COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

County of Mathews, Virginia

Annual Financial Report

For the Fiscal Year Ended June 30, 2010

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COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

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

Geneva L. Putt | Janine Burns | Edwina Casey

School Board

Jennifer M. Little, Chairperson
John T. Persinger, Vice-Chairperson

Virginia J. Richards | Michael E. Richards, DVM | William E. Johnson

Department of Social Services Board

Mary L. Thomas, Chairperson
Janet Dehoux, Vice-Chairperson

Edwina. Casey
Margaret Hudgins

Eunice Garrett

Other Officials

County Administrator .... Stephen K. Whiteway
Clerk of the Circuit Court .... E.E. Callis, III
County Attorney.. Richard H. Harfst
Commissioner of the Revenue .... Raymond A. Hunley
Treasurer..Wendy Stewart
Sheriff ....Danny C. Howlett
Superintendent of Schools ....Dr. David J. Holleran
Director of Social Services ....Jo Ann Wilson-Harfst
Judge of the Circuit Court.. R. Bruce Long
Commonwealth's Attorney .... John S. Gill
Judge of the General District Court .... Jeffrey W. Shaw
Judge of the Juvenile and Domestic Relations Court....................... Isabel H. Atlee

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COUNTY OF MATHEWS, VIRGINIA

FINANCIAL REPORT
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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the County of Mathews, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Mathews, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the County of Mathews, Virginia, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2010, on our consideration of the County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and Schedules of Pension Funding Progress and Funding Progress for the Retiree Healthcare Plan as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Mathews, Virginia's, basic financial statements. The introductory section, other supplementary information and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of the County of Mathews, Virginia. The other supplementary information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Richmond, Virginia
December 12, 2010

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, 2010.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $8,538,815 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources of $241,856 (Exhibit 5) after making contributions totaling $5,711,026 to the School Board.

- As of the close of the current fiscal year; the County's funds reported ending fund balances of $3,063,784, a decrease of $241,856 in comparison with the prior year.

- At the end of the current fiscal year, unreserved fund balance for the general fund was $2,919,648 or 18% of total general fund expenditures and other financing uses.

- The combined long-term obligations decreased $811,924 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 other supplementary information in addition to the basic financial statements themselves.

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

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 nets assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by $8,538,815 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Mathews, Virginia's Net Assets

	Governmental Activities		Business-type		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	$ 8,107,834	$ 4,750,256	$ 73,139	$ 71,858	$ 8,180,973	$ 4,822,114
Capital assets	17,724,592	18,844,317	-	-	17,724,592	18,844,317
Total assets	$ 25,832,426	$ 23,594,573	$ 73,139	$ 71,858	$ 25,905,565	$ 23,666,431
Current liabilities	$ 4,754,158	$ 1,165,188	$ -	$ -	$ 4,754,158	$ 1,165,188
Long-term liabilities outstanding	12,612,592	13,424,516	-	-	12,612,592	13,424,516
Total liabilities	$ 17,366,750	$ 14,589,704	$ -	$ -	$ 17,366,750	$ 14,589,704
Net assets:						
Invested in capital assets, net of related debt	$ 5,387,809	$ 5,752,310	$ -	$ -	$ 5,387,809	$ 5,752,310
Unrestricted	3,077,867	3,252,559	73,139	71,858	3,151,006	3,324,417
Total net assets	$ 8,465,676	$ 9,004,869	$ 73,139	$ 71,858	$ 8,538,815	$ 9,076,727

Government-wide Financial Analysis (Continued)

Governmental activities decreased the County's net assets by $539,193 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Mathews, Virginia's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	$ 103,859	$ 116,638	$ -	$ -	$ 103,859	$ 116,638
Operating grants and contributions	2,714,665	2,219,755	-	-	2,714,665	2,219,755
Capital grants and contributions	-	98,793	-	-	-	98,793
General revenues:						
General property taxes	9,849,635	9,686,696	-	-	9,849,635	9,686,696
Other local taxes	1,236,738	1,677,012	-	-	1,236,738	1,677,012
Grants and other contributions not restricted	1,480,737	1,011,095	-	-	1,480,737	1,011,095
Other general revenues	181,292	313,708	1,281	2,491	182,573	316,199
Total revenues	$ 15,566,926	$ 15,123,697	$ 1,281	$ 2,491	$ 15,568,207	$ 15,126,188
Expenses:						
General government administration	$ 1,303,675	$ 1,095,634	$ -	$ -	$ 1,303,675	$ 1,095,634
Judicial administration	685,093	700,239	-	-	685,093	700,239
Public safety	2,440,580	2,351,796	-	-	2,440,580	2,351,796
Public works	1,330,254	1,663,793	-	-	1,330,254	1,663,793
Health and welfare	1,768,312	1,416,104	-	-	1,768,312	1,416,104
Education	6,434,299	6,632,069	-	-	6,434,299	6,632,069
Parks, recreation, and cultural	475,858	460,944	-	-	475,858	460,944
Community development	638,063	578,584	-	-	638,063	578,584
Interest and other fiscal charges	1,029,985	654,967	-	-	1,029,985	654,967
Total expenses	$ 16,106,119	$ 15,554,130	$ -	$ -	$ 16,106,119	$ 15,554,130
Change in net assets	$ (539,193)	$ (430,433)	$ 1,281	$ 2,491	$ (537,912)	$ (427,942)
Beginning of year	9,004,869	9,435,302	71,858	69,367	9,076,727	9,504,669
End of year	$ 8,465,676	$ 9,004,869	$ 73,139	$ 71,858	$ 8,538,815	$ 9,076,727

