

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

COUNTY OF MATHEWS, VIRGINIA

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COUNTY OF MATHEWS, VIRGINIA

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Clerk of the Circuit Court Angela C. Ingram
County Attorney Andrea Erard
Commissioner of the Revenue Leslie Hall
Treasurer Wendy Stewart
Sheriff L. Mark Barrick
Superintendent of Schools David S. Daniel
Director of Social Services Tiffany Gordon
Judge of the Circuit Court Jeffrey W. Shaw
Commonwealth's Attorney Thompson C. Bowen, III
Judge of the General District Court Stephanie M. Revere
Judge of the Juvenile and Domestic Relations Court Mathew R. Kite

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FOR THE YEAR ENDED JUNE 30, 2023

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Mathews, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 21 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Mathews, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County of Mathews, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Mathews, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Required Supplementary Information (Continued)

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary 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 accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual fund financial statements and schedules 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Mathews, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Mathews, Virginia's control over financial reporting and compliance.

Robinson, Fournier, Cox Associates

Richmond, Virginia
December 20, 2023

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, 2023.

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 \$19,913,487 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources over expenditures and other financing uses of \$291,016 (Exhibit 5) after making contributions totaling \$8,340,027 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of \$9,423,668, an increase of \$291,016 in comparison with the prior year.

< At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,639,008, or 28% of total general fund expenditures and other financing uses.

< The combined long-term obligations decreased \$567,863 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County’s financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$19,913,487 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	
	2023	2022
Current and other assets	\$ 19,803,414	\$ 19,319,821
Capital assets	<u>11,309,717</u>	<u>11,025,034</u>
Total assets	<u>\$ 31,113,131</u>	<u>\$ 30,344,855</u>
Deferred outflows of resources	<u>\$ 888,842</u>	<u>\$ 696,897</u>
Current liabilities	\$ 3,192,723	\$ 2,448,251
Long-term liabilities outstanding	<u>2,428,774</u>	<u>2,996,637</u>
Total liabilities	<u>\$ 5,621,497</u>	<u>\$ 5,444,888</u>
Deferred inflows of resources	<u>\$ 6,466,989</u>	<u>\$ 7,239,300</u>
Net position:		
Net investment in capital assets	\$ 10,106,408	\$ 8,958,100
Restricted	789,624	2,467,476
Unrestricted	<u>9,017,455</u>	<u>6,931,988</u>
Total net position	<u>\$ 19,913,487</u>	<u>\$ 18,357,564</u>

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Government-wide Financial Analysis (Continued)

Governmental activities decreased the County's net position by \$1,555,923 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	
	2023	2022
Revenues:		
Charges for services	\$ 295,020	\$ 250,608
Operating grants and contributions	4,802,960	3,782,355
Capital grants and contributions	3,780,280	420,954
General property taxes	15,879,835	14,346,281
Other local taxes	2,273,891	2,171,108
Grants and other contributions not restricted	1,362,507	1,400,264
Other general revenues	154,546	125,821
Total revenues	\$ 28,549,039	\$ 22,497,391
Expenses:		
General government administration	\$ 2,377,153	\$ 2,149,575
Judicial administration	857,382	773,212
Public safety	3,944,932	3,806,236
Public works	2,244,421	1,570,076
Health and welfare	2,828,020	2,283,681
Education	8,347,297	9,290,675
Parks, recreation, and cultural	653,386	427,821
Community development	5,747,529	2,399,447
Interest and other fiscal charges	(7,004)	20,723
Total expenses	\$ 26,993,116	\$ 22,721,446
Change in net position	\$ 1,555,923	\$ (224,055)
Net position, beginning of year	18,357,564	18,581,619
Net position, end of year	\$ 19,913,487	\$ 18,357,564

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$9,423,684, an increase of \$291,016 in comparison with the prior year. Approximately 70% of the reported fund balance constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

During the year, revenues and other financing sources exceeded budgetary estimates by \$1,402,030 and expenditures and other financing uses were less than budgetary estimates by \$1,134,867, resulting in an overall positive variance of \$2,536,897.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2023 amounts to \$11,309,717 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and subscriptions.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$1,203,309. Of this amount, \$79,685 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 \$826,952 during the current fiscal year.

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

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Economic Factors and Next Year's Budgets and Rates

Inflationary trends in the region compare favorably to national indices.

All these factors were considered in preparing the County's budget for the 2024 fiscal year.

The fiscal year 2024 budget increased by approximately 1.5% due to the projected expenditures of new state and federal grant funds and included no increases in tax rates.

Requests for Information

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

County of Mathews, Virginia
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Component Units	
		School Board	EDA
ASSETS			
Cash and cash equivalents	\$ 11,840,212	\$ 886,777	\$ 406,363
Receivables (net of allowance for uncollectibles):			
Taxes receivable	6,874,808	-	-
Accounts receivable	108,188	7,345	-
Opioid receivable	81,354	-	-
Lease receivable	32,953	-	-
Interest receivable	82	-	-
Notes receivable	35,134	-	-
Due from other governmental units	719,434	1,473,861	-
Net pension asset	83,539	-	-
Inventories	-	8,326	-
Prepaid items	27,710	-	-
Capital assets (net of accumulated depreciation):			
Land and improvements	2,657,663	46,172	-
Buildings and improvements	7,145,796	7,668,295	-
Equipment	983,430	1,214,974	-
Subscription assets	61,423	-	-
Lease improvements	11,902	44,708	-
Lease equipment	7,075	17,159	-
Construction in progress	442,428	167,759	-
Total assets	<u>\$ 31,113,131</u>	<u>\$ 11,535,376</u>	<u>\$ 406,363</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 642,819	\$ 2,687,510	\$ -
OPEB related items	246,023	524,515	-
Total deferred outflows of resources	<u>\$ 888,842</u>	<u>\$ 3,212,025</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 2,818,264	\$ 69,808	\$ -
Accrued liabilities	-	1,367,442	-
Accrued interest payable	19,343	-	-
Due to other governmental units	93,776	-	-
Unearned revenue	261,340	-	-
Long-term liabilities:			
Due within one year	347,993	65,685	-
Due in more than one year	2,080,781	11,551,238	-
Total liabilities	<u>\$ 5,621,497</u>	<u>\$ 13,054,173</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 5,883,603	\$ -	\$ -
Lease related items	41,130	-	-
Pension related items	466,000	2,082,174	-
OPEB related items	76,256	277,200	-
Total deferred inflows of resources	<u>\$ 6,466,989</u>	<u>\$ 2,359,374</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 10,106,408	\$ 9,095,350	\$ -
Restricted:			
Pension plans	83,539	-	-
Other	706,085	8,326	-
Unrestricted (deficit)	9,017,455	(9,769,822)	406,363
Total net position	<u>\$ 19,913,487</u>	<u>\$ (666,146)</u>	<u>\$ 406,363</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, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for	Operating	Primary Government	Component Units	
		Services	Grants and Contributions		Governmental	School Board
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 2,377,153	\$ -	\$ 1,482,822	\$ (894,331)	\$ -	\$ -
Judicial administration	857,382	7,047	414,291	(436,044)	-	-
Public safety	3,944,932	223,152	900,095	(2,821,685)	-	-
Public works	2,244,421	-	-	(2,244,421)	-	-
Health and welfare	2,828,020	-	1,808,506	(1,019,514)	-	-
Education	8,347,297	-	-	(8,347,297)	-	-
Parks, recreation, and cultural	653,386	2,719	136,239	(514,428)	-	-
Community development	5,747,529	62,102	61,007	(1,844,140)	-	-
Interest on long-term debt	(7,004)	-	-	7,004	-	-
Total governmental activities	\$ 26,993,116	\$ 295,020	\$ 4,802,960	\$ (18,114,856)	\$ -	\$ -
Total primary government	\$ 26,993,116	\$ 295,020	\$ 4,802,960	\$ (18,114,856)	\$ -	\$ -

COMPONENT UNITS:

School Board	\$ 17,777,753	\$ 307,197	\$ 10,032,379	\$ -	\$ (7,438,177)	\$ -
Economic Development Authority	33,382	-	-	-	-	(33,382)
Total component units	\$ 17,811,135	\$ 307,197	\$ 10,032,379	\$ -	\$ (7,438,177)	\$ (33,382)

General revenues:	\$	15,879,835	\$	-	\$	-
General property taxes		917,934		-		-
Local sales and use taxes		157,051		-		-
Consumer's utility tax		295,402		-		-
Motor vehicle licenses		159,447		-		-
Business license taxes		80,069		-		-
Bank stock taxes		118,090		-		-
Taxes on recordation and wills		363,156		-		-
Meals tax		182,742		-		-
Other local taxes		14,812		15,825		924
Unrestricted revenues from use of money		139,734		673,514		32,009
Miscellaneous		1,362,507		-		-
Grants and contributions not restricted to specific programs		-		8,340,027		-
Payment from Mathews County		19,670,779		9,029,366		32,933
Total general revenues	\$	1,555,923	\$	1,591,189	\$	(449)
Change in net position		18,357,564		(2,257,335)		406,812
Net position - beginning	\$	19,913,487	\$	(666,146)	\$	406,363
Net position - ending						

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

County of Mathews, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$ 9,218,444	\$ 2,621,768	\$ 11,840,212
Receivables (net of allowance for uncollectibles):			
Taxes receivable	6,837,518	37,290	6,874,808
Accounts receivable	108,188	-	108,188
Opioid receivable	81,354	-	81,354
Lease receivable	32,953	-	32,953
Interest receivable	82	-	82
Notes receivable	-	35,134	35,134
Due from other governmental units	659,143	60,291	719,434
Prepaid items	27,710	-	27,710
Total assets	<u>\$ 16,965,392</u>	<u>\$ 2,754,483</u>	<u>\$ 19,719,875</u>
LIABILITIES			
Accounts payable	\$ 297,116	\$ 2,521,148	\$ 2,818,264
Due to other governmental units	93,776	-	93,776
Unearned revenue	261,340	-	261,340
Total liabilities	<u>\$ 652,232</u>	<u>\$ 2,521,148</u>	<u>\$ 3,173,380</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 7,000,327	\$ -	\$ 7,000,327
Unavailable revenue - opioid	81,354	-	81,354
Lease related items	41,130	-	41,130
Total deferred inflows of resources	<u>\$ 7,122,811</u>	<u>\$ -</u>	<u>\$ 7,122,811</u>
FUND BALANCES			
Restricted	\$ 81,354	\$ 624,731	\$ 706,085
Committed	2,469,987	46,627	2,516,614
Unassigned	6,639,008	(438,023)	6,200,985
Total fund balances	<u>\$ 9,190,349</u>	<u>\$ 233,335</u>	<u>\$ 9,423,684</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,965,392</u>	<u>\$ 2,754,483</u>	<u>\$ 19,719,875</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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	9,423,684
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 20,264,684	
Accumulated depreciation	<u>(8,954,967)</u>	11,309,717
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Net pension asset	\$ 83,539	
Unavailable revenue - property taxes	1,116,724	
Unavailable revenue - opioid settlement	<u>81,354</u>	1,281,617
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 642,819	
OPEB related items	<u>246,023</u>	888,842
Long-term liabilities, including bonds payable and leases, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Lease revenue bonds	\$ (1,123,624)	
Lease liabilities	(18,819)	
Subscription liabilities	(60,866)	
Compensated absences	(395,576)	
Net OPEB liability	(829,889)	
Accrued interest payable	<u>(19,343)</u>	\$ (2,448,117)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (466,000)	
OPEB related items	<u>(76,256)</u>	(542,256)
Net position of governmental activities		<u><u>\$ 19,913,487</u></u>

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

County of Mathews, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General <u>Fund</u>	Special Revenue <u>Fund</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 15,817,489	\$ -	\$ 15,817,489
Other local taxes	1,910,735	363,156	2,273,891
Permits, privilege fees, and regulatory licenses	90,699	-	90,699
Fines and forfeitures	86,785	3,690	90,475
Revenue from the use of money and property	72,828	396	73,224
Charges for services	55,434	-	55,434
Miscellaneous	139,734	-	139,734
Recovered costs	54,933	-	54,933
Intergovernmental:			
Commonwealth	3,786,966	3,832,824	7,619,790
Federal	2,244,603	-	2,244,603
Total revenues	<u>\$ 24,260,206</u>	<u>\$ 4,200,066</u>	<u>\$ 28,460,272</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,294,972	\$ -	\$ 2,294,972
Judicial administration	713,479	-	713,479
Public safety	3,630,036	-	3,630,036
Public works	1,651,113	-	1,651,113
Health and welfare	2,779,534	-	2,779,534
Education	8,347,297	-	8,347,297
Parks, recreation, and cultural	572,158	-	572,158
Community development	404,924	-	404,924
Capital projects	2,580,653	4,327,344	6,907,997
Debt service:			
Principal retirement	906,352	-	906,352
Interest and other fiscal charges	40,794	-	40,794
Total expenditures	<u>\$ 23,921,312</u>	<u>\$ 4,327,344</u>	<u>\$ 28,248,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 338,894</u>	<u>\$ (127,278)</u>	<u>\$ 211,616</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 744,462	\$ 15,508	\$ 759,970
Transfers out	(15,508)	(744,462)	(759,970)
Total other financing sources (uses)	<u>\$ 808,354</u>	<u>\$ (728,954)</u>	<u>\$ 79,400</u>
Net change in fund balances	\$ 1,147,248	\$ (856,232)	\$ 291,016
Fund balances - beginning	8,043,101	1,089,567	9,132,668
Fund balances - ending	<u>\$ 9,190,349</u>	<u>\$ 233,335</u>	<u>\$ 9,423,684</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, 2023

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

Net change in fund balances - total governmental funds	\$	291,016
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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	\$ 972,589	
Depreciation expense	<u>(699,306)</u>	273,283

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(68,000)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 62,346	
Opioid settlement	<u>81,354</u>	143,700

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	\$ 853,267	
Principal retirement on lease liabilities	34,551	
Principal retirement on subscription liabilities	<u>18,534</u>	906,352

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	\$ (80,966)	
OPEB expense	(13,962)	
Pension expense	56,702	
(Increase) Decrease in accrued interest	11,125	
Amortization of issuance premium	<u>36,673</u>	9,572

Change in net position of governmental activities		<u>\$ 1,555,923</u>
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The notes to the financial statements are an integral part of this statement.

County of Mathews, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 164,344
Total assets	\$ 164,344
NET POSITION	
Restricted for:	
Individuals	\$ 111,694
Organizations	52,650
Total net position	\$ 164,344

County of Mathews, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

Custodial Funds

ADDITIONS

Contributions:

Donations	\$	148,791
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Investment earnings:

Interest and dividends		341
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Total additions	\$	<u>149,132</u>
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DEDUCTIONS

Recipient payments	\$	63,132
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Purchases for supplies		55,568
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Total deductions	\$	<u>118,700</u>
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Net increase (decrease) in fiduciary net position	\$	<u>30,432</u>
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Net position, beginning	\$	133,912
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Net position, ending	\$	<u><u>164,344</u></u>
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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

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 specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Government-wide and Fund Financial Statements

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

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

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

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units on June 30, 2023.

Discretely Presented Component Units. The School Board members are elected by the citizens of Mathews County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County can approve its budget and any amendments. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2023.

The Mathews County Economic Development Authority (EDA) was created by the Board of Supervisors to administer the issuance of industrial development revenue bonds and provide economic development activities for the County. The Authority may also acquire property and issue debt in its own name and may also enter lease/purchase arrangements with the County. The County appoints all the members of the Authority's Board of Directors. The County may significantly influence the fiscal affairs of the Authority. The financial statements of the Mathews County Economic Development Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2023. The Authority does not issue a separate financial report.

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

None

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

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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.

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

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

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

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

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

1. Governmental Funds

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

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government’s proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The County has no investments as of June 30, 2023.

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$152,717 on June 30, 2023 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5/June 5	December 5/June5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Inventories and prepaid items

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

I. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the County and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets and infrastructure of the primary government, as well as the component unit, are depreciated/amortized 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
Lease improvements	10-20
Lease equipment	5-10
Subscription asset	3
Buses	10

J. Leases and Subscription-Based IT Arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity’s nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

J. Leases and Subscription-Based IT Arrangements (Continued)

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (leased equipment) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The leased equipment is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

The County recognizes leases receivable and deferred inflows of resources in the government-wide fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Subscriptions

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5,000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The County uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

J. Leases and Subscription-Based IT Arrangements (Continued)

Key Estimates and Judgments (Continued)

- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

The County monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The County will remeasure the lease receivable and deferred inflows of resources (lessor), the lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability.

