Total public works	<u>\$ 1,170,086</u>	<u>\$ 1,183,767</u>	<u>\$ 1,008,411</u>	<u>\$ 175,356</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 122,247	\$ 122,247	\$ 122,247	\$ -
Total health	<u>\$ 122,247</u>	<u>\$ 122,247</u>	<u>\$ 122,247</u>	<u>\$ -</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller Center	35,475	35,475	35,475	-
Total mental health and mental retardation	<u>\$ 55,975</u>	<u>\$ 55,975</u>	<u>\$ 55,975</u>	<u>\$ -</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,151,826	\$ 1,176,826	\$ 1,150,440	\$ 26,386
Area agency on aging	54,324	54,324	54,324	-
Comprehensive services act	512,500	512,500	299,756	212,744
Tax relief for the elderly	-	-	97,067	(97,067)
Total welfare	<u>\$ 1,718,650</u>	<u>\$ 1,743,650</u>	<u>\$ 1,601,587</u>	<u>\$ 142,063</u>
Total health and welfare	<u>\$ 1,896,872</u>	<u>\$ 1,921,872</u>	<u>\$ 1,779,809</u>	<u>\$ 142,063</u>
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 6,323	\$ 6,323	\$ 6,323	\$ -
Contribution to County School Board	7,060,694	7,060,694	6,153,087	907,607
Total education	<u>\$ 7,067,017</u>	<u>\$ 7,067,017</u>	<u>\$ 6,159,410</u>	<u>\$ 907,607</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 82,000	\$ 82,000	\$ 81,140	\$ 860
Total parks and recreation	<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ 81,140</u>	<u>\$ 860</u>
Library:				
Contribution to county library	\$ 362,422	\$ 367,997	\$ 332,139	\$ 35,858
Total library	<u>\$ 362,422</u>	<u>\$ 367,997</u>	<u>\$ 332,139</u>	<u>\$ 35,858</u>
Total parks, recreation, and cultural	<u>\$ 444,422</u>	<u>\$ 449,997</u>	<u>\$ 413,279</u>	<u>\$ 36,718</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 321,432	\$ 321,432	\$ 277,868	\$ 43,564
Planning and zoning boards	6,106	6,106	1,803	4,303
Middle Peninsula planning district commission	16,300	16,300	16,300	-
Wetlands board	2,438	2,438	1,749	689
Economic development	59,000	59,000	57,907	1,093
Total planning and community development	<u>\$ 405,276</u>	<u>\$ 405,276</u>	<u>\$ 355,627</u>	<u>\$ 49,649</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	5,000	6,366	6,366	-
Total environmental management	<u>\$ 11,000</u>	<u>\$ 12,366</u>	<u>\$ 12,366</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 38,184	\$ 45,384	\$ 28,700	\$ 16,684
Total cooperative extension program	<u>\$ 38,184</u>	<u>\$ 45,384</u>	<u>\$ 28,700</u>	<u>\$ 16,684</u>
Total community development	<u>\$ 454,460</u>	<u>\$ 463,026</u>	<u>\$ 396,693</u>	<u>\$ 66,333</u>
Nondepartmental:				
Contingencies	\$ 75,000	\$ 32,565	\$ 32,565	\$ -
Total nondepartmental	<u>\$ 75,000</u>	<u>\$ 32,565</u>	<u>\$ 32,565</u>	<u>\$ -</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<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:				
Fort Nonsense VDOT enhancement	\$ 565,000	\$ 565,000	\$ 377,322	\$ 187,678
School bus replacement	101,369	101,369	101,369	-
Other capital projects	1,772,258	957,131	178,547	778,584
Total capital projects	<u>\$ 2,438,627</u>	<u>\$ 1,623,500</u>	<u>\$ 657,238</u>	<u>\$ 966,262</u>
Debt service:				
Principal retirement	\$ 1,141,055	\$ 2,848,388	\$ 2,851,508	\$ (3,120)
Interest and other fiscal charges	383,960	437,787	429,666	8,121
Total debt service	<u>\$ 1,525,015</u>	<u>\$ 3,286,175</u>	<u>\$ 3,281,174</u>	<u>\$ 5,001</u>
Total General Fund	<u>\$ 19,180,125</u>	<u>\$ 20,325,678</u>	<u>\$ 17,869,476</u>	<u>\$ 2,456,202</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other protection:				
Forfeited assets	\$ -	\$ -	\$ 14,729	\$ (14,729)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,729</u>	<u>\$ (14,729)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,729</u>	<u>\$ (14,729)</u>
Parks, recreation and cultural:				
Cultural:				
Mathews County sesquicentennial	\$ -	\$ -	\$ 174	\$ (174)
Total cultural	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ (174)</u>
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ (174)</u>
Community Development:				
Planning and community development:				
Planning grant	\$ -	\$ 3,500	\$ (7,000)	\$ 10,500
Hazard mitigation grant program	-	889,825	479,218	410,607
Severe repetitive loss	-	207,942	61,098	146,844
Total planning and community development	<u>\$ -</u>	<u>\$ 1,101,267</u>	<u>\$ 533,316</u>	<u>\$ 567,951</u>
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ 1,101,267</u>	<u>\$ 548,219</u>	<u>\$ 553,048</u>
Total Primary Government	<u>\$ 19,180,125</u>	<u>\$ 21,426,945</u>	<u>\$ 18,417,695</u>	<u>\$ 3,009,250</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 828,136	\$ 828,136	\$ 837,744	\$ (9,608)
Instruction costs	8,581,118	8,581,118	8,411,857	169,261
Pupil transportation	912,791	912,791	899,398	13,393
Operation and maintenance of school plant	1,214,174	1,214,174	1,285,903	(71,729)
Total School Operating Fund	<u>\$ 11,536,219</u>	<u>\$ 11,536,219</u>	<u>\$ 11,434,902</u>	<u>\$ 101,317</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2014