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved 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 \$3,063,784, a decrease of \$241,856 in comparison with the prior year. Approximately 95% of the reported fund balance constitutes unreserved General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

Differences between the original and final budgeted expenditures amount to \$656,101 and can be briefly summarized as follows:

< \$ 351,277 increase in community development expenditures
< \$ 126,529 increase in education expenditures
< \$ 105,072 increase in debt service expenditures
< \$ 72,401 increase in public safety expenditures
< \$ 822 net increase in various other expenditures

During the year, revenues and other financing sources exceeded budgetary estimates by \$179,768 and expenditures and other financing uses were less than budgetary estimates by \$515,427, resulting in an overall positive variance of \$695,195.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2010 amounts to \$17,724,592 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$11,906,205. Of this amount, \$5,986,205 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 and notes).

The County's total debt decreased by \$1,185,802 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County was 6.2 percent at June 30, 2010. The Commonwealth of Virginia's unemployment rate was 7.1 percent as of the same date.

< Inflationary trends in the region compare favorably to national indexes.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year.

The fiscal year 2011 budget decreased by approximately 5.7 percent.

All tax rates remained the same.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Exhibit 1

County of Mathews, Virginia
Statement of Net Assets
June 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	$ 3,435,307	$ 73,139	$ 3,508,446	$ 147,497	$ 126,726
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,206,320	-	4,206,320	-	-
Accounts receivable	41,477	-	41,477	477	-
Due from other governmental units	424,730	-	424,730	1,075,673	-
Inventories	-	-	-	3,747	-
Capital assets (net of accumulated depreciation):					
Land and improvements	1,605,761	-	1,605,761	46,172	-
Buildings and improvements	15,638,218	-	15,638,218	6,953,248	-
Equipment	480,613	-	480,613	507,605	-
Total assets	$ 25,832,426	$ 73,139	$ 25,905,565	$ 8,734,419	$ 126,726
LIABILITIES					
Accounts payable	$ 83,588	$ -	$ 83,588	$ -	$ -
Accrued liabilities	-	-	-	1,106,706	-
Accrued interest payable	152,446	-	152,446	-	-
Due to other governmental units	841,030	-	841,030	-	-
Deferred revenue	3,677,094	-	3,677,094	-	-
Long-term liabilities:					
Due within one year	876,277	-	876,277	14,915	-
Due in more than one year	11,736,315	-	11,736,315	168,856	-
Total liabilities	$ 17,366,750	$ -	$ 17,366,750	$ 1,290,477	$ -
NET ASSETS					
Invested in capital assets, net of related debt	$ 5,387,809	$ -	$ 5,387,809	$ 7,507,025	$ -
Unrestricted (deficit)	3,077,867	73,139	3,151,006	(63,083)	126,726
Total net assets	$ 8,465,676	$ 73,139	$ 8,538,815	$ 7,443,942	$ 126,726

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

Exhibit 2

County of Mathews, Virginia
Statement of Activities
For the Year Ended June 30, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
					Primary Government			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	IDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	$ 1,303,675	$ -	$ 202,577	$ -	$ (1,101,098)	$ -	$ (1,101,098)	$ -	$ -
Judicial administration	685,093	31,129	340,511	-	(313,453)	-	(313,453)	-	-
Public safety	2,440,580	65,292	826,517	-	(1,548,771)	-	(1,548,771)	-	-
Public works	1,330,254	406	-	-	(1,329,848)	-	(1,329,848)	-	-
Health and welfare	1,768,312	-	1,143,699	-	(624,613)	-	(624,613)	-	-
Education	6,434,299	-	-	-	(6,434,299)	-	(6,434,299)	-	-
Parks, recreation, and cultural	475,858	7,032	-	-	(468,826)	-	(468,826)	-	-
Community development	638,063	-	201,361	-	(436,702)	-	(436,702)	-	-
Interest on long-term debt	1,029,985	-	-	-	(1,029,985)	-	(1,029,985)	-	-
Total governmental activities	$ 16,106,119	$ 103,859	$ 2,714,665	$ -	$ (13,287,595)	$ -	$ (13,287,595)	$ -	$ -
Business-type activities:									
Sanitary District	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total business-type activities	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total primary government	$ 16,106,119	$ 103,859	$ 2,714,665	$ -	$ (13,287,595)	$ -	$ (13,287,595)	$ -	$ -
COMPONENT UNITS:									
School Board	$ 13,113,453	$ 415,319	$ 6,463,173	$ -	$ -	$ -	$ -	$ (6,234,961)	$ -
Industrial Development Authority	-	71,942	-		-	-	-	-	71,942
Total component units	$ 13,113,453	$ 487,261	$ 6,463,173	$ -	$ -	$ -	$ -	$ (6,234,961)	$ 71,942
General revenues:									
General property taxes					$ 9,849,635	$ -	$ 9,849,635	$ -	$ -
Local sales and use taxes					418,369	-	418,369	-	-
Consumer's utility tax					149,864	-	149,864	-	-
Communications tax					469,606	-	469,606	-	-
Other local taxes					198,899	-	198,899	-	-
Unrestricted revenues from use of money and property					78,642	1,281	79,923	6,548	35
Miscellaneous					102,650	-	102,650	86,524	-
Grants and contributions not restricted to specific programs					1,480,737	-	1,480,737	-	-
Payment from Mathews County					-	-	-	6,426,825	-
Total general revenues					$ 12,748,402	$ 1,281	$ 12,749,683	$ 6,519,897	$ 35
Change in net assets					(539,193)	1,281	(537,912)	284,936	71,977
Net assets - beginning					9,004,869	71,858	9,076,727	7,159,006	54,749
Net assets - ending					$ 8,465,676	$ 73,139	$ 8,538,815	$ 7,443,942	$ 126,726