K. Compensated Absences

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

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

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

M. Net Position (Continued)

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

N. Pensions

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

O. Other Postemployment Benefits (OPEB)

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

P. Long-term Obligations

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

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information, reference the related notes.

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

Q. Deferred Outflows/Inflows of Resources (Continued)

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

R. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance”. County’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

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

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, 2023 (Continued)

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

R. Fund Balance (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, which does not lapse at year end, 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:

	General	Special Revenue	Total
Fund Balances:			
Restricted:			
C/V grants	\$ -	\$ 36,128	\$ 36,128
Opioid abatement	81,354	-	81,354
Wetlands violations	-	8,581	8,581
Wetlands compensation	-	28,605	28,605
Meals tax	-	509,376	509,376
Forfeited assets	-	21,590	21,590
Community development	-	20,451	20,451
Total Restricted Fund Balance	<u>\$ 81,354</u>	<u>\$ 624,731</u>	<u>\$ 706,085</u>
Committed:			
Historic courthouse renovations	\$ 304,044	\$ -	\$ 304,044
Main street improvements	150,000	-	150,000
Public access to waterways	149,789	-	149,789
Drainage improvements	103,335	-	103,335
Reassessment	3,856	-	3,856
Infrastructure maintenance	729,949	-	729,949
New fire station	8,036	-	8,036
New buildings and grounds building	265,735	-	265,735
Vehicle replacement	139,970	-	139,970
New Point nature preserve	-	10,206	10,206
New Point comfort lighthouse	62,111	36,421	98,532
Technology	553,162	-	553,162
Total Committed Fund Balance	<u>\$ 2,469,987</u>	<u>\$ 46,627</u>	<u>\$ 2,516,614</u>
Unassigned	\$ 6,639,008	\$ (438,023)	\$ 6,200,985
Total Fund Balances	<u>\$ 9,190,349</u>	<u>\$ 233,335</u>	<u>\$ 9,423,684</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and Special Revenue Funds of the primary government and the School Operating Fund, School Cafeteria Fund, School Textbook, and School Thrifty Spot Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations
Expenditures did not exceed appropriations in all funds for the fiscal year ended June 30, 2023.

Note 3—Deposits:

Deposits

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

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 4—Due from/Due to Other Governments:

On June 30, 2023, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
County of Mathews	\$ -	\$ 93,776
Commonwealth of Virginia:		
Local sales tax	164,805	-
Welfare	43,027	-
State sales Tax	-	203,833
State security grant	-	72,398
Constitutional officer reimbursements	118,159	-
DMV license agent	3,768	-
Auto rental tax	3	-
Children's services act	64,899	-
Victim witness	4,374	-
Communications tax	49,415	-
Erate	1,491	-
Port authority	60,291	-
Federal Government:		
School fund grants	-	1,020,993
School cafeteria fund grants	-	82,861
Fiscal recovery funds	99,469	-
Transportation safety	1,863	-
Victim witness	10,205	-
Welfare	97,665	-
Total due from other governments	\$ <u>719,434</u>	\$ <u>1,473,861</u>

At June 30, 2023, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>93,776</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	GASB 96 Adjustments	Adjusted Balance July 1, 2022	Additions	Transfers/ Deletions	Balance June 30, 2023
Governmental Activities:						
Capital assets not subject to depreciation:						
Land and land improvements	\$ 2,657,663	\$ -	\$ 2,657,663	\$ -	\$ -	\$ 2,657,663
Construction in progress	68,000	-	68,000	442,428	68,000	442,428
Total capital assets not subject to depreciation	\$ 2,725,663	\$ -	\$ 2,725,663	\$ 442,428	\$ 68,000	\$ 3,100,091
Capital assets subject to depreciation:						
Buildings and improvements	\$ 13,107,917	\$ -	\$ 13,107,917	\$ 8,067	\$ -	\$ 13,115,984
Lease improvements	57,128	-	57,128	-	-	57,128
Equipment	3,433,305	-	3,433,305	522,094	61,515	3,893,884
Subscription assets	-	79,400	79,400	-	-	79,400
Lease equipment	18,197	-	18,197	-	-	18,197
Total capital assets being depreciated	\$ 16,616,547	\$ 79,400	\$ 16,695,947	\$ 530,161	\$ 61,515	\$ 17,164,593
Accumulated depreciation:						
Buildings and improvements	\$ 5,635,430	\$ -	\$ 5,635,430	\$ 334,758	\$ -	\$ 5,970,188
Lease improvements	16,662	-	16,662	28,564	-	45,226
Equipment	2,660,173	-	2,660,173	311,796	61,515	2,910,454
Subscription assets	-	-	-	17,977	-	17,977
Lease equipment	4,911	-	4,911	6,211	-	11,122
Total accumulated depreciation	\$ 8,317,176	\$ -	\$ 8,317,176	\$ 699,306	\$ 61,515	\$ 8,954,967
Total capital assets subject to depreciation, net	\$ 8,299,371	\$ 79,400	\$ 8,378,771	\$ (169,145)	\$ -	\$ 8,209,626
Governmental activities capital activities, net, as restated	\$ 11,025,034	\$ 79,400	\$ 11,104,434	\$ 273,283	\$ 68,000	\$ 11,309,717

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 5—Capital Assets: (Continued)

Component Unit-School Board:	Balance July 1, 2022	Additions	Transfers/ Deletions	Balance June 30, 2023
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Construction in progress	55,000	422,902	310,143	167,759
Total capital assets not subject to depreciation	<u>\$ 101,172</u>	<u>\$ 422,902</u>	<u>\$ 310,143</u>	<u>\$ 213,931</u>
Capital assets subject to depreciation:				
Equipment	\$ 3,841,483	\$ 599,686	\$ 73,418	\$ 4,367,751
Buildings and improvements	18,244,938	205,612	-	18,450,550
Lease building	65,693	-	-	65,693
Lease equipment	-	21,675	-	21,675
Total capital assets being depreciated	<u>\$ 22,152,114</u>	<u>\$ 826,973</u>	<u>\$ 73,418</u>	<u>\$ 22,905,669</u>
Accumulated depreciation:				
Equipment	\$ 2,935,931	\$ 290,264	\$ 73,418	\$ 3,152,777
Buildings and improvements	10,322,429	459,826	-	10,782,255
Leased building	10,036	10,949	-	20,985
Lease equipment	-	4,516	-	4,516
Total accumulated depreciation	<u>\$ 13,268,396</u>	<u>\$ 765,555</u>	<u>\$ 73,418</u>	<u>\$ 13,960,533</u>
Total capital assets subject to depreciation, net	<u>\$ 8,883,718</u>	<u>\$ 61,418</u>	<u>\$ -</u>	<u>\$ 8,945,136</u>
Net capital assets Component Unit-School Board	<u>\$ 8,984,890</u>	<u>\$ 484,320</u>	<u>\$ 310,143</u>	<u>\$ 9,159,067</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 119,664
Judicial administration	160,480
Public safety	200,002
Public works	58,263
Health and welfare	37,270
Parks, recreation and cultural	91,695
Community development	31,932
Total Governmental activities	<u>\$ 699,306</u>
Component Unit School Board	<u>\$ 765,555</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 6—Interfund Transfers and Obligations:

Interfund transfers for the year ended June 30, 2023 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 744,462	\$ 15,508
Special Revenue	15,508	744,462
Total	<u>\$ 759,970</u>	<u>\$ 759,970</u>
Component Unit-School Board:		
School Operating	\$ -	\$ 225,000
School Cafeteria	150,000	-
Textbook	75,000	-
Total	<u>\$ 225,000</u>	<u>\$ 225,000</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.

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (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, 2023:

	Balance at July 1, 2022	GASB 96 Adjustments	Adjusted Balance at July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2023	Amounts Due Within One Year
Incurring by the County:							
Compensated absences	\$ 314,610	\$ -	\$ 314,610	\$ 112,427	\$ 31,461	\$ 395,576	\$ 39,558
Direct borrowings and placements:							
Lease revenue bonds	1,976,891	-	1,976,891	-	853,267	1,123,624	273,230
Add: issuance premium	36,673	-	36,673	-	36,673	-	-
Net OPEB liabilities	615,093	-	615,093	369,217	154,421	829,889	-
Subscription liabilities	-	79,400	79,400	-	18,534	60,866	18,682
Lease liabilities	53,370	-	53,370	-	34,551	18,819	16,523
Total incurred by County	\$ 2,996,637	\$ 79,400	\$ 3,076,037	\$ 481,644	\$ 1,128,907	\$ 2,428,774	\$ 347,993
Total Governmental Activities Obligations	\$ 2,996,637	\$ 79,400	\$ 3,076,037	\$ 481,644	\$ 1,128,907	\$ 2,428,774	\$ 347,993

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

Year Ending June 30	County Obligations					
	Direct Borrowings and Direct Placements					
	Revenue Bonds		Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 273,230	\$ 20,787	\$ 16,523	82	\$ 18,682	1,793
2025	278,285	15,732	2,296	9	20,256	1,243
2026	283,433	10,584	-	-	21,928	646
2027	288,676	5,341	-	-	-	-
	<u>\$ 1,123,624</u>	<u>\$ 52,444</u>	<u>\$ 18,819</u>	<u>\$ 91</u>	<u>\$ 60,866</u>	<u>\$ 3,682</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Incurring Entity	Notes	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Incurring by the County:							
Compensated absences (payable from the General Fund)						\$ 395,576	\$ 39,558
Net OPEB liabilities (payable from the General Fund)						\$ 829,889	\$ -
Subscription liabilities:							
Questica budgeting software		2.907%	7/1/2022	11/22/26	\$ 79,400	\$ 60,866	\$ 18,682
Lease liabilities:							
Postage equipment lease liability		1.15%	12/1/2021	12/01/24	\$ 7,889	\$ 3,667	\$ 2,438
Copier lease liability		0.75%	7/1/2021	08/01/23	3,684	299	299
Copier lease liability		1.17%	7/1/2021	01/01/25	6,444	2,878	1,811
Tower site lease liability (2)		0.86%	12/1/2021	11/01/23	57,128	11,975	11,975
Total lease liabilities						\$ 18,819	\$ 16,523
Direct borrowings and placements:							
Bank Qualified Tax Exempt Master Equipment							
Lease revenue bonds	(a)	1.85%	7/30/2021	07/30/26	1,391,891	1,123,624	273,230
Total long-term obligations incurred by County - governmental activities						\$ 2,428,774	\$ 347,993

(a) No other terms specified in the debt agreement

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 7—Long-Term Obligations: (Continued)

The following is a summary of changes in School Board long-term obligations for the fiscal year ended June 30, 2023:

	Balance at July 1, 2022	Adjusted Balance at July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2023	Amounts Due Within One Year
Component Unit-School Board:						
Compensated absences	\$ 401,091	\$ 401,091	\$ 140,643	40,109	\$ 501,625	\$ 50,163
Net pension liability	7,253,215	7,253,215	7,385,758	5,733,394	8,905,579	-
Net OPEB liabilities	2,016,606	2,016,606	789,783	660,387	2,146,002	-
Lease liabilities	56,475	56,475	21,675	14,433	63,717	15,522
Total Component Unit-School Board	\$ 9,727,387	\$ 9,727,387	\$ 8,337,859	\$ 6,448,323	\$ 11,616,923	\$ 65,685

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

Year Ending June 30	School Obligations	
	Lease Liabilities	
	Principal	Interest
2024	\$ 15,522	\$ 1,062
2025	16,947	737
2026	17,389	394
2027	12,860	104
2028	999	1
Total	\$ 63,717	\$ 2,298

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 8—Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis of accounting, assessments for future periods are deferred. The County had unavailable revenue on June 30, 2023 totaling \$7,122,811 and deferred revenue totaling \$5,924,733 comprised of the following:

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/Unavailable revenue:		
Unavailable opioid funds	\$ -	\$ 81,354
Lease related items	41,130	41,130
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	-	1,116,724
2nd half assessment - property tax	5,497,613	5,497,613
Prepaid property taxes due after June 30 but paid in advance by taxpayers	385,990	385,990
Total deferred/unavailable revenue	<u>\$ 5,924,733</u>	<u>\$ 7,122,811</u>

Note 9—Commitments / Contingent Liabilities:

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

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

Note 10—Litigation:

On June 30, 2023, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 11—Risk Management:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 11—Risk Management: (Continued)

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

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

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

Note 12—Pension Plans:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Benefit Structures (Continued)

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	60	43
Inactive members:		
Vested inactive members	15	7
Non-vested inactive members	7	12
Inactive members active elsewhere in VRS	41	16
Total inactive members	<u>63</u>	<u>35</u>
Active members	<u>74</u>	<u>38</u>
Total covered employees	<u><u>197</u></u>	<u><u>116</u></u>

Contributions

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

The County’s contractually required employer contribution rate for the year ended June 30, 2023 was 9.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$350,449 and \$300,823 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 11.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$105,840 and \$96,781 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County’s and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Discount Rate

employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 14,646,795	\$ 16,071,071	\$ (1,424,276)
Changes for the year:			
Service cost	\$ 458,232	\$ -	\$ 458,232
Interest	996,894	-	996,894
Differences between expected and actual experience	331,830	-	331,830
Assumption changes	-	-	-
Contributions - employer	-	300,669	(300,669)
Contributions - employee	-	173,127	(173,127)
Net investment income	-	(17,949)	17,949
Benefit payments, including refunds	(672,443)	(672,443)	-
Administrative expenses	-	(10,000)	10,000
Other changes	-	372	(372)
Net changes	\$ 1,114,513	\$ (226,224)	\$ 1,340,737
Balances at June 30, 2022	\$ 15,761,308	\$ 15,844,847	\$ (83,539)

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Changes in Net Pension Liability

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 4,738,292	\$ 4,204,814	\$ 533,478
Changes for the year:			
Service cost	\$ 79,441	\$ -	\$ 79,441
Interest	316,391	-	316,391
Differences between expected and actual experience	(97,356)	-	(97,356)
Assumption changes	-	-	-
Contributions - employer	-	96,297	(96,297)
Contributions - employee	-	42,354	(42,354)
Net investment income	-	(2,992)	2,992
Benefit payments, including refunds	(260,926)	(260,926)	-
Administrative expenses	-	(2,624)	2,624
Other changes	-	96	(96)
Net changes	\$ 37,550	\$ (127,795)	\$ 165,345
Balances at June 30, 2022	\$ 4,775,842	\$ 4,077,019	\$ 698,823

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 1,884,561	\$ (83,539)	\$ (1,703,917)
Component Unit School Board (Nonprofessional)			
Net Pension Liability	\$ 1,194,370	\$ 698,823	\$ 284,225

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

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

For the year ended June 30, 2023, the County and Component Unit School Board (Nonprofessional) recognized pension expense of \$293,593 and \$135,097, respectively. On June 30, 2023, the County and Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 205,659	\$ 6,328	\$ 4,921	\$ 46,650
Changes of assumptions	86,711	-	6,213	-
Net difference between projected and actual earnings on pension plan investments	-	459,672	-	120,111
Employer contributions subsequent to the measurement date	350,449	-	105,840	-
Total	<u>\$ 642,819</u>	<u>\$ 466,000</u>	<u>\$ 116,974</u>	<u>\$ 166,761</u>

\$350,449 and \$105,840 reported as deferred outflows of resources related to pensions resulting from the County’s and Component Unit School Board’s (Nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2024	\$ 25,067	\$ (82,007)
2025	(108,633)	(48,524)
2026	(309,209)	(81,617)
2027	219,145	56,521
2028	-	-
Thereafter	-	-

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted because of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,284,572 and \$1,280,523 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

On June 30, 2023, the school division reported a liability of \$8,206,756 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2022, the school division's proportion was 0.08620% as compared to 0.08656% on June 30, 2021.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2023, the school division recognized pension expense of \$483,691. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

On June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 565,888
Changes of assumptions	773,732	-
Net difference between projected and actual earnings on pension plan investments	-	1,069,989
Changes in proportion and differences between employer contributions and proportionate share of contributions	512,232	279,536
Employer contributions subsequent to the measurement date	<u>1,284,572</u>	<u>-</u>
Total	<u>\$ 2,570,536</u>	<u>\$ 1,915,413</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