<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: (Continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 782,391	\$ 782,391	\$ 760,236	\$ 22,155
Commodities	-	35,317	35,317	-
Total school food services	<u>\$ 782,391</u>	<u>\$ 817,708</u>	<u>\$ 795,553</u>	<u>\$ 22,155</u>
Total School Cafeteria Fund	<u>\$ 782,391</u>	<u>\$ 817,708</u>	<u>\$ 795,553</u>	<u>\$ 22,155</u>
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 185,000	\$ 185,000	\$ 210,489	\$ (25,489)
Total education	<u>\$ 185,000</u>	<u>\$ 185,000</u>	<u>\$ 210,489</u>	<u>\$ (25,489)</u>
Total Textbook Fund	<u>\$ 185,000</u>	<u>\$ 185,000</u>	<u>\$ 210,489</u>	<u>\$ (25,489)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 12,503,610</u>	<u>\$ 12,538,927</u>	<u>\$ 12,440,944</u>	<u>\$ 97,983</u>

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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				
2004-05	\$ 1,234,146	\$ 620,802	\$ 1,955,278	\$ 987,030	\$ 1,371,881	\$ 5,217,519	\$ 379,630	\$ 279,042	\$ 937,969	\$ 12,983,297		
2005-06	1,344,050	627,926	2,755,851	1,015,465	1,520,044	5,606,976	387,933	456,921	1,132,979	14,848,145		
2006-07	1,065,084	827,058	2,095,783	1,451,355	2,005,608	6,217,103	475,630	395,061	806,520	15,339,202		
2007-08	1,231,935	1,026,178	2,143,896	1,408,691	1,458,890	6,817,663	427,514	641,590	733,013	15,889,370		
2008-09	1,095,634	700,239	2,351,796	1,663,793	1,416,104	6,632,069	460,944	578,584	654,967	15,554,130		
2009-10	1,303,675	685,093	2,440,580	1,330,254	1,768,312	6,434,299	475,858	638,063	1,029,985	16,106,119		
2010-11	1,376,919	650,189	2,362,595	1,169,512	1,909,899	6,296,291	505,397	544,077	418,566	15,233,445		
2011-12	1,299,464	637,734	2,357,034	1,352,826	1,691,248	6,535,760	500,977	1,027,809	421,516	15,824,368		
2012-13	1,183,758	656,328	2,297,325	1,105,587	1,740,409	6,764,109	613,639	614,138	390,314	15,365,607		
2013-14	1,239,683	662,127	2,506,931	1,036,856	1,795,146	6,737,939	540,323	973,727	357,502	15,850,234		