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

FUND FINANCIAL STATEMENTS

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Exhibit 3

County of Mathews, Virginia
Balance Sheet
Governmental Funds
June 30, 2010

	General	Special Revenue	County Capital Projects	Total
ASSETS				
Cash and cash equivalents	$ 3,295,877	$ 134,748	$ 4,682	$ 3,435,307
Receivables (net of allowance for uncollectibles):				
Taxes receivable	4,206,320	-	-	4,206,320
Accounts receivable	41,477	-	-	41,477
Due from other governmental units	424,730	-	-	424,730
Total assets	$ 7,968,404	$ 134,748	$ 4,682	$ 8,107,834
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 83,588	$ -	$ -	$ 83,588
Due to other governmental units	841,030	-	-	841,030
Deferred revenue	4,119,432	-	-	4,119,432
Total liabilities	$ 5,044,050	$ -	$ -	$ 5,044,050
Fund balances:				
Reserved for:				
Construction	$ -	$ -	$ 4,682	$ 4,682
Revenue Maximization	4,706	-	-	4,706
Unreserved, reported in:				
General fund	2,919,648	-	-	2,919,648
Special revenue fund	-	134,748	-	134,748
Total fund balances	$ 2,924,354	$ 134,748	$ 4,682	$ 3,063,784
Total liabilities and fund balances	$ 7,968,404	$ 134,748	$ 4,682	$ 8,107,834

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

Exhibit 4

County of Mathews, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 3,063,784
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		17,724,592
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		442,338
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Lease revenue bonds	$ (5,920,000)	
Issuance premium on refunded bonds	(430,578)	
General obligation bonds	(5,986,205)	
Compensated absences	(242,425)	
Landfill postclosure care	(24,784)	
OPEB Liability	(8,600)	
Accrued interest payable	(152,446)	(12,765,038)
Net assets of governmental activities		$ 8,465,676

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

Exhibit 5

County of Mathews, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General	Special Revenue	County Capital Projects	Total
REVENUES				
General property taxes	$ 9,835,627	$ -	$ -	$ 9,835,627
Other local taxes	1,236,738	-	-	1,236,738
Permits, privilege fees, and regulatory licenses	62,856	-	-	62,856
Fines and forfeitures	14,681	218	-	14,899
Revenue from the use of money and property	74,612	1,787	2,243	78,642
Charges for services	26,104	-	-	26,104
Miscellaneous	102,357	293	-	102,650
Recovered costs	11,328	-	-	11,328
Intergovernmental revenues:				
Commonwealth	3,330,636	8,109	-	3,338,745
Federal	856,657	-	-	856,657
Total revenues	$ 15,551,596	$ 10,407	$ 2,243	$ 15,564,246
EXPENDITURES				
Current:				
General government administration	$ 1,308,574	$ -	$ -	$ 1,308,574
Judicial administration	526,665	-	-	526,665
Public safety	2,343,617	1,777	-	2,345,394
Public works	1,324,257	-	-	1,324,257
Health and welfare	1,785,690	-	-	1,785,690
Education	5,716,548	-	-	5,716,548
Parks, recreation, and cultural	358,094	-	-	358,094
Community development	630,518	1,857	-	632,375
Capital projects	26,840	-	-	26,840
Debt service:				
Principal retirement	875,802	-	-	875,802
Interest and other fiscal charges	1,026,441	-	-	1,026,441
Total expenditures	$ 15,923,046	$ 3,634	$ -	$ 15,926,680
Excess (deficiency) of revenues over (under) expenditures	$ (371,450)	$ 6,773	$ 2,243	$ (362,434)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 3,543	$ -	$ -	$ 3,543
Transfers out	-	(3,543)	-	(3,543)
Refunding bond issued	4,885,000	-	-	4,885,000
Payment to refunded bond escrow agent	(5,195,000)	-	-	(5,195,000)
Premium on bond	430,578	-	-	430,578
Total other financing sources (uses)	$ 124,121	$ (3,543)	$ -	$ 120,578
Net change in fund balances	$ (247,329)	$ 3,230	$ 2,243	$ (241,856)
Fund balances - beginning	3,171,683	131,518	2,439	3,305,640
Fund balances - ending	$ 2,924,354	$ 134,748	$ 4,682	$ 3,063,784