\$1,284,572 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30

2024	\$	(171,883)
2025		(211,773)
2026		(721,603)
2027		475,810
2028		-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Pension Liability (Asset)	<u>\$ 9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

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

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

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

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

	<u>Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 14,657,895	\$ 8,206,756	\$ 2,954,111

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Comprehensive Annual Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 642,819	\$ 466,000	\$ (83,539)	\$ 293,593	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	116,974	166,761	698,823	135,097
School Board Professional	-	-	-	-	2,570,536	1,915,413	8,206,756	483,691
Totals	<u>\$ 642,819</u>	<u>\$ 466,000</u>	<u>\$ (83,539)</u>	<u>\$ 293,593</u>	<u>\$ 2,687,510</u>	<u>\$ 2,082,174</u>	<u>\$ 8,905,579</u>	<u>\$ 618,788</u>

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

Plan Description

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

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

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

Eligible Employees

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$21,896 and \$19,811 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board Professional group were \$43,117 and \$42,628 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the Group Life Insurance Program from the Component Unit School Board Nonprofessional group were \$5,151 and \$5,147 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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

On June 30, 2023, the County reported a liability of \$203,131 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board Professional and Nonprofessional groups reported liabilities of \$437,087 and \$52,739, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2022, the County’s proportion was 0.01690% as compared to 0.01600% on June 30, 2021. On June 30, 2022, the Component Unit School Board Professional and Nonprofessional groups’ proportion was 0.03630% and 0.00440%, respectively as compared to 0.03680% and 0.00420%, respectively on June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$13,575. For the year ended June 30, 2023, the Component Unit School Board Professional group recognized GLI OPEB expense of \$15,684. For the year ended June 30, 2023, the Component Unit School Board Nonprofessional group recognized GLI OPEB expense of \$2,112. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

On June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (Professional)		Component School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,085	\$ 8,149	\$ 34,612	\$ 17,535	\$ 4,176	\$ 2,116
Net difference between projected and actual earnings on GLI OPEB plan investments	-	12,693	-	27,312	-	3,295
Change of assumptions	7,576	19,786	16,303	42,574	1,967	5,137
Changes in proportionate share	29,384	640	27,343	16,928	4,283	3,057
Employer contributions subsequent to the measurement date	21,896	-	43,117	-	5,151	-
Total	\$ 74,941	\$ 41,268	\$ 121,375	\$ 104,349	\$ 15,577	\$ 13,605

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

\$21,896, \$43,117, and \$5,151, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board Professional and Nonprofessional group’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Professional)	Component Unit School Board (Nonprofessional)
2024	\$ 4,268	\$ (5,936)	(486)
2025	4,973	(2,961)	(461)
2026	(3,668)	(15,777)	(2,361)
2027	5,589	3,103	153
2028	615	(4,520)	(24)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid;
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI Net OPEB Liability (Asset)	<u>\$ 1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Discount Rate (Continued)

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 295,579	\$ 203,131	\$ 128,420
Component School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 636,013	\$ 437,087	\$ 276,328
Component School Board (Nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 76,742	\$ 52,739	\$ 33,342

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Primary Government</u>	<u>Component Unit School Board (non professional)</u>
Inactive members or their beneficiaries currently receiving benefits	4	14
Inactive members:		
Inactive members active elsewhere in VRS	-	1
Total inactive members	<u>4</u>	<u>15</u>
Active members	25	38
Total covered employees	<u><u>29</u></u>	<u><u>53</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted because of funding options provided to political subdivisions by the Virginia General Assembly. The County and School Board's contractually required employer contribution rate for the year ended June 30, 2023 was 0.49% and 1.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$5,064 and \$4,708 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the School Board to the HIC Plan were \$10,969 and \$10,040 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The County and School Boards's net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Discount Rate (Discount Rate)

are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 29,228	\$ 8,509	\$ 20,719
Changes for the year:			
Service cost	\$ 1,094	\$ -	\$ 1,094
Interest	1,928	-	1,928
Difference between expected and actual experience	2,426	-	2,426
Changes of assumptions	13,358	-	13,358
Contributions - employer	-	4,708	(4,708)
Net investment income	-	(16)	16
Benefit payments	(3,505)	(3,505)	-
Administrative expenses	-	(26)	26
Other changes	-	4,666	(4,666)
Net changes	\$ 15,301	\$ 5,827	\$ 9,474
Balances at June 30, 2022	\$ 44,529	\$ 14,336	\$ 30,193

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Changes in Net HIC OPEB Liability (Continued)

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 110,521	\$ 10,381	\$ 100,140
Changes for the year:			
Service cost	\$ 1,584	\$ -	\$ 1,584
Interest	7,480	-	7,480
Difference between expected and actual experience	822	-	822
Changes of assumptions	17,429	-	17,429
Contributions - employer	-	10,034	(10,034)
Net investment income	-	(177)	177
Benefit payments	(2,572)	(2,572)	-
Administrative expenses	-	(32)	32
Other changes	-	386	(386)
Net changes	\$ 24,743	\$ 7,639	\$ 17,104
Balances at June 30, 2022	\$ 135,264	\$ 18,020	\$ 117,244

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government:			
Net HIC OPEB Liability	\$ 34,756	\$ 30,193	\$ 26,266
Component Unit School Board (nonprofessional):			
Net HIC OPEB Liability	\$ 129,108	\$ 117,244	\$ 106,948

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

For the year ended June 30, 2023, the County and School Board recognized HIC Plan OPEB expense of \$1,087 and \$12,532. On June 30, 2023, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the County and School Board’s HIC Plan from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,395	\$ 1,766	\$ 627	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	9	393	-
Changes of assumptions	11,266	-	14,190	-
Employer contributions subsequent to the measurement date	5,064	-	10,969	-
Total	\$ 18,725	\$ 1,775	\$ 26,179	\$ -

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

\$5,064 and \$10,969 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and School Board’s contributions after the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2024	\$ 2,859	\$ 4,787
2025	2,732	4,787
2026	3,212	4,579
2027	3,083	1,057
Thereafter	-	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted because of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$95,994 and \$95,429 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

At June 30, 2023, the school division reported a liability of \$1,056,943 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division’s proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2022, the school division’s proportion of the VRS Teacher Employee HIC Plan was 0.08462% as compared to 0.08528% on June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$85,391. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

On June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 43,083
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,061
Change in assumptions	30,879	2,699
Change in proportionate share and differences between actual and expected contributions	66,947	49,722
Employer contributions subsequent to the measurement date	95,994	-
Total	<u>\$ 193,820</u>	<u>\$ 96,565</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

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

\$95,994 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (2,303)
2025	(1,202)
2026	2,504
2027	9,919
2028	(1,954)
Thereafter	(5,703)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee net HIC OPEB Liability (Asset)	\$	<hr/> <hr/> 1,249,046
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Net Teacher Employee HIC OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,191,187	\$ 1,056,943	\$ 943,148

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

County and School Board

Plan Description

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

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

Benefits Provided

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

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

Plan Membership

On June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	65	196
Total active employees without coverage	-	-
Total retirees with coverage	2	2
Total spouses of retirees with coverage	2	2
Total retirees without coverage	-	-
Total	<u>69</u>	<u>200</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

County and School Board: (Continued)

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2023 was \$24,526 and \$23,365, respectively.

Total OPEB Liability

The County and School Board’s total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability for the County and School Board actuarial valued on January 1, 2022 and January 1, 2023, respectively, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	School Board: Declining from 5.95% with 1 year of service to 3.50% with 20 or more years of service; County: Declining from 5.35% with 1 year of service to 3.50% with 20 or more years of service
Discount Rate	3.65%
Investment Rate of Return	N/A

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

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2022; males setback 1 year, 85% of rates; females setback 1 year.

Post-Retirement: RP-2014 Employee Rates to age 49; Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2022; males set forward 1 year; female’s setback 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2022; males 115% of rates; females 130% of rates.

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2022 valuation of the Virginia Retirement System.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

County and School Board: (Continued)

Actuarial Assumptions (Continued)

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

Pre-Retirement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2022.

Post-Retirement: RP-2014 White Collar Employee Rates to age 49; White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2022; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2022; 115% of rates for males and females.

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2022 valuation of the Virginia Retirement System.

Discount Rate

The discount rate was based on the Bond Buyer 20-Year Bond GO index as of June 30, 2023.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
	<u> </u>	<u> </u>
Balances at June 30, 2021	\$ 408,672	\$ 343,789
Changes for the year:		
Service cost	13,853	19,897
Interest	14,558	12,394
Changes in assumptions	9,975	(10,617)
Effect of economic/demographic gains or losses	172,261	143,906
Benefit payments	(22,754)	(27,380)
Net changes	<u>\$ 187,893</u>	<u>\$ 138,200</u>
Balances at June 30, 2022	<u>\$ 596,565</u>	<u>\$ 481,989</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

County and School Board: (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

	Rate		
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Primary Government:			
Total OPEB liability	\$ 657,513	\$ 596,565	\$ 544,073
Component Unit School Board:			
Total OPEB liability	\$ 520,998	\$ 481,989	\$ 445,181

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

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

	Rates		
	1% Decrease (5.30% decreasing to 2.90%)	Healthcare Cost Trend (6.30% decreasing to 3.90%)	1% Increase (7.30% decreasing to 4.90%)
Primary Government:			
Total OPEB liability	\$ 530,426	\$ 596,565	\$ 674,104
Component Unit School Board:			
Total OPEB liability	\$ 430,929	\$ 481,989	\$ 541,091

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

County and School Board: (Continued)

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

For the year ended June 30, 2023, the County and the School Board recognized OPEB expense in the amount of \$54,148 and \$51,656. On June 30, 2023, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 143,824	\$ -	\$ 119,095	\$ 26,196
Changes of assumptions	8,533	33,213	48,469	36,485
Total	<u>\$ 152,357</u>	<u>\$ 33,213</u>	<u>167,564</u>	<u>\$ 62,681</u>

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

Year Ended June 30	Primary Government	Component Unit School Board
2023	\$ 25,434	\$ 20,810
2024	32,965	21,776
2025	40,497	21,776
2026	20,248	22,132
2027	-	18,389
Thereafter	-	-

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

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2023 was \$64,099.

Note 18-Aggregate OPEB Information:

Aggregate OPEB information is presented below:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 13):								
County	\$ 74,941	\$ 41,268	\$ 203,131	\$ 13,575	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	15,577	13,605	52,739	2,122
School Board Professional	-	-	-	-	121,375	104,349	437,087	15,684
County Health Insurance Credit Program (Note 14):								
County	18,725	1,775	30,193	1,087	-	-	-	-
School Board Nonprofessional	-	-	-	-	26,179	-	117,244	12,532
Teacher Health Insurance Credit Program (Note 15)	-	-	-	-	193,820	96,565	1,056,943	85,391
County Stand-Alone Plan (Note 16)	152,357	33,213	596,565	54,148	-	-	-	-
School Stand-Alone Plan (Note 16)	-	-	-	-	167,564	62,681	481,989	51,656
Totals	\$ 246,023	\$ 76,256	\$ 829,889	\$ 68,810	\$ 524,515	\$ 277,200	\$ 2,146,002	\$ 167,385

Note 19- Lease Receivable:

The County leases land and a building to a tenant for a restaurant under a lease contract. In fiscal year 2023, the County recognized lease and interest revenue in the amount of \$0 and \$0, respectively. A description of the lease is as follows:

Lease Description	Interest Rate	Annual Installments	Start Date	End Date	Payment Frequency	Ending Balance
Restaurant site	0.75%	\$ 8,874	June 2023	May 2028	Monthly	\$ 32,953

There are no variable payments for the lease receivable above.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 19- Lease Receivable: (Continued)

Expected future payments at June 30, 2023 are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 7,872	\$ 1,002	\$ 8,874
2025	8,111	763	8,874
2026	8,358	516	8,874
2027	8,612	262	8,874
Total	<u>\$ 32,953</u>	<u>\$ 2,543</u>	<u>\$ 35,496</u>

Note 20-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 21-Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation.

	<u>Governmental Activities</u>
Primary Government:	
Subscription assets	\$ 79,400
Subscription liabilities	<u>\$ 79,400</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2023 (Continued)

Note 22-Upcoming Pronouncements:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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

County of Mathews, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	<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	\$ 14,905,000	\$ 15,758,606	\$ 15,817,489	\$ 58,883
Other local taxes	1,495,000	1,495,000	1,910,735	415,735
Permits, privilege fees, and regulatory licenses	78,200	78,200	90,699	12,499
Fines and forfeitures	50,500	50,500	86,785	36,285
Revenue from the use of money and property	106,320	106,320	72,828	(33,492)
Charges for services	45,300	58,692	55,434	(3,258)
Miscellaneous	65,416	209,496	139,734	(69,762)
Recovered costs	45,200	45,200	54,933	9,733
Intergovernmental:				
Commonwealth	3,849,688	3,925,905	3,786,966	(138,939)
Federal	1,210,941	1,225,941	2,244,603	1,018,662
Total revenues	<u>\$ 21,851,565</u>	<u>\$ 22,953,860</u>	<u>\$ 24,260,206</u>	<u>\$ 1,306,346</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,289,834	\$ 2,391,899	\$ 2,294,972	\$ 96,927
Judicial administration	720,515	716,269	713,479	2,790
Public safety	3,683,782	3,818,561	3,630,036	188,525
Public works	1,606,092	1,643,939	1,651,113	(7,174)
Health and welfare	2,746,587	2,758,807	2,779,534	(20,727)
Education	8,746,130	8,746,130	8,347,297	398,833
Parks, recreation, and cultural	577,769	588,944	572,158	16,786
Community development	483,019	489,081	404,924	84,157
Capital projects	1,755,888	2,830,409	2,580,653	249,756
Debt service:				
Principal retirement	585,000	853,267	906,352	(53,085)
Interest and other fiscal charges	13,727	39,477	40,794	(1,317)
Total expenditures	<u>\$ 23,208,343</u>	<u>\$ 24,876,783</u>	<u>\$ 23,921,312</u>	<u>\$ 955,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,356,778)</u>	<u>\$ (1,922,923)</u>	<u>\$ 338,894</u>	<u>\$ 2,261,817</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 663,178	\$ 728,178	\$ 744,462	\$ 16,284
Transfers out	(194,904)	(194,904)	(15,508)	179,396
Total other financing sources (uses)	<u>\$ 468,274</u>	<u>\$ 533,274</u>	<u>\$ 808,354</u>	<u>\$ 275,080</u>
Net change in fund balances	\$ (888,504)	\$ (1,389,649)	\$ 1,147,248	\$ 2,536,897
Fund balances - beginning	888,504	1,389,649	8,043,101	6,653,452
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,190,349</u>	<u>\$ 9,190,349</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES				
Other local taxes	\$ 663,178	\$ 728,178	\$ 363,156	\$ (365,022)
Fines and forfeitures	-	-	3,690	3,690
Revenue from the use of money and property	-	-	396	396
Intergovernmental:				
Commonwealth	6,183,635	6,183,635	3,832,824	(2,350,811)
Total revenues	<u>\$ 6,846,813</u>	<u>\$ 6,911,813</u>	<u>\$ 4,200,066</u>	<u>\$ (2,711,747)</u>
EXPENDITURES				
Current:				
Capital projects	\$ 7,156,249	\$ 7,156,249	\$ 4,327,344	\$ 2,828,905
Total expenditures	<u>\$ 7,156,249</u>	<u>\$ 7,156,249</u>	<u>\$ 4,327,344</u>	<u>\$ 2,828,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (309,436)</u>	<u>\$ (244,436)</u>	<u>\$ (127,278)</u>	<u>\$ 117,158</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 972,614	\$ 972,614	\$ 15,508	\$ (957,106)
Transfers out	(663,178)	(728,178)	(744,462)	(16,284)
Total other financing sources (uses)	<u>\$ 309,436</u>	<u>\$ 244,436</u>	<u>\$ (728,954)</u>	<u>\$ (973,390)</u>
Net change in fund balances	\$ -	\$ -	\$ (856,232)	\$ (856,232)
Fund balances - beginning	-	-	1,089,567	1,089,567
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,335</u>	<u>\$ 233,335</u>