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Gain on Sale of Capital Assets		
2004-05	\$ 119,789	\$ 2,000,683	\$ -	\$ -	\$ 7,806,381	\$ 1,547,302	\$ 166,619	\$ 150,111	\$ 1,018,466	\$ 329,854	\$ 13,139,205	
2005-06	123,874	2,239,770	-	-	8,304,312	1,700,918	254,586	106,165	1,145,551	-	13,875,176	
2006-07	117,129	2,507,538	-	-	9,287,564	1,698,362	273,250	751,058	1,112,848	-	15,747,749	
2007-08	132,487	2,367,614	-	-	9,338,793	1,751,251	242,986	161,089	1,097,430	-	15,091,650	
2008-09	116,638	2,219,755	98,793	-	9,686,696	1,677,012	123,641	192,558	1,011,095	-	15,126,188	
2009-10	103,859	2,714,665	-	-	9,849,635	1,236,738	79,923	102,650	1,480,737	-	15,568,207	
2010-11	101,032	2,639,485	70,517	-	10,483,159	1,257,210	61,410	204,748	1,486,153	-	16,303,714	
2011-12	97,920	2,629,058	189,801	-	10,412,119	1,240,714	75,073	157,066	1,475,634	-	16,277,385	
2012-13	115,061	2,303,422	718,129	-	10,376,573	1,248,362	67,636	84,330	1,489,720	-	16,403,233	
2013-14	139,527	2,747,853	465,119	-	10,711,645	1,248,603	65,357	122,854	1,523,833	-	17,024,791	

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
2004-05	\$ 1,168,115	\$ 571,021	\$ 1,907,258	\$ 1,001,052	\$ 1,356,816	\$ 10,609,394	\$ 294,173	\$ 275,944	\$ -	\$ 2,145,653	\$ 19,329,426
2005-06	1,460,454	560,076	2,036,707	1,231,451	1,492,519	11,493,575	303,633	314,351	-	2,169,120	21,061,886
2006-07	1,035,785	589,759	2,065,871	1,327,638	1,969,465	12,074,141	390,588	373,790	-	2,247,874	22,074,911
2007-08	1,188,725	600,779	2,125,713	1,388,897	1,444,261	12,840,186	343,956	534,686	-	2,058,428	22,525,631
2008-09	1,201,206	537,074	2,290,536	1,637,813	1,529,173	13,094,022	376,457	573,907	-	1,773,181	23,013,369
2009-10	1,308,574	526,665	2,345,394	1,324,257	1,785,690	12,751,860	358,094	632,375	-	1,902,243	22,935,152
2010-11	1,325,878	488,183	2,317,126	1,159,235	1,919,658	11,678,792	357,877	458,078	7,668	1,358,872	21,071,367
2011-12	1,296,075	510,475	2,457,241	1,317,282	1,765,570	11,790,798	427,708	389,268	-	1,688,717	21,643,134
2012-13	1,151,376	520,993	2,238,160	1,076,440	1,727,435	12,031,391	372,817	611,682	5,172	2,376,329	22,111,795
2013-14	1,210,706	508,241	2,436,679	1,008,411	1,779,809	12,447,268	413,453	930,009	32,565	3,281,174	24,048,315