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

Exhibit 6

County of Mathews, Virginia
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities
For the Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (241,856)
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 outlay additions	$ 22,085	
Allocation of School board assets	(679,386)	
Depreciation expense	(462,424)	(1,119,725)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		14,008
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. The following is a summary of items supporting this adjustment:		
Principal retirement on lease revenue bonds	$ 5,315,000	
Principal retirement on note payable	40,000	
Principal retirement on general obligation bonds	715,802	
Issuance of long-term debt	(5,315,578)	
(Increase) Decrease in landfill postclosure liability	23,286	778,510
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	$ 37,814	
(Increase) Decrease in OPEB liability	(4,400)	
(Increase) Decrease in accrued interest	(3,544)	29,870
Change in net assets of governmental activities		$ (539,193)

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

Exhibit 7

County of Mathews, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2010

		Enterprise Fund
		Sanitary District
ASSETS		
Current assets:		
Cash and cash equivalents	$	73,139
Total assets	$	73,139
NET ASSETS		
Unrestricted	$	73,139
Total net assets	$	73,139

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

Exhibit 8

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Fund Sanitary District
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	$ 1,281
Total nonoperating revenues (expenses)	$ 1,281
Change in net assets	$ 1,281
Total net assets - beginning	$ 71,858
Total net assets - ending	$ 73,139

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

Exhibit 9

County of Mathews, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Fund
	Sanitary District
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	$ 1,281
Net cash provided (used) by investing activities	$ 1,281
Net increase (decrease) in cash and cash equivalents	$ 1,281
Cash and cash equivalents - beginning	$ 71,858
Cash and cash equivalents - ending	$ 73,139

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

Exhibit 10

County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 50,931
Total assets	$ 50,931
LIABILITIES	
Amounts held for social services clients	$ 29,088
Amounts held for others	21,843
Total liabilities	$ 50,931

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

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 the 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.

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2010.

Discretely Presented Component Units. The School Board members are elected by the citizens of Mathews County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2010.

The Mathews County Industrial Development Authority (IDA) was created by the Board of Supervisors to administer the issuance of industrial development revenue bonds and provide economic development activities for the County. The Authority may also acquire property and issue debt in its own name and may also enter into lease/purchase arrangements with the County. The County appoints all of the members of the Authority's Board of Directors. The County may significantly influence the fiscal affairs of the Authority. Financial statements for the Mathews County Industrial Development Authority can be obtained from the County Administrator's office of Mathews County. The financial statements of the Mathews County Industrial Development Authority are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2010.

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

None

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

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

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for 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 government-wide reporting purposes.

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific revenue sources (other than major 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.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The County reports the Capital Projects Fund as a major fund.

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

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

2. Fiduciary Funds - (Trust and Agency Funds) - Fiduciary Funds account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. 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.

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

E. Cash and Cash Equivalents

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

F. Investments

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $113,955 at June 30, 2010 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.

	Real Property	Personal Property
Levy	January 1	January 1
Due Date	December 5/June 5 (50% each date)	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized asset as of June 30, 2010 was immaterial.

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

Assets	Years
Building Improvements	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

I. 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 Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

J. Retirement Plan

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

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

K. Use of Estimates

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

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans for financial resource utilization in a future period. Designation of fund balance by specific purpose is as follows:

	General
Designated for:	
Green renovations	$ 628,867
Downtown improvements	175,000
Shorelands public access	156,000
Sanitary landfill	10,000
Drainage improvements	13,000
NPC light preservation	150,000
Reassessment	105,995
Recreation facilities improvement	25,000
B&G equipment replacement	8,000
Fort Nonsense preservation	42,000
Employee accumulated leave	19,000
Vehicle replacement	5,000
Office machinery/E911	75,000
Comprehensive plan revision	38,567
Total designated for specific purposes	$ 1,451,429

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures exceeded appropriations in the following funds at June 30, 2010:

Special Revenue Fund	($ 3,634)

Note 3—Deposits and Investments:

Deposits

All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2010 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial papers are required to be rated no lower than Standard and Poor's A-1 and Moody's Investor Service P-1.

Locality's Rated Debt Investments' Values

		Fair Quality Ratings
		AAAm
Money Market Mutual Fund	$	79,880
Total	$	79,880

Interest Rate Risk

The County's investment policy states that the County's investment maturities are to precede or coincide with the expected need of funds.