County of Mathews, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability			
Service cost	\$ 458,232	\$ 393,736	\$ 379,187
Interest	996,894	892,281	866,692
Differences between expected and actual experience	331,830	(36,460)	(201,042)
Changes of assumptions	-	499,623	-
Benefit payments	(672,443)	(642,717)	(688,770)
Net change in total pension liability	<u>\$ 1,114,513</u>	<u>\$ 1,106,463</u>	<u>\$ 356,067</u>
Total pension liability - beginning	14,646,795	13,540,332	13,184,265
Total pension liability - ending (a)	<u><u>\$ 15,761,308</u></u>	<u><u>\$ 14,646,795</u></u>	<u><u>\$ 13,540,332</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 300,669	\$ 271,229	\$ 463,143
Contributions - employee	173,127	158,355	151,298
Net investment income	(17,949)	3,497,923	244,481
Benefit payments	(672,443)	(642,717)	(688,770)
Administrator charges	(10,000)	(8,679)	(8,168)
Other	372	330	(288)
Net change in plan fiduciary net position	<u>\$ (226,224)</u>	<u>\$ 3,276,441</u>	<u>\$ 161,696</u>
Plan fiduciary net position - beginning	16,071,071	12,794,630	12,632,934
Plan fiduciary net position - ending (b)	<u><u>\$ 15,844,847</u></u>	<u><u>\$ 16,071,071</u></u>	<u><u>\$ 12,794,630</u></u>
County's net pension liability (asset) - ending (a) - (b)	\$ (83,539)	\$ (1,424,276)	\$ 745,702
Plan fiduciary net position as a percentage of the total pension liability	100.53%	109.72%	94.49%
Covered payroll	\$ 3,668,679	\$ 3,292,682	\$ 3,158,445
County's net pension liability as a percentage of covered payroll	-2.28%	-43.26%	23.61%

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

Exhibit 11

2019	2018	2017	2016	2015	2014
\$ 332,918	\$ 335,841	\$ 341,149	\$ 341,912	\$ 325,686	\$ 314,784
877,257	846,691	820,550	814,884	776,569	746,615
(621,810)	(156,562)	(221,497)	(477,032)	55,210	-
352,267	-	28,789	-	-	-
(577,214)	(601,411)	(589,703)	(607,919)	(612,313)	(654,652)
\$ 363,418	\$ 424,559	\$ 379,288	\$ 71,845	\$ 545,152	\$ 406,747
12,820,847	12,396,288	12,017,000	11,945,155	11,400,003	10,993,256
\$ 13,184,265	\$ 12,820,847	\$ 12,396,288	\$ 12,017,000	\$ 11,945,155	\$ 11,400,003
\$ 312,617	\$ 300,305	\$ 291,224	\$ 336,672	\$ 324,933	\$ 292,841
136,946	127,864	142,834	122,964	120,639	121,410
799,919	835,422	1,245,206	176,143	453,401	1,373,984
(577,214)	(601,411)	(589,703)	(607,919)	(612,313)	(654,652)
(7,848)	(7,225)	(7,210)	(6,381)	(6,272)	(7,532)
(504)	(743)	(1,106)	(75)	(92)	72
\$ 663,916	\$ 654,212	\$ 1,081,245	\$ 21,404	\$ 280,296	\$ 1,126,123
11,969,018	11,314,806	10,233,561	10,212,157	9,931,861	8,805,738
\$ 12,632,934	\$ 11,969,018	\$ 11,314,806	\$ 10,233,561	\$ 10,212,157	\$ 9,931,861
\$ 551,331	\$ 851,829	\$ 1,081,482	\$ 1,783,439	\$ 1,732,998	\$ 1,468,142
95.82%	93.36%	91.28%	85.16%	85.49%	87.12%
\$ 2,843,189	\$ 2,561,268	\$ 2,473,088	\$ 2,488,196	\$ 2,390,708	\$ 2,428,191
19.39%	33.26%	43.73%	71.68%	72.49%	60.46%

County of Mathews, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (Nonprofessional)
 For the Measurement Dates of June 30, 2014 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability			
Service cost	\$ 79,441	\$ 72,588	\$ 70,199
Interest	316,391	283,439	280,978
Differences between expected and actual experience	(97,356)	145,523	(48,018)
Changes of assumptions	-	183,735	-
Benefit payments	(260,926)	(292,184)	(241,221)
Net change in total pension liability	<u>\$ 37,550</u>	<u>\$ 393,101</u>	<u>\$ 61,938</u>
Total pension liability - beginning	<u>4,738,292</u>	<u>4,345,191</u>	<u>4,283,253</u>
Total pension liability - ending (a)	<u><u>\$ 4,775,842</u></u>	<u><u>\$ 4,738,292</u></u>	<u><u>\$ 4,345,191</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 96,297	\$ 90,109	\$ 92,649
Contributions - employee	42,354	40,251	43,159
Net investment income	(2,992)	918,083	66,621
Benefit payments	(260,926)	(292,184)	(241,221)
Administrator charges	(2,624)	(2,372)	(2,289)
Other	96	86	(356)
Net change in plan fiduciary net position	<u>\$ (127,795)</u>	<u>\$ 753,973</u>	<u>\$ (41,437)</u>
Plan fiduciary net position - beginning	<u>4,204,814</u>	<u>3,450,841</u>	<u>3,492,278</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 4,077,019</u></u>	<u><u>\$ 4,204,814</u></u>	<u><u>\$ 3,450,841</u></u>
School Division's net pension liability - ending (a) - (b)	\$ 698,823	\$ 533,478	\$ 894,350
Plan fiduciary net position as a percentage of the total pension liability	85.37%	88.74%	79.42%
Covered payroll	\$ 947,163	\$ 871,982	\$ 931,723
School Division's net pension liability as a percentage of covered payroll	73.78%	61.18%	95.99%

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

Exhibit 12

	2019	2018	2017	2016	2015	2014
\$	71,191	\$ 69,992	\$ 73,000	\$ 79,674	\$ 72,755	\$ 71,109
	272,250	263,746	257,328	248,469	236,376	227,108
	68,635	8,670	(15,559)	(33,775)	31,237	-
	98,438	-	(28,897)	-	-	-
	(233,097)	(208,740)	(179,650)	(155,958)	(179,276)	(152,332)
\$	277,417	\$ 133,668	\$ 106,222	\$ 138,410	\$ 161,092	\$ 145,885
	4,005,836	3,872,168	3,765,946	3,627,536	3,466,444	3,320,559
\$	<u>4,283,253</u>	<u>\$ 4,005,836</u>	<u>\$ 3,872,168</u>	<u>\$ 3,765,946</u>	<u>\$ 3,627,536</u>	<u>\$ 3,466,444</u>
\$	84,461	\$ 86,813	\$ 86,945	\$ 92,400	\$ 91,599	\$ 91,604
	39,237	37,850	38,209	37,029	36,827	35,038
	222,618	236,587	354,888	50,708	127,992	387,986
	(233,097)	(208,740)	(179,650)	(155,958)	(179,276)	(152,332)
	(2,250)	(2,072)	(2,060)	(1,797)	(1,781)	(2,096)
	(139)	(210)	(316)	(22)	(26)	20
\$	110,830	\$ 150,228	\$ 298,016	\$ 22,360	\$ 75,335	\$ 360,220
	3,381,448	3,231,220	2,933,204	2,910,844	2,835,509	2,475,289
\$	<u>3,492,278</u>	<u>\$ 3,381,448</u>	<u>\$ 3,231,220</u>	<u>\$ 2,933,204</u>	<u>\$ 2,910,844</u>	<u>\$ 2,835,509</u>
\$	790,975	\$ 624,388	\$ 640,948	\$ 832,742	\$ 716,692	\$ 630,935
	81.53%	84.41%	83.45%	77.89%	80.24%	81.80%
\$	837,028	\$ 799,884	\$ 789,923	\$ 747,964	\$ 738,188	\$ 696,679
	94.50%	78.06%	81.14%	111.33%	97.09%	90.56%

County of Mathews, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Measurement Dates of June 30, 2014 through June 30, 2022

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2022	0.08620%	\$ 8,206,756	\$ 7,886,718	104.06%	82.61%
2021	0.08656%	6,719,737	7,605,554	88.35%	85.46%
2020	0.08866%	12,902,359	7,642,707	168.82%	71.47%
2019	0.07939%	10,448,175	6,672,478	156.59%	73.51%
2018	0.08037%	9,451,000	6,453,601	146.45%	74.81%
2017	0.08373%	10,297,000	6,560,355	156.96%	72.92%
2016	0.08388%	11,755,000	6,391,686	183.91%	68.28%
2015	0.08549%	10,760,000	6,356,097	169.29%	70.68%
2014	0.08647%	10,449,000	6,323,731	165.23%	70.88%

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

County of Mathews, Virginia
Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2023	\$ 350,449	\$ 350,449	\$ -	4,054,846	8.64%
2022	300,823	300,823	-	3,668,679	8.20%
2021	271,371	271,371	-	3,292,682	8.24%
2020	343,794	343,794	-	3,158,445	10.88%
2019	312,722	312,722	-	2,843,189	11.00%
2018	300,373	300,373	-	2,561,268	11.73%
2017	295,039	295,039	-	2,473,088	11.93%
2016	336,672	336,672	-	2,488,196	13.53%
2015	324,933	324,933	-	2,390,708	13.59%
2014	292,840	292,840	-	2,428,191	12.06%
Component Unit School Board (nonprofessional)					
2023	\$ 105,840	\$ 105,840	\$ -	953,804	11.10%
2022	96,781	96,781	-	947,163	10.22%
2021	89,756	89,756	-	871,982	10.29%
2020	93,149	93,149	-	931,723	10.00%
2019	84,712	84,712	-	837,028	10.12%
2018	86,813	86,813	-	799,884	10.85%
2017	88,392	88,392	-	789,923	11.19%
2016	92,400	92,400	-	747,964	12.35%
2015	91,599	91,599	-	738,188	12.41%
2014	91,265	91,265	-	696,679	13.10%
Component Unit School Board (professional)					
2023	\$ 1,284,572	\$ 1,284,572	\$ -	7,933,362	16.19%
2022	1,280,523	1,280,523	-	7,886,718	16.24%
2021	1,224,543	1,224,543	-	7,605,554	16.10%
2020	1,178,080	1,178,080	-	7,642,707	15.41%
2019	1,018,412	1,018,412	-	6,672,478	15.26%
2018	1,039,399	1,039,399	-	6,453,601	16.11%
2017	961,748	961,748	-	6,560,355	14.66%
2016	898,671	898,671	-	6,391,686	14.06%
2015	921,634	921,634	-	6,356,097	11.66%
2014	737,347	737,347	-	6,323,731	11.66%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

County of Mathews, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Mathews, Virginia
 Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2022	0.01690%	\$ 203,131	\$ 3,668,679	5.54%	67.21%
2021	0.01600%	185,702	3,292,682	5.64%	67.45%
2020	0.01540%	256,167	3,158,445	8.11%	52.64%
2019	0.01450%	235,954	2,843,189	8.30%	52.00%
2018	0.01348%	205,000	2,562,615	8.00%	51.22%
2017	0.01341%	202,000	2,473,088	8.17%	48.86%
Component Unit School Board (Nonprofessional):					
2022	0.00440%	\$ 52,739	\$ 953,116	5.53%	67.21%
2021	0.00420%	49,132	871,982	5.63%	67.45%
2020	0.00450%	75,598	931,923	8.11%	52.64%
2019	0.00427%	69,484	837,028	8.30%	52.00%
2018	0.00421%	64,000	799,884	8.00%	51.22%
2017	0.00428%	64,000	789,923	8.10%	48.86%
Component Unit School Board (Professional):					
2022	0.03630%	\$ 437,087	\$ 7,895,962	5.54%	67.21%
2021	0.03680%	428,918	7,605,554	5.64%	67.45%
2020	0.03710%	619,806	7,642,707	8.11%	52.64%
2019	0.03367%	547,900	6,601,091	8.30%	52.00%
2018	0.03391%	515,000	6,447,209	7.99%	51.22%
2017	0.03564%	537,000	6,572,851	8.17%	48.86%

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

County of Mathews, Virginia
 Schedule of Employer Contributions
 Group Life Insurance Program (GLI) Plan
 For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 21,896	\$ 21,896	\$ -	4,054,846	0.54%
2022	19,811	19,811	-	3,668,679	0.54%
2021	17,780	17,780	-	3,292,682	0.54%
2020	16,424	16,424	-	3,158,445	0.52%
2019	14,785	14,785	-	2,843,189	0.52%
2018	13,326	13,326	-	2,562,615	0.52%
2017	12,860	12,860	-	2,473,088	0.52%
2016	11,943	11,943	-	2,488,196	0.48%
2015	11,502	11,502	-	2,396,305	0.48%
2014	11,655	11,655	-	2,428,191	0.48%
Component Unit School Board (Nonprofessional)					
2023	\$ 5,151	\$ 5,151	\$ -	953,804	0.54%
2022	5,147	5,147	-	953,116	0.54%
2021	4,709	4,709	-	871,982	0.54%
2020	4,846	4,846	-	931,923	0.52%
2019	4,353	4,353	-	837,028	0.52%
2018	4,159	4,159	-	799,884	0.52%
2017	4,108	4,108	-	789,923	0.52%
2016	3,590	3,590	-	747,964	0.48%
2015	3,543	3,543	-	738,188	0.48%
2014	3,364	3,364	-	700,739	0.48%
Component Unit School Board (Professional)					
2023	\$ 43,117	\$ 43,117	\$ -	7,984,558	0.54%
2022	42,638	42,638	-	7,895,962	0.54%
2021	41,070	41,070	-	7,605,554	0.54%
2020	39,742	39,742	-	7,642,707	0.52%
2019	34,326	34,326	-	6,601,091	0.52%
2018	33,525	33,525	-	6,447,209	0.52%
2017	34,179	34,179	-	6,572,851	0.52%
2016	30,698	30,698	-	6,395,480	0.48%
2015	30,509	30,509	-	6,356,095	0.48%
2014	30,354	30,354	-	6,323,729	0.48%

County of Mathews, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Mathews, Virginia
Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
Primary Government
For the Measurement Dates of June 30, 2017 through 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 1,094	\$ 1,168	\$ 869	\$ 766	\$ 1,075	\$ 878
Interest	1,928	1,782	2,014	2,064	1,655	1,641
Differences between expected and actual experience	2,426	481	(3,611)	(1,026)	4,695	-
Changes of assumptions	13,358	795	-	710	-	(744)
Benefit payments	(3,505)	(2,800)	(2,620)	(1,687)	(1,497)	(1,629)
Net change in total HIC OPEB liability	\$ 15,301	\$ 1,426	\$ (3,348)	\$ 827	\$ 5,928	\$ 146
Total HIC OPEB Liability - beginning	29,228	27,802	31,150	30,323	24,395	24,249
Total HIC OPEB Liability - ending (a)	\$ 44,529	\$ 29,228	\$ 27,802	\$ 31,150	\$ 30,323	\$ 24,395
Plan fiduciary net position						
Contributions - employer	\$ 4,708	\$ 4,680	\$ 4,314	\$ 3,730	\$ 2,281	\$ 2,142
Net investment income	(16)	1,594	80	175	41	24
Benefit payments	(3,505)	(2,800)	(2,620)	(1,687)	(1,497)	(1,629)
Administrator charges	(26)	(24)	(10)	(5)	(2)	(1)
Other	4,666	-	-	-	-	-
Net change in plan fiduciary net position	\$ 5,827	\$ 3,450	\$ 1,764	\$ 2,213	\$ 823	\$ 536
Plan fiduciary net position - beginning	8,509	5,059	3,295	1,082	259	(277)
Plan fiduciary net position - ending (b)	\$ 14,336	\$ 8,509	\$ 5,059	\$ 3,295	\$ 1,082	\$ 259
County's net HIC OPEB liability - ending (a) - (b)	\$ 30,193	\$ 20,719	\$ 22,743	\$ 27,855	\$ 29,241	\$ 24,136
Plan fiduciary net position as a percentage of the total HIC OPEB liability	32.19%	29.11%	18.20%	10.58%	3.57%	1.06%
Covered payroll	\$ 960,855	\$ 955,104	\$ 880,372	\$ 761,198	\$ 600,277	\$ 563,617
County's net HIC OPEB liability as a percentage of covered payroll	3.14%	2.17%	2.58%	3.66%	4.87%	4.28%