(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
2004-05	\$ 7,721,330	\$ 1,547,302	\$ 89,959	\$ 15,620	\$ 123,721	\$ 412,077	\$ 166,108	\$ 22,720	\$ 9,233,862	\$ 19,332,699
2005-06	8,383,990	1,700,918	91,206	14,890	205,296	419,930	115,620	46,266	9,806,201	20,784,317
2006-07	9,241,999	1,698,362	87,324	11,380	258,773	474,696	144,700	8,047	10,360,328	22,285,609
2007-08	9,334,647	1,751,251	85,662	18,319	226,046	512,593	208,600	22,879	10,339,446	22,499,443
2008-09	9,531,774	1,677,012	65,635	24,870	121,594	472,235	304,168	14,602	9,857,471	22,069,361
2009-10	9,835,627	1,236,738	62,856	14,899	85,190	441,423	189,174	52,447	10,658,575	22,576,929
2010-11	10,377,660	1,257,210	61,501	12,241	59,458	444,016	278,368	82,985	9,776,395	22,349,834
2011-12	10,359,905	1,240,714	57,762	15,490	76,352	426,293	216,580	107,717	9,720,923	22,221,736
2012-13	10,304,680	1,248,362	56,410	30,604	71,421	429,422	115,517	99,394	10,175,515	22,531,325
2013-14	10,751,712	1,248,603	66,100	41,708	73,480	405,895	152,951	116,990	10,318,091	23,175,530

(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		
2004-05	\$ 8,594,243	\$ 8,550,645	99.49%	\$ 9,123	\$ 8,559,768	99.60%	\$ 322,127	3.75%	
2005-06	9,396,373	9,304,937	99.03%	14,616	9,319,553	99.18%	301,819	3.21%	
2006-07	10,052,394	10,092,508	100.40%	42,588	10,135,096	100.82%	440,139	4.38%	
2007-08	10,263,755	10,027,288	97.70%	187,104	10,214,392	99.52%	455,935	4.44%	
2008-09	10,952,299	10,427,724	95.21%	8,455	10,436,179	95.29%	590,247	5.39%	
2009-10	10,989,815	10,720,806	97.55%	5,851	10,726,657	97.61%	688,793	6.27%	
2010-11	11,482,310	10,972,532	95.56%	283,517	11,256,049	98.03%	776,874	6.77%	
2011-12	10,880,993	10,964,212	100.76%	247,741	11,211,953	103.04%	745,683	6.85%	
2012-13	11,037,711	10,897,802	98.73%	286,351	11,184,153	101.33%	822,854	7.45%	
2013-14	12,224,814	11,475,794	93.87%	266,290	11,742,084	96.05%	633,988	5.19%	

(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	
2004-05	\$ 964,695,075	\$ 97,459,683	\$ -	\$ 16,183,972	\$ -	\$ 1,078,338,730
2005-06	1,240,094,987	94,296,230	11,732,849	23,520,759	-	1,369,644,825
2006-07	1,270,237,929	100,764,835	16,895,940	21,331,137	-	1,409,229,841
2007-08	1,289,544,418	99,648,503	16,635,103	15,264,589	-	1,421,092,613
2008-09	1,309,625,538	109,396,890	18,074,493	13,353,782	-	1,450,450,703
2009-10	1,319,914,661	118,005,040	10,374,005	13,896,370	-	1,462,190,076
2010-11	1,641,431,416	100,040,632	16,977,516	14,710,448	-	1,773,160,012
2011-12	1,640,724,165	100,150,365	15,810,352	19,419,122	26,572	1,776,130,576
2012-13	1,687,485,370	97,469,238	15,685,119	19,419,119	280,556	1,820,339,402
2013-14	1,676,588,104	101,579,544	15,856,646	22,828,636	5,216	1,816,858,147

(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
2004-05 (2)	.51/ .79	\$ 0.79	\$ 3.60	-
2005-06(3)	.53/ .51	0.51	3.60	2.14
2006-07	0.53	0.53	3.60	2.14
2007-08(4)	.56/ .53	0.53	3.60	2.14
2008-09	0.56	0.56	3.60	2.14
2009-10	0.56	0.56	4.53	2.14
2010-11(5)	.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

(1) Per \$100 of assessed value.