Investment Maturities (in years)

Investment Type		Fair Value		Less Than 1 Year
Money Market Mutual Funds	$	79,880	$	79,880
Total	$	79,880	$	79,880

Note 4—Due from/Due To Other Governments:

At June 30, 2010, the County has receivables from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Mathews	$ -	$ 841,030
Commonwealth of Virginia:		
Local sales tax	81,260	-
Welfare	27,866	-
Rolling stock tax	901	-
Wireless service board funds	6,060	-
State Sales Tax	-	198,113
Constitutional officer reimbursements	91,335	-
Recordation tax	9,683	-
Juror fees	-	-
Mobile home titling tax	960	-
Auto rental tax	45	-
Comprehensive services act	47,959	-
Health department	-	-
Victim witness	10,161	-
Child advocacy center	-	-
Communications tax	79,266	-
DMV	1,218	-
Federal Government:		
School fund grants	-	36,530
VDOT enhancement	15,738	-
Transportation safety	3,202	-
Welfare	49,076	-
Total due from other governments	$ 424,730	$ 1,075,673

At June 30, 2010, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	$ 841,030	$ -

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

Governmental Activities:	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not subject to depreciation:				
Land and land improvements	$ 1,605,761	$ -	$ -	$ 1,605,761
Total capital assets not subject to depreciation	$ 1,605,761	$ -	$ -	$ 1,605,761
Capital assets subject to depreciation:				
Buildings and improvements	$ 11,871,378	$ -	$ -	$ 11,871,378
Equipment	1,523,971	22,085	46,900	1,499,156
Jointly owned assets	8,940,881	-	679,386	8,261,495
Total capital assets being depreciated	$ 22,336,230	$ 22,085	$ 726,286	$ 21,632,029
Less accumulated depreciation for:				
Buildings and improvements	$ 1,919,523	$ 299,844	$ -	$ 2,219,367
Equipment	939,276	126,167	46,900	1,018,543
Jointly owned assets	2,238,875	36,413	-	2,275,288
Total accumulated depreciation	$ 5,097,674	$ 462,424	$ 46,900	$ 5,513,198
Total capital assets subject to depreciation, net	$ 17,238,556	$ (440,339)	$ 679,386	$ 16,118,831
Net capital assets primary government	$ 18,844,317	$ (440,339)	$ 679,386	$ 17,724,592

Component Unit-School Board:	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not subject to depreciation:				
Land and land improvements	$ 46,172	$ -	$ -	$ 46,172
Capital assets subject to depreciation:				
Equipment	$ 1,613,540	$ 192,704	$ 57,299	$ 1,748,945
Jointly owned assets	8,916,712	679,386	-	9,596,098
Total capital assets being depreciated	$ 10,530,252	$ 872,090	$ 57,299	$ 11,345,043
Less accumulated depreciation for:				
Equipment	$ 1,174,796	$ 123,843	$ 57,299	$ 1,241,340
Jointly owned assets	2,232,823	410,027	-	2,642,850
Total accumulated depreciation	$ 3,407,619	$ 533,870	$ 57,299	$ 3,884,190
Total capital assets subject to depreciation, net	$ 7,122,633	$ 338,220	$ -	$ 7,460,853
Net capital assets Component Unit-School Board	$ 7,168,805	$ 338,220	$ -	$ 7,507,025

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:		
General government administration	$	33,081
Judicial administration		162,633
Public safety		100,719
Public works		35,525
Health and welfare		2,726
Education		38,365
Parks, recreation and cultural		84,300
Community development		5,075
Total Governmental activities	$	462,424
Component Unit School Board	$	533,870

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2010 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 3,543	$ -
County Capital Projects	-	3,543
Total	$ 3,543	$ 3,543
Component Unit-School Board:		
School Operating	$ -	$ 64,156
School Cafeteria	64,156	-
Total	64,156	64,156

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 General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Note 7—Long Term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2010:

	Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	$ 280,239	$ -	$ 37,814	$ 242,425	$ 24,243
Lease revenue bonds payable	6,350,000	4,885,000	5,315,000	5,920,000	120,000
Add deferred amounts:					
For issuance premium	-	430,578	-	430,578	-
Note Payable	40,000	-	40,000	-	-
OPEB Liability	4,200	5,300	900	8,600	-
Landfill postclosure care	48,070	-	23,286	24,784	-
Total incurred by County	$ 6,722,509	$ 5,320,878	$ 5,417,000	$ 6,626,387	$ 144,243
Incurred by School Board:					
General Obligation Bonds	$ 6,702,007	$ -	$ 715,802	$ 5,986,205	$ 732,034
Total incurred by School Board	$ 6,702,007	$ -	$ 715,802	$ 5,986,205	$ 732,034
Total Governmental Obligations	$ 13,424,516	$ 5,320,878	$ 6,132,802	$ 12,612,592	$ 876,277

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

	County Obligations	
	Lease Revenue Bonds	
Year Ending June 30	Principal	Interest
2011	$ 120,000	$ 209,464
2012	460,000	224,354
2013	405,000	211,212
2014	415,000	201,352
2015	425,000	190,727
2016	435,000	175,453
2017	455,000	157,681
2018	475,000	137,365
2019	500,000	114,215
2020	520,000	90,420
2021	545,000	65,304
2022	575,000	40,863
2023	590,000	15,481
Total	$ 5,920,000	$ 1,833,891