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

County of Mathews, Virginia
Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
School Board Component Unit (nonprofessional)
For the Measurement Dates of June 30, 2020 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total HIC OPEB Liability			
Service cost	\$ 1,584	\$ 1,674	\$ -
Interest	7,480	6,777	-
Changes in benefit terms	-	-	100,396
Differences between expected and actual experience	822	1	-
Changes of assumptions	17,429	1,673	-
Benefit payments	(2,572)	-	-
Net change in total HIC OPEB liability	<u>\$ 24,743</u>	<u>\$ 10,125</u>	<u>\$ 100,396</u>
Total HIC OPEB Liability - beginning	<u>110,521</u>	<u>100,396</u>	<u>-</u>
Total HIC OPEB Liability - ending (a)	<u><u>\$ 135,264</u></u>	<u><u>\$ 110,521</u></u>	<u><u>\$ 100,396</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 10,034	\$ 9,244	\$ -
Net investment income	(177)	1,178	-
Benefit payments	(2,572)	-	-
Administrator charges	(32)	(41)	-
Other	386	-	-
Net change in plan fiduciary net position	<u>\$ 7,639</u>	<u>\$ 10,381</u>	<u>\$ -</u>
Plan fiduciary net position - beginning	<u>10,381</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 18,020</u></u>	<u><u>\$ 10,381</u></u>	<u><u>\$ -</u></u>
County's net HIC OPEB liability - ending (a) - (b)	<u>\$ 117,244</u>	<u>\$ 100,140</u>	<u>\$ 100,396</u>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	13.32%	9.39%	0.00%
Covered payroll	\$ 947,163	\$ 871,982	\$ -
County's net HIC OPEB liability as a percentage of covered payroll	12.38%	11.48%	0.00%

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

County of Mathews, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2015 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2023	\$ 5,064	\$ 5,064	-	\$ 1,033,450	0.49%
2022	4,708	4,708	-	960,855	0.49%
2021	4,680	4,680	-	955,104	0.49%
2020	4,314	4,314	-	880,372	0.49%
2019	3,730	3,730	-	761,198	0.49%
2018	2,281	2,281	-	600,277	0.38%
2017	2,142	2,142	-	563,617	0.38%
2016	927	927	-	617,765	0.15%
2015	580	580	-	386,705	0.15%
Component Unit School Board (nonprofessional):					
2023	\$ 10,969	\$ 10,969	-	\$ 953,804	1.15%
2022	10,040	10,040	-	947,163	1.06%
2021	9,243	9,243	-	871,982	1.06%

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

County of Mathews, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Mathews, Virginia
 Schedule of County School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through 2022

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
Component Unit School Board (Professional)					
2022	0.08462% \$	1,056,943 \$	7,886,718	13.40%	15.08%
2021	0.08528%	1,094,627	7,541,742	14.51%	13.15%
2020	0.08718%	1,137,277	7,642,707	14.88%	9.95%
2019	0.07847%	1,027,249	6,581,476	15.61%	8.97%
2018	0.07972%	1,012,000	6,447,209	15.70%	8.08%
2017	0.08304%	1,053,000	6,553,639	16.07%	7.04%

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

County of Mathews, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit School Board (Professional)					
2023	\$ 95,994	\$ 95,994	-	\$ 7,933,362	1.21%
2022	95,429	95,429	-	7,886,718	1.21%
2021	91,255	91,255	-	7,541,742	1.21%
2020	91,712	91,712	-	7,642,707	1.20%
2019	78,978	78,978	-	6,581,476	1.20%
2018	79,301	79,301	-	6,447,209	1.23%
2017	72,745	72,745	-	6,553,639	1.11%
2016	67,792	67,792	-	6,395,480	1.06%
2015	67,375	67,375	-	6,356,095	1.06%
2014	70,193	70,193	-	6,323,729	1.11%

County of Mathews, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Mathews, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 13,853	\$ 14,680	\$ 14,139	\$ 8,786	\$ 5,829	\$ 5,997
Interest	14,558	10,120	10,315	16,008	17,365	16,945
Changes of assumptions	9,975	(56,602)	2,326	(32,831)	14,877	(15,599)
Differences between expected and actual experience	172,261	-	-	36,087	-	-
Benefit payments	(22,754)	(26,602)	(24,526)	(23,365)	(41,335)	(43,844)
Net change in total OPEB liability	\$ 187,893	\$ (58,404)	\$ 2,254	\$ 4,685	\$ (3,264)	\$ (36,501)
Total OPEB liability - beginning	408,672	467,076	464,822	460,137	463,401	499,902
Total OPEB liability - ending	\$ 596,565	\$ 408,672	\$ 467,076	\$ 464,822	\$ 460,137	\$ 463,401
Covered-employee payroll	\$ 3,323,041	\$ 3,360,921	\$ 3,360,921	\$ 3,092,760	\$ 2,557,695	\$ 2,557,695
County's total OPEB liability (asset) as a percentage of covered-employee payroll	17.95%	12.16%	13.90%	15.03%	17.99%	18.12%

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

County of Mathews, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 19,897	\$ 25,209	\$ 27,453	\$ 22,396	\$ 16,751	\$ 18,496
Interest	12,394	8,316	7,182	10,069	10,664	11,661
Changes of assumptions	(10,617)	(42,671)	84,612	16,800	2,946	(8,194)
Differences between expected and actual experience	143,906	-	(42,527)	-	(36,585)	-
Benefit payments	(27,380)	(13,652)	(15,199)	(18,841)	(28,757)	(53,556)
Net change in total OPEB liability	\$ 138,200	\$ (22,798)	\$ 61,521	\$ 30,424	\$ (34,981)	\$ (31,593)
Total OPEB liability - beginning	343,789	366,587	305,066	274,642	309,623	341,216
Total OPEB liability - ending	\$ 481,989	\$ 343,789	\$ 366,587	\$ 305,066	\$ 274,642	\$ 309,623
Covered-employee payroll	\$ 8,936,860	\$ 8,253,885	\$ 8,253,885	\$ 8,668,823	\$ 7,469,666	\$ 7,381,700
School's total OPEB liability (asset) as a percentage of covered-employee payroll	5.39%	4.17%	4.44%	3.52%	3.68%	4.19%

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

County of Mathews, Virginia
Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2023

Valuation Date: 1/1/2022
 Measurement Date: 6/30/2023

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level % of salary
Discount Rate	3.65%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.30% in 2022, then gradually declines to 3.90% over 51 years
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

County of Mathews, Virginia
Notes to Required Supplementary Information - Component Unit School Board
For the Year Ended June 30, 2023

Valuation Date: 1/1/2023
 Measurement Date: 6/30/2023

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level % of salary
Discount Rate	3.65%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.30% in 2023 and gradually declines to 3.90% by the year 2073
Salary Increase Rates	5.35% for 1-2 years of service, 4.75% for 3 years of service, then grading to an ultimate rate of 3.50% for 20+ years
Mortality Rates	Pre-Retirement: MP-2020 Employee Rates to age 80, 25% of deaths are assumed to be service related. Post-Retirement: MP-2020 Employee Rates to age 90.

County of Mathews, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds			<u>Total</u>
	<u>Special Welfare Fund</u>	<u>Tour de Chesapeake Fund</u>	<u>Market Days Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 111,694	\$ 35,297	\$ 17,353	\$ 164,344
Total assets	\$ 111,694	\$ 35,297	\$ 17,353	\$ 164,344
NET POSITION				
Restricted for:				
Individuals	\$ 111,694	\$ -	\$ -	\$ 111,694
Organizations	-	35,297	17,353	52,650
Total net position	\$ 111,694	\$ 35,297	\$ 17,353	\$ 164,344

County of Mathews, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds			<u>Total</u>
	<u>Special Welfare Fund</u>	<u>Tour de Chesapeake Fund</u>	<u>Market Days Fund</u>	
ADDITIONS				
Contributions:				
Donations	\$ 88,390	\$ 38,267	\$ 22,134	\$ 148,791
Investment earnings:				
Interest and dividends	62	186	93	341
Total additions	<u>\$ 88,452</u>	<u>\$ 38,453</u>	<u>\$ 22,227</u>	<u>\$ 149,132</u>
DEDUCTIONS				
Recipient payments	\$ 63,132	\$ -	\$ -	\$ 63,132
Purchases for supplies	-	34,563	21,005	55,568
Total deductions	<u>\$ 63,132</u>	<u>\$ 34,563</u>	<u>\$ 21,005</u>	<u>\$ 118,700</u>
Net increase (decrease) in fiduciary net position	<u>\$ 25,320</u>	<u>\$ 3,890</u>	<u>\$ 1,222</u>	<u>\$ 30,432</u>
Net position, beginning	\$ 86,374	\$ 31,407	\$ 16,131	\$ 133,912
Net position, ending	<u><u>\$ 111,694</u></u>	<u><u>\$ 35,297</u></u>	<u><u>\$ 17,353</u></u>	<u><u>\$ 164,344</u></u>

County of Mathews, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2023

	School Operating Fund	Capital Projects Fund	School Cafeteria Fund	Textbook Fund	School Activity Fund	Thrifty Spot Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 385,822	\$ 222,058	\$ 17,055	\$ 250,398	\$ 11,444	\$ 886,777
Accounts receivable	7,345	-	-	-	-	-	7,345
Due from other governmental units	1,391,000	-	82,861	-	-	-	1,473,861
Inventories	-	-	8,326	-	-	-	8,326
Total assets	<u>\$ 1,398,345</u>	<u>\$ 385,822</u>	<u>\$ 313,245</u>	<u>\$ 17,055</u>	<u>\$ 250,398</u>	<u>\$ 11,444</u>	<u>\$ 2,376,309</u>
LIABILITIES							
Accounts payable	\$ 69,247	\$ -	\$ 561	\$ -	\$ -	\$ -	\$ 69,808
Accrued liabilities	1,329,098	-	38,104	-	-	240	1,367,442
Total liabilities	<u>\$ 1,398,345</u>	<u>\$ -</u>	<u>\$ 38,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ 1,437,250</u>
FUND BALANCES							
Nonspendable:							
Inventories	\$ -	\$ -	\$ 8,326	\$ -	\$ -	\$ -	\$ 8,326
Committed	-	385,822	266,254	17,055	250,398	11,204	930,733
Total fund balances	<u>\$ -</u>	<u>\$ 385,822</u>	<u>\$ 274,580</u>	<u>\$ 17,055</u>	<u>\$ 250,398</u>	<u>\$ 11,204</u>	<u>\$ 939,059</u>
Total liabilities and fund balances	<u>\$ 1,398,345</u>	<u>\$ 385,822</u>	<u>\$ 313,245</u>	<u>\$ 17,055</u>	<u>\$ 250,398</u>	<u>\$ 11,444</u>	<u>\$ 2,376,309</u>

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

Total fund balances per above \$ 939,059

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

Capital assets, cost	\$ 23,119,600	
Less: accumulated depreciation	<u>(13,960,533)</u>	9,159,067

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

Pension related items	\$ 2,687,510	
OPEB related items	<u>524,515</u>	3,212,025

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	\$ (501,625)	
Lease liability	(63,717)	
Net pension liability	(8,905,579)	
Net OPEB liability	<u>(2,146,002)</u>	(11,616,923)

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

Pension related items	\$ (2,082,174)	
OPEB related items	<u>(277,200)</u>	(2,359,374)

Net position of governmental activities		<u>\$ (666,146)</u>
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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, 2023

	School Operating Fund	Capital Projects Fund	School Cafeteria Fund	Textbook Fund	School Activity Fund	Thrifty Spot Fund	Total Governmental Funds
REVENUES							
Revenue from the use of money and property	\$ 13,930	\$ 623	\$ 793	\$ 413	\$ -	\$ 66	\$ 15,825
Charges for services	16,444	-	233,116	-	-	57,637	307,197
Miscellaneous	166,241	-	-	-	507,273	-	673,514
Recovered costs	136,769	-	-	-	-	-	136,769
Intergovernmental:							
Local government	8,340,027	-	-	-	-	-	8,340,027
Commonwealth	6,303,595	993,605	12,026	-	-	-	7,309,226
Federal	1,678,795	-	663,034	-	-	-	2,341,829
Total revenues	<u>\$ 16,655,801</u>	<u>\$ 994,228</u>	<u>\$ 908,969</u>	<u>\$ 413</u>	<u>\$ 507,273</u>	<u>\$ 57,703</u>	<u>\$ 19,124,387</u>
EXPENDITURES							
Current:							
Education	\$ 16,436,856	\$ -	\$ 1,095,517	\$ 78,433	\$ 524,454	\$ 52,217	\$ 18,187,477
Capital projects	-	608,406	-	-	-	-	608,406
Debt service:							
Principal retirement	14,433	-	-	-	-	-	14,433
Interest and other fiscal charges	1,187	-	-	-	-	-	1,187
Total expenditures	<u>\$ 16,452,476</u>	<u>\$ 608,406</u>	<u>\$ 1,095,517</u>	<u>\$ 78,433</u>	<u>\$ 524,454</u>	<u>\$ 52,217</u>	<u>\$ 18,811,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 203,325</u>	<u>\$ 385,822</u>	<u>\$ (186,548)</u>	<u>\$ (78,020)</u>	<u>\$ (17,181)</u>	<u>\$ 5,486</u>	<u>\$ 312,884</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ -	\$ 150,000	\$ 75,000	\$ -	\$ -	\$ 225,000
Transfers out	(225,000)	-	-	-	-	-	(225,000)
Total other financing sources (uses)	<u>\$ (203,325)</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,675</u>
Net change in fund balances	\$ -	\$ 385,822	\$ (36,548)	\$ (3,020)	\$ (17,181)	\$ 5,486	\$ 334,559
Fund balances - beginning	-	-	311,128	20,075	267,579	5,718	604,500
Fund balances - ending	<u>\$ -</u>	<u>\$ 385,822</u>	<u>\$ 274,580</u>	<u>\$ 17,055</u>	<u>\$ 250,398</u>	<u>\$ 11,204</u>	<u>\$ 939,059</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 \$ 334,559

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	\$ 939,732	
Depreciation expense	(765,555)	174,177

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal retirement on assets under lease	\$ 14,433	
Issuance of lease liabilities	(21,675)	(7,242)

Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds. 381,324

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	\$ (100,534)	
Pension expense	771,141	
OPEB expense	37,764	708,371

Change in net position of governmental activities \$ 1,591,189

County of Mathews, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 School Operating Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2023

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 7,000	\$ 7,000	\$ 13,930	\$ 6,930
Charges for services	28,000	28,000	16,444	(11,556)
Miscellaneous	76,900	76,900	166,241	89,341
Recovered costs	106,000	106,000	136,769	30,769
Intergovernmental:				
Local government	8,738,860	8,738,860	8,340,027	(398,833)
Commonwealth	8,090,935	8,090,935	6,303,595	(1,787,340)
Federal	1,206,495	1,206,495	1,678,795	472,300
Total revenues	<u>\$ 18,254,190</u>	<u>\$ 18,254,190</u>	<u>\$ 16,655,801</u>	<u>\$ (1,598,389)</u>
EXPENDITURES				
Current:				
Education	\$ 19,100,928	\$ 19,100,928	\$ 16,436,856	\$ 2,664,072
Debt service:				
Principal retirement	-	-	14,433	(14,433)
Interest and other fiscal charges	-	-	1,187	(1,187)
Total expenditures	<u>\$ 19,100,928</u>	<u>\$ 19,100,928</u>	<u>\$ 16,452,476</u>	<u>\$ 2,648,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (846,738)</u>	<u>\$ (846,738)</u>	<u>\$ 203,325</u>	<u>\$ 1,050,063</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (323,307)	\$ (323,307)	\$ (225,000)	\$ 98,307
Proceeds of leases	-	-	21,675	21,675
Total other financing sources (uses)	<u>\$ (323,307)</u>	<u>\$ (323,307)</u>	<u>\$ (203,325)</u>	<u>\$ 119,982</u>
Net change in fund balances	\$ (1,170,045)	\$ (1,170,045)	\$ -	\$ 1,170,045
Fund balances - beginning	1,170,045	1,170,045	-	(1,170,045)
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, 2023