(2) First half 2005 and second half 2004, respectively

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

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

(5) 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)			
2004-05	9,100	\$ 1,078,339	\$ 10,523,992	\$ -	\$ -	\$ 10,523,992	0.98%	\$ 1,156
2005-06	9,100	1,369,645	9,386,634	-	-	9,386,634	0.69%	1,031
2006-07	9,100	1,409,230	8,437,339	-	-	8,437,339	0.60%	927
2007-08	9,100	1,421,093	7,482,051	-	-	7,482,051	0.53%	822
2008-09	9,100	1,450,451	6,742,007	-	-	6,742,007	0.46%	741
2009-10	9,100	1,462,190	5,986,205	-	-	5,986,205	0.41%	658
2010-11	8,978	1,773,160	5,254,171	-	-	5,254,171	0.30%	585
2011-12	8,978	1,776,131	4,505,275	-	-	4,505,275	0.25%	502
2012-13	8,978	1,820,339	3,794,038	-	-	3,794,038	0.21%	423
2013-14	8,978	1,823,288	3,318,830	-	-	3,318,830	0.18%	370

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Mathews, Virginia's basic financial statements, and have issued our report thereon dated December 5, 2014.

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 "R. F. Clark", followed by a horizontal line extending to the right.

Richmond, Virginia
December 5, 2014

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Mathews, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Mathews, Virginia's major federal programs for the year ended June 30, 2014. County of Mathews, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Mathews, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Mathews, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, County of Mathews, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of County of Mathews, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Mathews, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Mathews, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Richmond, Virginia
December 5, 2014

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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	0950113/0950114	\$ 10,908
Temporary assistance for needy families	93.558	0400113/0400114	84,703
Refugee and entrant assistance - state administered programs	93.566	0500113/0500114	795
Low income home energy assistance	93.568	0600413/0600414	8,671
Child care mandatory and matching funds of the child care and development fund	93.596	0760113/0760114	16,563
Stephanie Tubbs Jones Child welfare services	93.645	0900113/090114	658
Foster care - Title IV-E	93.658	1100113/1100114	60,536
Adoption assistance	93.659	1120113/1120114	73,338
Social services block grant	93.667	1000113/1000114	78,989
Chafee foster care independence program	93.674	9150113/9150114	627
Children's health insurance program	93.767	0540113/0540114	3,586
Medical Assistance Program	93.778	1200113/1200114	113,713
			\$ 453,087
Total Department of Health and Human Services			
U. S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Hazard mitigation grant	97.039	77602-155/146	\$ 358,074
Severe repetitive loss program	97.110	77602-52349	54,818
State homeland security program	97.073	77501-52700	25,000
			\$ 437,892
Total U. S. Department of Homeland Security			
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child nutrition cluster:			
Food Distribution	10.555	17901-45707	\$ 35,317
Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	17901-45707	209,572
Sub-total CFDA 10.555			\$ 244,889
Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	17901-40591	77,582
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010113/0010114	133,689
			\$ 456,160
Total Department of Agriculture			

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne memorial justice assistance grant program	16.738	3900100-81100	\$ 1,118
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and community highway safety program	20.600	60507-50287	\$ 9,880
Virginia Department of Transportation:			
Highway planning and construction (ISTEA)	20.205	60302-0	410,725
Total Department of Transportation			<u>\$ 420,605</u>
Department of Treasury:			
Pass Through Payments:			
Commonwealth of Virginia Attorney General's Office:			
Forfeited assets	21.000	N/A	\$ 2,706
Department of Interior:			
Direct Payments:			
Fish and Wildlife Service:			
Endangered species conservation recovery implementation	15.657	N/A	\$ 9,078
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	\$ 2,379
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I grants to local educational agencies	84.010	17901-42901-42999	\$ 164,919
Special education cluster:			
Special education grants to states	84.027	17901-43071-61234	258,724
Special education - preschool grants	84.173	17901-62521	6,278
Career and technical education - basic grants to states	84.048	17901-61095	17,606
Improving teacher quality state grants	84.367	17901-61480	47,046
Total Department of Education			<u>\$ 494,573</u>
Total Expenditures of Federal Awards			<u>\$ 2,277,598</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, 2014

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of County of Mathews, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Mathews, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	1,042,577
Special Revenue Fund		417,977
Total primary government	\$	<u>1,460,554</u>

Component Unit Public Schools:

School Operating Fund	\$	494,573
School Cafeteria Fund		322,471
Total component unit public schools	\$	<u>817,044</u>

Total federal expenditures per basic financial statements	\$	<u>2,277,598</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>2,277,598</u></u>
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County of Mathews, Virginia

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2014

There were no prior year findings and questioned costs.

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