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

	School Obligations	
Year Ending June 30	General Obligation Bonds Principal	General Obligation Bonds Interest
2011	$ 732,034	$ 295,054
2012	748,819	255,170
2013	711,167	215,618
2014	729,105	176,217
2015	752,663	135,775
2016	446,873	104,819
2017	466,767	83,423
2018	487,361	61,052
2019	446,884	37,453
2020	464,532	17,098
Total	$ 5,986,205	$ 1,381,679

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds Payable:

$4,885,000 lease revenue refunding bond issued May 25, 2010, due in annual installments through June 2023, interest payable annually at varying coupon rates between 2.20% and 5.20%. Carrying value includes unamortized issuance premium of $430,578.	$	5,315,578
$1,195,000 lease revenue bond issued May 21, 2003, due in annual installments through April 2023, interest payable semi-annually at varying rates between 3.10% and 4.475%.		900,000
VPPSA lease revenue bond issued May 1, 1993, due in varying annual installments through May 1, 2012, interest payable semi-annually at various rates between 5.10% to 5.50%.		135,000
Total Lease Revenue Bonds	$	6,350,578
Compensated absences (payable from General Fund)	$	242,425
Landfill postclosure cost		24,784
OPEB Liability		8,600
Total Incurred by County	$	6,626,387

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

$4,270,000 School Bonds 1994 B Series, issued November 22, 1994, maturing annually in installments of varying amounts through July 15, 2015; interest payable semi-annually at 6.17%.	$	1,550,000
$2,230,000 School Bonds 1994 B Series, issued November 22, 1994, maturing annually in installments of varying amounts through July 15, 2015; interest payable semi-annually at 6.17%.		75,000
$704,227, School Bonds, issued July 30, 1998, maturing annually in installments of $66,864, through July 30, 2017, interest at 6.75%.		403,143
$2,000,000 School Bonds, dated May 13, 1999, maturing annually in installments of varying amounts and at various interest rates through July 15, 2019, interest payable semi-annually at an effective rate of 4.76%.		1,225,000
$3,630,527 School Bonds dated January 12, 2006, maturing annually in installments of varying amounts through February, 2020, interest payable semi-annually at a rate of 4.19%.		2,633,062
$500,000 School Bonds 2001 B Series, issued November 15, 2001, maturing annually in installments of $50,000 through July 15, 2011; interest payable semi-annually at rates ranging from 3.10% to 5.35%.		100,000
Total General Obligations Bonds	$	5,986,205
Total incurred by School Board	$	5,986,205
Total General obligations, primary government	$	12,612,592

Note 7—Long-Term Obligations: (Continued)

	Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	$ 135,216	$ 27,456	$ 13,522	$ 149,150	$ 14,915
OPEB Liability	17,900	67,221	50,500	34,621	-
Total Component Unit-School Board	$ 153,116	$ 94,677	$ 64,022	$ 183,771	$ 14,915

Note 8—Closure and Postclosure Costs:

The County closed its landfill prior to the date mandated by State and Federal laws and regulations; so as to be liable for postclosure monitoring for a period of only four years. The amount reported as landfill postclosure liability at June 30, 2010 represents the estimated liability for postclosure monitoring of $24,784 over a period of one final year. These amounts are based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 9—Deferred Revenue:

Deferred 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. Deferred revenue in the funds totaling $4,119,432 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled $4,010,558 at June 30, 2010.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010 but paid in advance by the taxpayers totaled $108,874 at June 30, 2010.

Note 10—Commitments / Contingent Liabilities:

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

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

Note 11—Litigation:

At June 30, 2010, 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 12—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; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Association of Counties Risk Management 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 Association of Counties Risk Management Program 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 13—Defined Benefit Pension Plan:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/pdf/publications/2009-Annual-Report.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Note 13—Defined Benefit Pension Plan (continued):

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2010 were 7.50% and 7.57% of annual covered payroll, respectively.

The School Board's contributions for professional employees were $513,705, $580,724, and $661,035 to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009, and 2008 respectively and these contributions represented 8.81%, 8.81%, and 10.30% respectively, of current covered payroll. The School Board professional employees' contribution rate for the fiscal year ended June 30, 2010 of 8.81% of covered payroll was for July 2009 through March 2010 and 0.00% for April 2010 through June 2010.

C. Annual Pension Cost

For fiscal year 2010, the County's annual pension cost of $186,045 (which does not include the portion of the employees share assumed by the County which was $124,030) was equal to the County's required and actual contributions.

For fiscal year 2010, the County School Board's annual pension cost for the Board's non-professional employees was $48,217 (which does not include the portion of the employees share assumed by the school board which was $31,847), which was equal to the Board's required and actual contributions.

Three Year Trend Information

Fiscal Year Ending		Annual Pension Cost (APC) (1)	Percentage of APC Contributed		Net Pension Obligation
County:					
June 30, 2010	$	186,045	100%	$	-
June 30, 2009		194,822	100%		-
June 30, 2008		123,429	100%		-
School Board:					
Non-Professional:					
June 30, 2010	$	48,217	100%	$	-
June 30, 2009		51,308	100%		-
June 30, 2008		45,180	100%		-

Note 13—Defined Benefit Pension Plan (continued):

C. Annual Pension Cost (continued):

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 90.98% funded. The actuarial accrued liability for benefits was $8,611,303 and the actuarial value of assets was $7,834,363, resulting in an unfunded actuarial accrued liability (UAAL) of $776,940. The covered payroll (annual payroll of active employees covered by the plan) was $2,576,400, and ratio of the UAAL to covered payroll was 30.16%.