	School Capital Projects Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final		(Negative)	Original	Final		(Negative)
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 623	\$ 623	\$ -	\$ -	\$ 793	\$ 793
Charges for services	-	-	-	-	163,180	163,180	233,116	69,936
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental:								
Commonwealth	-	-	993,605	993,605	30,951	30,951	12,026	(18,925)
Federal	-	-	-	-	753,546	753,546	663,034	(90,512)
Total revenues	\$ -	\$ -	\$ 994,228	\$ 994,228	\$ 947,677	\$ 947,677	\$ 908,969	\$ (38,708)
EXPENDITURES								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ 996,529	\$ 996,529	\$ 1,095,517	\$ (98,988)
Capital projects	-	-	608,406	(608,406)	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 608,406	\$ (608,406)	\$ 996,529	\$ 996,529	\$ 1,095,517	\$ (98,988)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 385,822	\$ 385,822	\$ (48,852)	\$ (48,852)	\$ (186,548)	\$ (137,696)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
Net change in fund balances	\$ -	\$ -	\$ 385,822	\$ 385,822	\$ (48,852)	\$ (48,852)	\$ (36,548)	\$ 12,304
Fund balances - beginning	-	-	-	-	48,852	48,852	311,128	262,276
Fund balances - ending	\$ -	\$ -	\$ 385,822	\$ 385,822	\$ -	\$ -	\$ 274,580	\$ 274,580

Textbook Fund				School Activity Fund				Thrifty Spot Fund			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ 413	\$ 413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66	\$ 66
-	-	-	-	-	-	-	-	72,561	72,561	57,637	(14,924)
-	-	-	-	-	-	507,273	507,273	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 413	\$ 413	\$ -	\$ -	\$ 507,273	\$ 507,273	\$ 72,561	\$ 72,561	\$ 57,703	\$ (14,858)
\$ 103,182	\$ 103,182	\$ 78,433	\$ 24,749	\$ -	\$ -	\$ 524,454	\$ (524,454)	\$ 78,701	\$ 78,701	\$ 52,217	\$ 26,484
-	-	-	-	-	-	-	-	-	-	-	-
\$ 103,182	\$ 103,182	\$ 78,433	\$ 24,749	\$ -	\$ -	\$ 524,454	\$ (524,454)	\$ 78,701	\$ 78,701	\$ 52,217	\$ 26,484
\$ (103,182)	\$ (103,182)	\$ (78,020)	\$ 25,162	\$ -	\$ -	\$ (17,181)	\$ (17,181)	\$ (6,140)	\$ (6,140)	\$ 5,486	\$ 11,626
\$ 103,182	\$ 103,182	\$ 75,000	\$ (28,182)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 103,182	\$ 103,182	\$ 75,000	\$ (28,182)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (3,020)	\$ (3,020)	\$ -	\$ -	\$ (17,181)	\$ (17,181)	\$ (6,140)	\$ (6,140)	\$ 5,486	\$ 11,626
-	-	20,075	20,075	-	-	267,579	267,579	6,140	6,140	5,718	(422)
\$ -	\$ -	\$ 17,055	\$ 17,055	\$ -	\$ -	\$ 250,398	\$ 250,398	\$ -	\$ -	\$ 11,204	\$ 11,204

County of Mathews, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2023

	Custodial Funds			<u>Total</u>
	<u>Lewis Scholarship Fund</u>	<u>Orell Scholarship Fund</u>	<u>White-Hudgins Scholarship Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 3,118	\$ 15,608	\$ 2,849	\$ 21,575
Total assets	3,118	15,608	2,849	21,575
NET POSITION				
Restricted:				
Held in trust for scholarships	\$ 3,118	\$ 15,608	\$ 2,849	\$ 21,575
Total Net Position	\$ 3,118	\$ 15,608	\$ 2,849	\$ 21,575

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, 2023

	Custodial Funds			<u>Total</u>
	<u>Lewis Scholarship Fund</u>	<u>Orell Scholarship Fund</u>	<u>White-Hudgins Scholarship Fund</u>	
ADDITIONS				
Contributions:				
Interest earned	\$ -	\$ 21	18	\$ 39
Total additions	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 18</u>	<u>\$ 39</u>
DEDUCTIONS				
Benefits				
Refunds of contributions				
Administrative expenses	\$ (4)	\$ -	\$ -	\$ (4)
Scholarships	250	1,000	26,232	27,482
Total deductions	<u>\$ 246</u>	<u>\$ 1,000</u>	<u>\$ 26,232</u>	<u>\$ 27,478</u>
Change in net position	(246)	(979)	(26,214)	\$ (27,439)
Net position - beginning	3,364	16,587	29,063	49,014
Net position - ending	<u>\$ 3,118</u>	<u>\$ 15,608</u>	<u>\$ 2,849</u>	<u>\$ 21,575</u>

County of Mathews, Virginia
Statement of Net Position
Discretely Presented Component Unit-Economic Development Authority
June 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 406,363
Total current assets	\$ 406,363
Total assets	\$ 406,363

NET POSITION

Unrestricted	\$ 406,363
Total net position	\$ 406,363

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2023

OPERATING REVENUES	
Miscellaneous	\$ 32,009
Total operating revenues	<u>\$ 32,009</u>
 OPERATING EXPENSES	
Other supplies and expenses	\$ 33,382
Total operating expenses	<u>\$ 33,382</u>
Operating income (loss)	<u>\$ (1,373)</u>
 NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 924
Total nonoperating revenues (expenses)	<u>\$ 924</u>
Change in net position	\$ (449)
Total net position - beginning	406,812
Total net position - ending	<u><u>\$ 406,363</u></u>

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Economic Development Authority
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 32,009
Payments for operating activities	(33,382)
Net cash provided by (used for) operating activities	\$ (1,373)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	\$ 924
Net cash provided by (used for) investing activities	\$ 924

Net increase (decrease) in cash and cash equivalents	\$ (449)
--	----------

Cash and cash equivalents - beginning	406,812
Cash and cash equivalents - ending	\$ 406,363

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

Operating income (loss)	\$ (1,373)
Net cash provided by (used for) operating activities	\$ (1,373)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 10,480,000	\$ 10,480,000	\$ 11,116,903	\$ 636,903
Real and personal public service corporation taxes	240,000	240,000	140,943	(99,057)
Personal property taxes	3,600,000	4,365,000	3,755,210	(609,790)
Mobile home taxes	35,000	35,000	33,300	(1,700)
Boat taxes	300,000	374,990	396,427	21,437
Machinery and tools taxes	125,000	138,616	150,260	11,644
Penalties	80,000	80,000	133,580	53,580
Interest	45,000	45,000	90,866	45,866
Total general property taxes	<u>\$ 14,905,000</u>	<u>\$ 15,758,606</u>	<u>\$ 15,817,489</u>	<u>\$ 58,883</u>
Other local taxes:				
Local sales and use taxes	\$ 625,000	\$ 625,000	\$ 917,934	\$ 292,934
Consumers' utility taxes	150,000	150,000	157,051	7,051
Consumption tax	35,000	35,000	35,298	298
Business license taxes	150,000	150,000	159,447	9,447
Motor vehicle licenses	285,000	285,000	295,402	10,402
Bank stock taxes	95,000	95,000	80,069	(14,931)
Taxes on recordation and wills	100,000	100,000	118,090	18,090
Hotel and motel room taxes	55,000	55,000	147,444	92,444
Total other local taxes	<u>\$ 1,495,000</u>	<u>\$ 1,495,000</u>	<u>\$ 1,910,735</u>	<u>\$ 415,735</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,100	\$ 2,100	\$ 3,602	\$ 1,502
Transfer fees	500	500	567	67
Permits and other licenses	75,600	75,600	86,530	10,930
Total permits, privilege fees, and regulatory licenses	<u>\$ 78,200</u>	<u>\$ 78,200</u>	<u>\$ 90,699</u>	<u>\$ 12,499</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 50,500	\$ 50,500	\$ 86,785	\$ 36,285
Total fines and forfeitures	<u>\$ 50,500</u>	<u>\$ 50,500</u>	<u>\$ 86,785</u>	<u>\$ 36,285</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 55,000	\$ 55,000	\$ 14,416	\$ (40,584)
Revenue from use of property	51,320	51,320	58,412	7,092
Total revenue from use of money and property	<u>\$ 106,320</u>	<u>\$ 106,320</u>	<u>\$ 72,828</u>	<u>\$ (33,492)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 13,800	\$ 26,137	\$ 8,920	\$ (17,217)
Charges for courthouse maintenance	2,000	2,000	3,052	1,052
Charges for court costs	100	100	-	(100)
Courthouse security fees	11,500	11,500	27,287	15,787
Circuit court- document reproduction	4,000	4,000	3,534	(466)
Charges for Commonwealth's Attorney	600	600	461	(139)
Charges for other protection	8,300	9,355	9,461	106
Charges for library	5,000	5,000	2,719	(2,281)
Total charges for services	<u>\$ 45,300</u>	<u>\$ 58,692</u>	<u>\$ 55,434</u>	<u>\$ (3,258)</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 65,416	\$ 209,496	\$ 139,734	\$ (69,762)
Total miscellaneous	<u>\$ 65,416</u>	<u>\$ 209,496</u>	<u>\$ 139,734</u>	<u>\$ (69,762)</u>
Recovered costs:				
DMV License agent	\$ 45,200	\$ 45,200	\$ 54,933	\$ 9,733
Total recovered costs	<u>\$ 45,200</u>	<u>\$ 45,200</u>	<u>\$ 54,933</u>	<u>\$ 9,733</u>
Total revenue from local sources	<u>\$ 16,790,936</u>	<u>\$ 17,802,014</u>	<u>\$ 18,228,637</u>	<u>\$ 426,623</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ -	\$ -	\$ 498	\$ 498
Mobile home titling tax	1,000	1,000	8,522	7,522
State recordation tax	61,000	61,000	42,188	(18,812)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	370,000	370,000	311,216	(58,784)
Total noncategorical aid	<u>\$ 1,432,083</u>	<u>\$ 1,432,083</u>	<u>\$ 1,362,507</u>	<u>\$ (69,576)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 174,727	\$ 174,727	\$ 185,207	\$ 10,480
Sheriff	632,438	632,438	697,691	65,253
Commissioner of revenue	148,404	148,404	112,444	(35,960)
Treasurer	141,173	141,173	110,667	(30,506)
Registrar/electoral board	71,000	71,000	58,109	(12,891)
Clerk of the Circuit Court	199,776	199,776	212,037	12,261
Total shared expenses	<u>\$ 1,367,518</u>	<u>\$ 1,367,518</u>	<u>\$ 1,376,155</u>	<u>\$ 8,637</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 414,851	\$ 427,071	\$ 421,685	\$ (5,386)
Emergency medical services - two for life	7,000	53,155	53,932	777
Children's Services Act	300,787	300,787	288,107	(12,680)
Litter control	4,500	8,462	9,570	1,108
Library grant	103,146	109,326	104,326	(5,000)
Wireless board funds	42,997	42,997	47,704	4,707
Commission for the arts grant	4,500	4,500	5,500	1,000
Victim-witness grant	57,256	57,256	17,047	(40,209)
Library of Virginia grant	-	-	26,413	26,413
Fire programs fund	25,000	25,000	34,235	9,235

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Opioid settlement	\$ -	\$ -	\$ 26,232	\$ 26,232
Port authority grant	45,000	45,000	-	(45,000)
Other state aid	45,050	52,750	13,553	(39,197)
Total other categorical aid	<u>\$ 1,050,087</u>	<u>\$ 1,126,304</u>	<u>\$ 1,048,304</u>	<u>\$ (78,000)</u>
Total categorical aid	<u>\$ 2,417,605</u>	<u>\$ 2,493,822</u>	<u>\$ 2,424,459</u>	<u>\$ (69,363)</u>
Total revenue from the Commonwealth	<u>\$ 3,849,688</u>	<u>\$ 3,925,905</u>	<u>\$ 3,786,966</u>	<u>\$ (138,939)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 867,091	\$ 867,091	\$ 991,128	\$ 124,037
Victim-witness grant	-	-	39,777	39,777
Emergency management	-	15,000	8,314	(6,686)
American Rescue Plan Act	343,850	343,850	1,188,049	844,199
Justice assistance	-	-	990	990
Ground transportation safety	-	-	16,345	16,345
Total categorical aid	<u>\$ 1,210,941</u>	<u>\$ 1,225,941</u>	<u>\$ 2,244,603</u>	<u>\$ 1,018,662</u>
Total revenue from the federal government	<u>\$ 1,210,941</u>	<u>\$ 1,225,941</u>	<u>\$ 2,244,603</u>	<u>\$ 1,018,662</u>
Total General Fund	<u><u>\$ 21,851,565</u></u>	<u><u>\$ 22,953,860</u></u>	<u><u>\$ 24,260,206</u></u>	<u><u>\$ 1,306,346</u></u>
Special Revenue Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ 663,178	\$ 728,178	\$ 363,156	\$ (365,022)
Total other local taxes	<u>\$ 663,178</u>	<u>\$ 728,178</u>	<u>\$ 363,156</u>	<u>\$ (365,022)</u>
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 3,690	\$ 3,690
Total fines and forfeitures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,690</u>	<u>\$ 3,690</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 396	\$ 396
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 396</u>
Total revenue from local sources	<u>\$ 663,178</u>	<u>\$ 728,178</u>	<u>\$ 367,242</u>	<u>\$ (360,936)</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 1,107	\$ 1,107
VA Port Authority grant	1,500,000	1,500,000	51,437	(1,448,563)
VA telecommunication grant	4,683,635	4,683,635	3,780,280	(903,355)
Total categorical aid	<u>\$ 6,183,635</u>	<u>\$ 6,183,635</u>	<u>\$ 3,832,824</u>	<u>\$ (2,350,811)</u>
 Total revenue from the Commonwealth	 <u>\$ 6,183,635</u>	 <u>\$ 6,183,635</u>	 <u>\$ 3,832,824</u>	 <u>\$ (2,350,811)</u>
 Total Special Revenue Fund	 <u>\$ 6,846,813</u>	 <u>\$ 6,911,813</u>	 <u>\$ 4,200,066</u>	 <u>\$ (2,711,747)</u>
 Total Primary Government	 <u>\$ 28,698,378</u>	 <u>\$ 29,865,673</u>	 <u>\$ 28,460,272</u>	 <u>\$ (1,405,401)</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	\$ 13,930	\$ 6,930
Total revenue from use of money and property	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 13,930</u>	<u>\$ 6,930</u>
 Charges for services:				
Tuition and payments from other divisions	\$ 28,000	\$ 28,000	\$ 16,444	\$ (11,556)
Total charges for services	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 16,444</u>	<u>\$ (11,556)</u>
 Miscellaneous:				
Miscellaneous	\$ 76,900	\$ 76,900	\$ 166,241	\$ 89,341
Total miscellaneous	<u>\$ 76,900</u>	<u>\$ 76,900</u>	<u>\$ 166,241</u>	<u>\$ 89,341</u>
 Recovered costs:				
E-rate	\$ 21,000	\$ 21,000	\$ 25,642	\$ 4,642
Medicaid reimbursements	85,000	85,000	111,127	26,127
Total recovered costs	<u>\$ 106,000</u>	<u>\$ 106,000</u>	<u>\$ 136,769</u>	<u>\$ 30,769</u>
 Total revenue from local sources	 <u>\$ 217,900</u>	 <u>\$ 217,900</u>	 <u>\$ 333,384</u>	 <u>\$ 115,484</u>
 Intergovernmental:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 8,738,860	\$ 8,738,860	\$ 8,340,027	\$ (398,833)
Total revenues from local governments	<u>\$ 8,738,860</u>	<u>\$ 8,738,860</u>	<u>\$ 8,340,027</u>	<u>\$ (398,833)</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Categorical aid:				
Share of state sales tax	\$ 1,419,610	\$ 1,419,610	\$ 1,370,408	\$ (49,202)
Basic school aid	2,506,916	2,506,916	2,382,572	(124,344)
Remedial summer education	23,633	23,633	21,775	(1,858)
Regular foster care	307	307	-	(307)
Gifted and talented	22,662	22,662	22,028	(634)
Lottery proceeds	285,795	285,795	205,133	(80,662)
Enrollment loss supplement	196,792	196,792	-	(196,792)
SNAP state security	-	-	80,402	80,402
Special education	408,090	408,090	422,219	14,129
Textbook payment	53,572	53,572	52,072	(1,500)
Project graduation	-	-	3,595	3,595
Vocational education	194,248	194,248	206,903	12,655
School fringes	545,107	545,107	537,318	(7,789)
Compensation supplement	175,677	175,677	80,279	(95,398)
ISAEF	8,233	8,233	8,203	(30)
Early reading intervention	61,168	61,168	23,788	(37,380)
Homebound	1,011	1,011	-	(1,011)
At risk payments	262,385	262,385	191,633	(70,752)
Remediation assistance - SOL	72,034	72,034	70,017	(2,017)
Technology	128,000	128,000	72,000	(56,000)
Standards of Learning algebra readiness	10,345	10,345	8,664	(1,681)
Class size reduction	55,730	55,730	53,018	(2,712)
Mentor teacher program	412	412	200	(212)
English as a second language	7,612	7,612	6,228	(1,384)
Industry certification costs	1,608	1,608	1,132	(476)
Preschool	118,742	118,742	66,606	(52,136)
Hold harmless incentive	154,256	154,256	112,342	(41,914)
Emergency construction	-	-	89,591	89,591
Payment in lieu of sales tax	-	-	77,686	77,686
Skilled trades program	-	-	125,000	125,000
Miscellaneous	1,376,990	1,376,990	12,783	(1,364,207)
Total categorical aid	\$ 8,090,935	\$ 8,090,935	\$ 6,303,595	\$ (1,787,340)
Total revenue from the Commonwealth	\$ 8,090,935	\$ 8,090,935	\$ 6,303,595	\$ (1,787,340)

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 210,928	\$ 210,928	\$ 239,491	\$ 28,563
Title VI-B, special education flow-through	254,959	254,959	290,256	35,297
Carl Perkins	18,362	18,362	16,662	(1,700)
Title VI-B, special education pre-school	10,086	10,086	4,500	(5,586)
Title III	1,981	1,981	1,699	(282)
CARES grant	664,347	664,347	977,904	313,557
Title IV	13,708	13,708	-	(13,708)
Title II - Part A	32,124	32,124	35,057	2,933
Pandemic bonus	-	-	105,152	105,152
Public health emergency response	-	-	8,074	8,074
Total categorical aid	<u>\$ 1,206,495</u>	<u>\$ 1,206,495</u>	<u>\$ 1,678,795</u>	<u>\$ 472,300</u>
Total revenue from the federal government	<u>\$ 1,206,495</u>	<u>\$ 1,206,495</u>	<u>\$ 1,678,795</u>	<u>\$ 472,300</u>
Total School Operating Fund	<u>\$ 18,254,190</u>	<u>\$ 18,254,190</u>	<u>\$ 16,655,801</u>	<u>\$ (1,598,389)</u>
Special Revenue Funds:				
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 623	\$ 623
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623</u>	<u>\$ 623</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623</u>	<u>\$ 623</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School construction grant	-	-	993,605	\$ 993,605
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 993,605</u>	<u>\$ 993,605</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 993,605</u>	<u>\$ 993,605</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 994,228</u>	<u>\$ 994,228</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 793	\$ 793
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 793</u>	<u>\$ 793</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

<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 Cafeteria Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Cafeteria sales	\$ 163,180	\$ 163,180	\$ 233,116	\$ 69,936
Total charges for services	<u>\$ 163,180</u>	<u>\$ 163,180</u>	<u>\$ 233,116</u>	<u>\$ 69,936</u>
 Total revenue from local sources	 <u>\$ 163,180</u>	 <u>\$ 163,180</u>	 <u>\$ 233,909</u>	 <u>\$ 70,729</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 30,951	\$ 30,951	\$ 12,026	\$ (18,925)
Total categorical aid	<u>\$ 30,951</u>	<u>\$ 30,951</u>	<u>\$ 12,026</u>	<u>\$ (18,925)</u>
 Total revenue from the Commonwealth	 <u>\$ 30,951</u>	 <u>\$ 30,951</u>	 <u>\$ 12,026</u>	 <u>\$ (18,925)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 753,546	\$ 690,777	\$ 600,265	\$ (90,512)
Commodities	-	62,769	62,769	-
Total categorical aid	<u>\$ 753,546</u>	<u>\$ 753,546</u>	<u>\$ 663,034</u>	<u>\$ (90,512)</u>
 Total revenue from the federal government	 <u>\$ 753,546</u>	 <u>\$ 753,546</u>	 <u>\$ 663,034</u>	 <u>\$ (90,512)</u>
 Total School Cafeteria Fund	 <u>\$ 947,677</u>	 <u>\$ 947,677</u>	 <u>\$ 908,969</u>	 <u>\$ (38,708)</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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	\$ -	\$ -	\$ 413	\$ 413
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413</u>	<u>\$ 413</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413</u>	<u>\$ 413</u>
Total Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413</u>	<u>\$ 413</u>
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 507,273	\$ 507,273
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,273</u>	<u>\$ 507,273</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,273</u>	<u>\$ 507,273</u>
Thrifty Spot Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 66	\$ 66
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66</u>	<u>\$ 66</u>
Charges for services:				
Other charges for services	\$ 72,561	\$ 72,561	\$ 57,637	\$ (14,924)
Total charges for services	<u>\$ 72,561</u>	<u>\$ 72,561</u>	<u>\$ 57,637</u>	<u>\$ (14,924)</u>
Total Thrifty Spot Fund	<u>\$ 72,561</u>	<u>\$ 72,561</u>	<u>\$ 57,703</u>	<u>\$ (14,858)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 19,274,428</u>	<u>\$ 19,274,428</u>	<u>\$ 19,124,387</u>	<u>\$ (150,041)</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 166,758	\$ 156,090	\$ 138,927	\$ 17,163
General and financial administration:				
County administrator	\$ 607,102	\$ 617,857	\$ 592,750	\$ 25,107
Legal services	48,000	48,000	109,471	(61,471)
Commissioner of revenue	357,393	447,567	440,964	6,603
Independent Auditor	55,000	55,000	59,085	(4,085)
Treasurer	420,544	420,544	349,314	71,230
Information Technology	411,950	418,950	426,266	(7,316)
Total general and financial administration	<u>\$ 1,899,989</u>	<u>\$ 2,007,918</u>	<u>\$ 1,977,850</u>	<u>\$ 30,068</u>
Board of elections:				
Electoral board and officials	\$ 76,615	\$ 77,966	\$ 44,859	\$ 33,107
Registrar	146,472	149,925	133,336	16,589
Total board of elections	<u>\$ 223,087</u>	<u>\$ 227,891</u>	<u>\$ 178,195</u>	<u>\$ 49,696</u>
Total general government administration	<u>\$ 2,289,834</u>	<u>\$ 2,391,899</u>	<u>\$ 2,294,972</u>	<u>\$ 96,927</u>
Judicial administration:				
Courts:				
Circuit court	\$ 24,345	\$ 24,345	\$ 30,058	\$ (5,713)
General district court	17,250	17,250	9,203	8,047
Juvenile and domestic relations court	4,000	4,000	2,017	1,983
Victim witness	80,572	57,256	56,824	432
Clerk of the circuit court	303,532	319,427	318,480	947
Total courts	<u>\$ 429,699</u>	<u>\$ 422,278</u>	<u>\$ 416,582</u>	<u>\$ 5,696</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 290,816	\$ 293,991	\$ 296,897	\$ (2,906)
Total commonwealth's attorney	<u>\$ 290,816</u>	<u>\$ 293,991</u>	<u>\$ 296,897</u>	<u>\$ (2,906)</u>
Total judicial administration	<u>\$ 720,515</u>	<u>\$ 716,269</u>	<u>\$ 713,479</u>	<u>\$ 2,790</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,511,163	\$ 1,550,158	\$ 1,557,241	\$ (7,083)
E-911	583,274	596,999	582,950	14,049
Total law enforcement and traffic control	<u>\$ 2,094,437</u>	<u>\$ 2,147,157</u>	<u>\$ 2,140,191</u>	<u>\$ 6,966</u>
Fire and rescue services:				
Fire department	\$ 227,300	\$ 227,300	\$ 227,283	\$ 17
Ambulance and rescue services	303,562	360,917	349,489	11,428
Total fire and rescue services	<u>\$ 530,862</u>	<u>\$ 588,217</u>	<u>\$ 576,772</u>	<u>\$ 11,445</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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	\$ 677,924	\$ 677,924	\$ 512,666	\$ 165,258
Juvenile probation and detention	51,315	51,315	43,890	7,425
Total correction and detention	<u>\$ 729,239</u>	<u>\$ 729,239</u>	<u>\$ 556,556</u>	<u>\$ 172,683</u>
Inspections:				
Building	\$ 175,865	\$ 192,329	\$ 166,152	\$ 26,177
Total inspections	<u>\$ 175,865</u>	<u>\$ 192,329</u>	<u>\$ 166,152</u>	<u>\$ 26,177</u>
Other protection:				
Animal control	\$ 153,279	\$ 161,519	\$ 190,225	\$ (28,706)
Medical examiner	100	100	140	(40)
Total other protection	<u>\$ 153,379</u>	<u>\$ 161,619</u>	<u>\$ 190,365</u>	<u>\$ (28,746)</u>
Total public safety	<u>\$ 3,683,782</u>	<u>\$ 3,818,561</u>	<u>\$ 3,630,036</u>	<u>\$ 188,525</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 18,000	\$ 18,000	\$ 5,863	\$ 12,137
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 5,863</u>	<u>\$ 12,137</u>
Sanitation and waste removal:				
Refuse disposal	\$ 828,963	\$ 828,963	\$ 828,234	\$ 729
Total sanitation and waste removal	<u>\$ 828,963</u>	<u>\$ 828,963</u>	<u>\$ 828,234</u>	<u>\$ 729</u>
Maintenance of general buildings and grounds:				
General properties	\$ 759,129	\$ 796,976	\$ 817,016	\$ (20,040)
Total maintenance of general buildings and grounds	<u>\$ 759,129</u>	<u>\$ 796,976</u>	<u>\$ 817,016</u>	<u>\$ (20,040)</u>
Total public works	<u>\$ 1,606,092</u>	<u>\$ 1,643,939</u>	<u>\$ 1,651,113</u>	<u>\$ (7,174)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 157,708	\$ 157,708	\$ 157,708	\$ -
Total health	<u>\$ 157,708</u>	<u>\$ 157,708</u>	<u>\$ 157,708</u>	<u>\$ -</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Community services board and Puller Center	38,364	38,364	38,130	234
Total mental health and mental retardation	<u>\$ 46,364</u>	<u>\$ 46,364</u>	<u>\$ 46,130</u>	<u>\$ 234</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,942,724	\$ 1,954,944	\$ 1,878,513	\$ 76,431
Area agency on aging	58,022	58,022	58,022	-
Children's Services Act	541,769	541,769	454,930	86,839
Tax relief for the elderly	-	-	184,231	(184,231)
Total welfare	<u>\$ 2,542,515</u>	<u>\$ 2,554,735</u>	<u>\$ 2,575,696</u>	<u>\$ (20,961)</u>
Total health and welfare	<u>\$ 2,746,587</u>	<u>\$ 2,758,807</u>	<u>\$ 2,779,534</u>	<u>\$ (20,727)</u>
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 7,270	\$ 7,270	\$ 7,270	\$ -
Contribution to County School Board	8,738,860	8,738,860	8,340,027	398,833
Total education	<u>\$ 8,746,130</u>	<u>\$ 8,746,130</u>	<u>\$ 8,347,297</u>	<u>\$ 398,833</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 106,600	\$ 106,600	\$ 106,600	\$ -
Total parks and recreation	<u>\$ 106,600</u>	<u>\$ 106,600</u>	<u>\$ 106,600</u>	<u>\$ -</u>
Library:				
Contribution to county library	\$ 471,169	\$ 482,344	\$ 465,558	\$ 16,786
Total library	<u>\$ 471,169</u>	<u>\$ 482,344</u>	<u>\$ 465,558</u>	<u>\$ 16,786</u>
Total parks, recreation, and cultural	<u>\$ 577,769</u>	<u>\$ 588,944</u>	<u>\$ 572,158</u>	<u>\$ 16,786</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 356,463	\$ 358,563	\$ 290,541	\$ 68,022
Planning and zoning boards	10,689	10,689	3,530	7,159
Middle Peninsula planning district commission	24,186	24,186	24,186	-
Wetlands board	1,815	1,815	1,534	281
Economic development	39,000	39,000	39,000	-
Total planning and community development	<u>\$ 432,153</u>	<u>\$ 434,253</u>	<u>\$ 358,791</u>	<u>\$ 75,462</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	5,608	9,570	9,570	-
Total environmental management	<u>\$ 11,608</u>	<u>\$ 15,570</u>	<u>\$ 15,570</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 39,258	\$ 39,258	\$ 30,563	\$ 8,695
Total cooperative extension program	<u>\$ 39,258</u>	<u>\$ 39,258</u>	<u>\$ 30,563</u>	<u>\$ 8,695</u>
Total community development	<u>\$ 483,019</u>	<u>\$ 489,081</u>	<u>\$ 404,924</u>	<u>\$ 84,157</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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:				
Vehicle purchase	\$ 468,178	\$ 453,010	\$ 383,039	\$ 69,971
Broadband project - ARPA	877,710	877,710	1,050,229	(172,519)
Infrastructure maintenance	285,000	561,640	179,384	382,256
New building	-	350,000	85,640	264,360
New fire station	-	310,000	301,965	8,035
Subscriptions	-	-	79,400	(79,400)
Emergency communcations	-	-	446,173	(446,173)
Other capital projects	125,000	278,049	54,823	223,226
Total capital projects	<u>\$ 1,755,888</u>	<u>\$ 2,830,409</u>	<u>\$ 2,580,653</u>	<u>\$ 249,756</u>
Debt service:				
Principal retirement	\$ 585,000	\$ 853,267	\$ 906,352	\$ (53,085)
Interest and other fiscal charges	13,727	39,477	40,794	(1,317)
Total debt service	<u>\$ 598,727</u>	<u>\$ 892,744</u>	<u>\$ 947,146</u>	<u>\$ (54,402)</u>
Total General Fund	<u>\$ 23,208,343</u>	<u>\$ 24,876,783</u>	<u>\$ 23,921,312</u>	<u>\$ 955,471</u>
Special Revenue Fund:				
Capital projects:				
VA telecommunications	\$ 4,683,635	\$ 4,683,635	\$ 4,260,399	\$ 423,236
Port Authority dredging	1,500,000	1,500,000	51,437	1,448,563
Broadband	972,614	972,614	15,508	957,106
Total capital projects	<u>\$ 7,156,249</u>	<u>\$ 7,156,249</u>	<u>\$ 4,327,344</u>	<u>\$ 2,828,905</u>
Total Special Revenue Fund	<u>\$ 7,156,249</u>	<u>\$ 7,156,249</u>	<u>\$ 4,327,344</u>	<u>\$ 2,828,905</u>
Total Primary Government	<u>\$ 30,364,592</u>	<u>\$ 32,033,032</u>	<u>\$ 28,248,656</u>	<u>\$ 3,784,376</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 1,243,116	\$ 1,243,116	\$ 1,129,477	\$ 113,639
Instruction costs	13,649,744	13,649,744	12,121,501	1,528,243
Pupil transportation	1,197,045	1,197,045	1,334,219	(137,174)
Operation and maintenance of school plant	3,011,023	3,011,023	1,851,659	1,159,364
Total education	<u>\$ 19,100,928</u>	<u>\$ 19,100,928</u>	<u>\$ 16,436,856</u>	<u>\$ 2,664,072</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 14,433	\$ (14,433)
Interest and other fiscal charges	-	-	1,187	(1,187)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,620</u>	<u>\$ (15,620)</u>
Total School Operating Fund	<u>\$ 19,100,928</u>	<u>\$ 19,100,928</u>	<u>\$ 16,452,476</u>	<u>\$ 2,648,452</u>
Special Revenue Funds:				
School Capital Projects Fund:				
Education:				
School capital projects:				
Facilities	\$ -	\$ -	\$ 608,406	\$ (608,406)
Total school food services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,406</u>	<u>\$ (608,406)</u>
Total education	<u>-</u>	<u>-</u>	<u>608,406</u>	<u>(608,406)</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 608,406</u>	<u>\$ (608,406)</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 996,529	\$ 933,760	\$ 1,032,748	\$ (98,988)
Commodities	-	62,769	62,769	-
Total school food services	<u>\$ 996,529</u>	<u>\$ 996,529</u>	<u>\$ 1,095,517</u>	<u>\$ (98,988)</u>
Total School Cafeteria Fund	<u>\$ 996,529</u>	<u>\$ 996,529</u>	<u>\$ 1,095,517</u>	<u>\$ (98,988)</u>
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 103,182	\$ 103,182	\$ 78,433	\$ 24,749
Total education	<u>\$ 103,182</u>	<u>\$ 103,182</u>	<u>\$ 78,433</u>	<u>\$ 24,749</u>
Total Textbook Fund	<u>\$ 103,182</u>	<u>\$ 103,182</u>	<u>\$ 78,433</u>	<u>\$ 24,749</u>
School Activity Fund:				
Education:				
School activity funds	\$ -	\$ -	\$ 524,454	\$ (524,454)
Total Education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,454</u>	<u>\$ (524,454)</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524,454</u>	<u>\$ (524,454)</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