As of June 30, 2009, the most recent actuarial valuation date, the School Board's Non-Professional plan was 90.19% funded. The actuarial accrued liability for benefits was $2,543,178 and the actuarial value of assets was $2,293,775, resulting in an unfunded actuarial accrued liability (UAAL) of $249,403. The covered payroll (annual payroll of active employees covered by the plan) was $646,389 and ratio of the UAAL to the covered payroll was 38.58%.

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

Note 14–Surety Bonds:

		Amount
Commonwealth of Virginia - Division of Risk Management - Surety		
E.E. Callis III, Clerk of the Circuit Court	$	103,000
Wendy Stewart, Treasurer		400,000
Raymond A. Hunley, Commissioner of the Revenue		3,000
Danny C. Howlett, Sheriff		30,000
Selective Insurance Company - Surety		
School Board Clerk and Deputy Clerk		10,000
VA CORP Insurance Program - Surety		
All Social Services Employees - Blanket Bond		1,000,000

Note 15–Postemployment Benefits Other Than Pensions:

Background

Beginning in fiscal year 2009, the County of Mathews implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for the report their costs related to post-employment health care and other non-pension benefits, such as the County and School Board retiree health benefit subsidy. Historically, the County and the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the County and The School Board accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclosed the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County and the School Board. This funding methodology mirrors the funding approach used for pension benefits.

Plan Description

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

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

Key Advantage Expanded (PPO)
Key Advantage 500 (PPO)

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

Advantage 65 and Dental/Vision (Medicare)

For retirees are all not eligible for Medicare. Coverage is for retiree and eligible spouses/dependents. For retirees who are eligible for Medicare, spouses/dependents are not eligible.

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

Funding Policy

The Schools currently have 12 retirees and 3 spouses on their plan. The County has 1 retiree on the plan. The County retirees pay 100% of the insurance premium. The schools contribute a monthly benefit of $50 a month. The $50 benefit will not increase in the future.

Note 15–Postemployment Benefits Other Than Pensions: (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

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

	COUNTY	SCHOOLS
Annual required contribution	$ 5,300	$ 67,500
Interest on net OPEB obligation	-	716
Adjustment to annual required contribution	-	(995)
Annual OPEB cost (expense)	$ 5,300	$ 67,221
Estimated Contributions made	(900)	(50,500)
Increase in net OPEB obligation	4,400	16,721
Net OPEB obligation-beginning of year	4,200	17,900
Net OPEB obligation-end of year	$ 8,600	$ 34,621

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009 and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
6/30/2009	$ 5,100	17.65%	$ 4,200
6/30/2010	5,300	16.98%	8,600
Schools:			
6/30/2009	67,100	73.32%	17,900
6/30/2010	67,221	75.13%	34,621

Note 15–Postemployment Benefits Other Than Pensions: (Continued)

Funded Status and Funding Progress

As of January 1, 2009, most recent actuarial valuation, the County's actuarial accrued liability for benefits was $34,300, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $2,027,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 1.69 percent.

As of January 1, 2009, most recent actuarial valuation, the School Board's actuarial accrued liability for benefits was $652,700, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $7,663,700, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.52 percent.

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

Actuarial Cost Method

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

Methods and Assumptions

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

The following simplifying assumptions were made:

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

Note 15–Postemployment Benefits Other Than Pensions: (Continued)

Actuarial Methods and Assumptions (Continued)

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

Coverage elections -The actuarial assumed that 20% of eligible County retirees and 40% of School retirees will elect coverage.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010 was thirty years.

Note 16-Other Post-Employment Benefits (OPEB):

A. Plan Description

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

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

Note 16-Other Post-Employment Benefits (OPEB): (Continued)

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 13.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.04% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2010, 2009, and 2008 were $42,039, $71,042, and $74,447, respectively and equaled the required contributions for each year.

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REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