<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>
Thrifty Spot Fund:				
Education:				
Administration	\$ 78,701	\$ 78,701	\$ 52,217	\$ 26,484
Total Administration	<u>\$ 78,701</u>	<u>\$ 78,701</u>	<u>\$ 52,217</u>	<u>\$ 26,484</u>
 Total Thrifty Spot Fund	 <u>\$ 78,701</u>	 <u>\$ 78,701</u>	 <u>\$ 52,217</u>	 <u>\$ 26,484</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 20,279,340</u>	 <u>\$ 20,279,340</u>	 <u>\$ 18,811,503</u>	 <u>\$ 1,467,837</u>

Table 1

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

Fiscal Year	General				Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
	Government Administration	Judicial Administration	Public Safety	Public Works								
2013-14	\$ 1,239,683	\$ 662,127	\$ 2,506,931	\$ 1,036,856	\$ 1,795,146	\$ 6,737,939	\$ 540,323	\$ 973,727	\$ 357,502	\$ 15,850,234		
2014-15	1,228,237	653,308	2,621,490	1,064,290	1,965,530	7,550,860	618,910	782,253	245,912	16,730,790		
2015-16	1,385,622	690,064	2,697,008	1,164,093	1,975,002	7,300,079	646,223	2,046,275	201,364	18,105,730		
2016-17	1,440,801	693,402	2,582,338	1,191,113	1,794,958	7,097,225	203,087	3,006,530	190,491	18,199,945		
2017-18	1,421,505	632,505	2,858,519	1,387,017	1,935,505	7,648,766	510,214	3,071,375	128,430	19,593,836		
2018-19	1,153,859	716,749	3,023,971	1,463,335	2,272,755	7,887,125	653,065	895,448	92,460	18,158,767		
2019-20	1,819,047	720,527	2,885,141	1,317,894	2,398,408	9,119,754	543,009	533,182	50,842	19,387,804		
2020-21	1,993,310	714,757	4,145,769	1,419,514	2,127,174	8,754,458	611,567	934,167	21,206	20,721,922		
2021-22	2,149,575	773,212	3,806,236	1,570,076	2,283,681	9,290,675	427,821	2,399,447	20,723	22,721,446		
2022-23	2,377,153	857,382	3,944,932	2,244,421	2,828,020	8,347,297	653,386	5,747,529	(7,004)	26,993,116		

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total	
2013-14	\$ 139,527	\$ 2,747,853	\$ 465,119	\$ 10,711,645	\$ 1,248,603	\$ 65,357	\$ 122,854	\$ 1,523,833	\$ 17,024,791		
2014-15	143,326	3,044,668	32,973	11,351,848	1,234,607	63,858	119,972	1,494,299	17,485,551		
2015-16	153,117	4,322,751	6,227	11,503,713	1,299,711	67,593	314,643	1,509,598	19,177,353		
2016-17	177,396	4,916,062	2,376	12,154,544	1,467,082	72,981	161,285	1,498,151	20,449,877		
2017-18	183,147	5,145,326	115,960	12,014,049	1,545,883	79,942	128,687	1,485,618	20,698,612		
2018-19	190,875	2,888,971	-	12,685,626	1,658,861	85,509	273,653	1,457,195	19,240,690		
2019-20	160,365	3,146,185	-	13,594,047	1,761,888	117,406	86,876	1,426,322	20,293,089		
2020-21	161,504	5,403,931	-	13,391,361	2,049,899	50,284	22,926	1,402,555	22,482,460		
2021-22	208,580	3,782,355	420,954	14,346,281	2,171,108	44,691	123,158	1,400,264	22,497,391		
2022-23	295,020	4,802,960	3,780,280	15,879,835	2,273,891	14,812	139,734	1,362,507	28,549,039		

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural			Community Development	Non-departmental	Debt Service	Total
							Education (2)	Recreation, and Cultural	Parks,				
2013-14	\$ 1,210,706	\$ 508,241	\$ 2,436,679	\$ 1,008,411	\$ 1,779,809	\$ 12,447,268	\$ 413,453	\$ 930,009	\$ 32,565	\$ 3,281,174	\$ 24,048,315		
2014-15	1,231,426	516,125	2,644,582	1,058,084	1,922,852	13,020,661	393,315	747,862	84,120	1,518,477	23,137,504		
2015-16	1,382,307	552,249	2,640,999	1,138,343	1,960,991	13,040,998	508,237	2,047,135	46,238	1,171,898	24,489,395		
2016-17	1,396,790	554,889	2,730,324	1,178,431	1,767,509	13,401,128	433,791	2,238,228	110,095	1,195,484	25,006,669		
2017-18	1,456,424	527,875	2,900,458	1,174,436	1,901,680	13,920,862	437,507	1,888,573	-	1,170,557	25,378,372		
2018-19	1,537,905	587,202	2,925,352	1,303,415	2,234,166	14,698,375	564,295	414,392	-	1,108,590	25,373,692		
2019-20	1,736,952	604,080	2,878,985	1,264,875	2,339,464	15,956,912	454,598	386,138	-	1,101,736	26,723,740		
2020-21	2,122,327	585,474	3,342,462	1,493,607	2,213,478	16,349,890	523,066	716,016	-	599,274	27,945,594		
2021-22	2,167,240	668,691	3,885,798	1,656,920	2,367,457	18,093,902	546,477	456,907	-	631,754	30,475,146		
2022-23	2,294,972	713,479	3,630,036	1,651,113	2,779,534	18,194,747	572,158	404,924	-	947,146	31,188,109		

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2013-14	\$ 10,751,712	\$ 1,248,603	\$ 66,100	\$ 41,708	\$ 73,479	\$ 405,895	\$ 152,951	\$ 116,990	\$ 10,318,091	\$ 23,175,529
2014-15	11,328,543	1,234,607	75,064	40,085	68,413	457,233	147,650	101,316	10,521,974	23,974,885
2015-16	11,568,862	1,299,711	83,127	39,146	73,942	392,198	373,577	71,345	11,734,138	25,636,046
2016-17	12,081,391	1,467,082	94,182	46,665	79,887	446,838	209,560	159,272	12,722,160	27,307,037
2017-18	11,976,884	1,545,883	84,989	51,240	89,114	408,460	160,654	128,000	13,046,134	27,491,358
2018-19	12,687,041	1,658,861	87,209	58,263	98,639	446,255	328,941	127,821	11,132,896	26,625,926
2019-20	13,351,262	1,761,888	73,570	44,280	127,652	368,207	134,255	172,295	11,385,271	27,418,680
2020-21	13,376,538	2,049,899	76,096	46,164	53,979	284,308	348,022	260,260	13,893,792	30,389,058
2021-22	14,248,446	2,171,108	83,157	68,859	57,785	279,550	628,898	196,577	13,633,151	31,367,531
2022-23	15,817,489	2,273,891	90,699	90,475	89,049	362,631	813,248	191,702	19,515,448	39,244,632

(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		
2013-14	\$ 12,224,814	\$ 11,475,794	93.87%	\$ 266,290	\$ 11,742,084	96.05%	\$ 633,988	5.19%	
2014-15	12,210,356	12,104,049	99.13%	215,566	12,319,615	100.89%	624,990	5.12%	
2015-16	12,367,129	12,159,910	98.32%	271,688	12,431,598	100.52%	652,513	5.28%	
2016-17	12,834,564	12,441,192	96.94%	476,210	12,917,402	100.65%	665,125	5.18%	
2017-18	12,946,067	12,534,225	96.82%	261,154	12,795,379	98.84%	925,783	7.15%	
2018-19	13,930,829	13,140,199	94.32%	370,923	13,511,122	96.99%	1,006,594	7.23%	
2019-20	14,693,508	13,968,096	95.06%	250,246	14,218,342	96.77%	1,123,139	7.64%	
2020-21	14,814,088	13,904,878	93.86%	311,621	14,216,499	95.97%	1,171,384	7.91%	
2021-22	14,807,141	14,584,377	98.50%	483,160	15,067,537	101.76%	1,186,532	8.01%	
2022-23	17,377,399	16,066,249	92.45%	526,877	16,593,126	95.49%	1,492,623	8.59%	

(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	
2013-14	\$ 1,676,588,104	\$ 101,579,544	\$ 15,856,646	\$ 22,828,636	\$ 5,216	\$ 1,816,858,147
2014-15	1,679,904,453	100,052,698	17,021,474	23,494,058	18,398	1,820,491,080
2015-16	1,681,478,871	103,965,707	17,435,500	24,090,612	1,751	1,826,972,441
2016-17	1,684,324,064	110,215,374	18,267,027	24,090,612	1,751	1,836,898,828
2017-18	1,603,915,978	121,572,095	17,455,495	26,187,429	-	1,769,130,997
2018-19(3)	1,603,508,419	121,572,095	17,455,495	24,266,079	16,228	1,766,818,316
2019-20	1,621,564,084	136,344,003	-	24,571,965	15,871	1,782,495,923
2020-21	1,634,048,853	140,690,570	-	24,248,498	1,003	1,798,988,924
2021-22	1,640,239,986	156,895,394	-	24,248,498	1,014	1,821,384,892
2022-23	2,096,210,830	182,344,538	-	23,867,387	-	2,302,422,755

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

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
2013-14	\$ 0.54	\$ 0.47	\$ 3.65	\$ 2.14
2014-15	0.54	0.54	3.70	2.14
2015-16	0.54	0.54	3.70	2.14
2016-17	0.575	0.575	3.70	2.14
2017-18	0.575	0.575	3.70	2.14
2018-19	0.645	0.580	3.70	2.14
2019-20	0.645	0.645	3.70	n/a
2020-21	0.645	0.645	3.70	n/a
2021-22	0.640	0.645	3.70	n/a
2022-23	0.560	0.640	3.70	n/a

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
2013-14	8,978	\$ 1,816,858	\$ 3,318,830	\$ -	\$ -	\$ 3,318,830	0.18%	\$ 370
2014-15	8,978	1,820,491	2,505,852	-	-	2,505,852	0.14%	279
2015-16	8,978	1,826,972	2,009,277	-	-	2,009,277	0.11%	224
2016-17	8,978	1,836,899	1,498,002	-	-	1,498,002	0.08%	167
2017-18	8,978	1,769,131	971,900	-	-	971,900	0.05%	108
2018-19	8,704	1,766,818	491,600	-	-	491,600	0.03%	56
2019-20	8,533	1,782,496	-	-	-	-	0.00%	-
2020-21	8,533	1,798,989	-	-	-	-	0.00%	-
2021-22	8,446	1,821,385	-	-	-	-	0.00%	-
2022-23	8,446	2,302,423	-	-	-	-	0.00%	-

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

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

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

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise County of Mathews, Virginia's basic financial statements and have issued our report thereon dated December 20, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson, Fournier, Cox Associates

Richmond, Virginia
December 20, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Mathews, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Mathews, Virginia's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Mathews, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Mathews, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Mathews, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Mathews, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Mathews, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Mathews, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Mathews, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Mathews, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Fournier, Cox Associates
Richmond, Virginia
December 20, 2023

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Education:				
Public Health Emergency Response: Cooperative Agreement for Emergency Response:				
Public Health Crisis Response	93.354	not available	\$ 8,074	-
Virginia Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950121/22	27,029	-
Temporary Assistance for Needy Families	93.558	0400122/23	95,002	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122/23	430	-
Low-income Home Energy Assistance	93.568	0600422/23	19,580	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760122/23	22,347	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/22	160	-
Foster Care - Title IV-E	93.658	1100122/23	88,775	-
Adoption Assistance	93.659	1120122/23	152,036	-
Social Services Block Grant	93.667	1000122/23	116,494	-
Guardianship Assistance	93.090	1110122/23	62	-
Title IV-E Prevention Services	93.472	1140122/23	2,421	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/22	1,730	-
Elder Abuse Prevention Interventions Program	93.747	8000221/8000321	2,663	-
Children's Health Insurance Program	93.767	0540122/23	1,264	-
Medical Assistance Program (Medicaid Cluster)	93.778	1200122/23	156,700	-
Total Department of Health and Human Services			\$ 694,767	\$ -
Department of Homeland Security:				
Pass Through Payments:				
Virginia Department of Emergency Management:				
Emergency Management Performance Grants	97.042	775001-52740	\$ 7,500	\$ -
Disaster grants - Public Assistance (Presidentially Declared Disasters)	97.036	77602-155	814	-
Total Department of Homeland Security			\$ 8,314	\$ -
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Agriculture:				
Food Distribution (Child Nutrition Cluster)	10.555	179001-45707	\$ 62,769	\$ -
Virginia Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	179001-45707	439,690	-
Sub-total Assistance Listing Number 10.555			\$ 502,459	\$ -
Virginia Department of Education:				
School Breakfast Program (Child Nutrition Cluster)	10.553	179001-40591	\$ 150,210	\$ -
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	10559-301-10	\$ 9,737	\$ -
Total Child Nutrition Cluster			\$ 662,406	\$ -
COVID-19 Pandemic EBT Administrative Costs	10.649	10649-301-10	\$ 628	-
Virginia Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010122/23; 0040122/23	303,558	-
Total Department of Agriculture			\$ 966,592	\$ -
Department of Justice:				
Pass Through Payments:				
Virginia Compensation Board:				
Crime Victim Assistance	16.575	3900100-10220	\$ 39,777	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3900100-81100	990	-
Total Department of Justice			\$ 40,767	\$ -

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures Passed Through to Subrecipients
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
National Priority Safety Programs (Highway Safety Cluster)	20.616		\$ 9,807	\$ -
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-50287	6,538	-
Total Department of Transportation			<u>\$ 16,345</u>	<u>\$ -</u>
Department of Treasury:				
Direct Payments:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,088,581	\$ -
Pass Through Payments:				
Virginia Department of Education:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	VA0113	105,152	-
Virginia Department of Accounts:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	VA0113/9122222	100,345	-
Sub-total Assistance Listing Number 21.027			<u>\$ 1,294,078</u>	<u>\$ -</u>
Total Department of Treasury			<u>\$ 1,294,078</u>	<u>\$ -</u>
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I Grants to Local Educational Agencies	84.010	179001-42901-42999	\$ 239,491	\$ -
Special Education Grants to States (Special Education Cluster)	84.027	179001-43071-61234	290,256	-
Special Education - Preschool Grants (Special Education Cluster)	84.173	179001-62521	4,500	-
Total Special Education Cluster			<u>\$ 294,756</u>	<u>\$ -</u>
English Language Acquisition State Grants	84.365	not available	1,699	-
Career and Technical Education - Basic Grants to States	84.048	179001-61095	16,662	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	179001-61480	35,057	-
Education Stabilization Fund:				
COVID-19 - American Rescuse Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	84425-197-10	914,942	-
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	84425-197-10	12,165	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	84425-197-10	50,797	-
Total Education Stabilization Fund			<u>\$ 977,904</u>	<u>\$ -</u>
Total Department of Education			<u>\$ 1,565,569</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 4,586,432</u>	<u>\$ -</u>

See accompanying notes to schedule of expenditures of federal awards.

County of Mathews, Virginia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Mathews, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Mathews, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 2,244,603
Total primary government	\$ <u>2,244,603</u>
Component Unit School Board:	
School Operating Fund	\$ 1,678,795
School Cafeteria Fund	663,034
Total component unit school board	\$ <u>2,341,829</u>
Total federal expenditures per basic financial statements	\$ <u>4,586,432</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>4,586,432</u></u>

Note 5 - De Minimis Cost Rate

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

Note 6 - Loan Balances

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

County of Mathews, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

Section I-Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425	Education Stabilization Fund

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

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

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Mathews, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

There were no prior year findings.