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

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Exhibit 11

County of Mathews, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
General property taxes	$ 9,496,000	$ 9,496,000	$ 9,835,627	$ 339,627
Other local taxes	1,209,100	1,209,100	1,236,738	27,638
Permits, privilege fees, and regulatory licenses	72,350	72,350	62,856	(9,494)
Fines and forfeitures	23,700	23,700	14,681	(9,019)
Revenue from the use of money and property	162,900	162,900	74,612	(88,288)
Charges for services	26,280	26,280	26,104	(176)
Miscellaneous	133,423	83,423	102,357	18,934
Recovered costs	18,000	18,000	11,328	(6,672)
Intergovernmental revenues:				
Commonwealth	3,901,145	3,513,321	3,330,636	(182,685)
Federal	310,000	785,803	856,657	70,854
Total revenues	$ 15,352,898	$ 15,390,877	$ 15,551,596	$ 160,719
EXPENDITURES				
Current:				
General government administration	$ 1,358,702	$ 1,373,478	$ 1,308,574	$ 64,904
Judicial administration	552,138	552,026	526,665	25,361
Public safety	2,254,898	2,327,299	2,343,617	(16,318)
Public works	1,526,410	1,475,469	1,324,257	151,212
Health and welfare	1,715,368	1,755,538	1,785,690	(30,152)
Education	5,635,496	5,762,025	5,716,548	45,477
Parks, recreation, and cultural	361,657	358,586	358,094	492
Community development	443,381	794,658	630,518	164,140
Capital projects	150,900	150,900	26,840	124,060
Debt service:				
Principal retirement	1,145,783	875,783	875,802	(19)
Interest and other fiscal charges	637,639	1,012,711	1,026,441	(13,730)
Total expenditures	$ 15,782,372	$ 16,438,473	$ 15,923,046	$ 515,427
Excess (deficiency) of revenues over (under) expenditures	$ (429,474)	$ (1,047,596)	$ (371,450)	$ 676,146
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 3,543	$ 3,543
Refunding bond issued	-	4,885,000	4,885,000	-
Payment to refunded bond escrow agent	-	(5,195,000)	(5,195,000)	-
Premium on bond	-	415,072	430,578	15,506
Total other financing sources (uses)	$ -	$ 105,072	$ 124,121	$ 19,049
Net change in fund balances	$ (429,474)	$ (942,524)	$ (247,329)	$ 695,195
Fund balances - beginning	429,474	942,524	3,171,683	2,229,159
Fund balances - ending	$ -	$ -	$ 2,924,354	$ 2,924,354

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Fines and forfeitures	$ -	$ -	$ 218	$ 218
Revenue from the use of money and property	-	-	1,787	1,787
Miscellaneous	-	-	293	293
Intergovernmental revenues:				
Commonwealth	-	-	8,109	8,109
Total revenues	$ -	$ -	$ 10,407	$ 10,407
EXPENDITURES				
Current:				
Public safety	$ -	$ -	$ 1,777	$ (1,777)
Community development	-	-	1,857	(1,857)
Total expenditures	$ -	$ -	$ 3,634	$ (3,634)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 6,773	$ 6,773
OTHER FINANCING SOURCES (USES)				
Transfers out	$ -	$ -	$ (3,543)	$ (3,543)
Total other financing sources (uses)	$ -	$ -	$ (3,543)	$ (3,543)
Net change in fund balances	$ -	$ -	$ 3,230	$ 3,230
Fund balances - beginning	-	-	131,518	131,518
Fund balances - ending	$ -	$ -	$ 134,748	$ 134,748

Exhibit 13

County of Mathews, Virginia

Schedule of Pension Funding Progress
For the Fiscal Year Ended June 30, 2010

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
6/30/2009	$ 7,834,363	$ 8,611,303	$ 776,940	90.98%	$ 2,576,400	30.16%
6/30/2008	7,653,311	8,101,377	448,066	94.47%	2,528,733	17.72%
6/30/2007	6,968,769	7,088,156	119,387	98.32%	2,364,561	5.05%
6/30/2006	6,117,776	6,259,852	142,076	97.73%	2,210,076	6.43%
6/30/2005	5,685,578	6,383,981	698,403	89.06%	2,103,904	33.20%
6/30/2004	5,551,937	5,725,284	173,347	96.97%	1,956,442	8.86%
6/30/2003	5,402,505	5,111,042	(291,463)	105.70%	1,863,058	-15.64%
6/30/2002	5,301,318	4,724,967	(576,351)	112.20%	1,862,573	-30.94%
6/30/2001	5,076,605	4,367,181	(709,424)	116.24%	1,844,643	-38.46%
6/30/2000	4,546,854	3,967,601	(579,253)	114.60%	1,687,371	-34.33%
School Board Non-Professionals:						
6/30/2009	$ 2,293,775	$ 2,543,178	$ 249,403	90.19%	$ 646,389	38.58%
6/30/2008	2,271,976	2,383,701	111,725	95.31%	825,125	13.54%
6/30/2007	2,062,175	2,322,128	259,953	88.81%	753,123	34.52%
6/30/2006	1,837,924	2,092,232	254,308	87.85%	726,106	35.02%
6/30/2005	1,723,423	1,907,633	184,210	90.34%	676,332	27.24%
6/30/2004	1,697,074	1,774,591	77,517	95.63%	618,894	12.53%
6/30/2003	1,683,516	1,658,577	(24,939)	101.50%	558,983	-4.46%
6/30/2002	1,672,760	1,593,428	(79,332)	104.98%	611,461	-12.97%
6/30/2001	1,612,596	1,481,816	(130,780)	108.83%	525,342	-24.89%
6/30/2000	1,463,205	1,361,194	(102,011)	107.49%	546,251	-18.67%

Exhibit 14

County of Mathews, Virginia

Schedule of Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2010

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
1/1/2009	$ -	$ 34,300	$ 34,300	0.00%	$ 2,027,000	1.69%
School Board:						
1/1/2009	$ -	$ 652,700	$ 652,700	0.00%	$ 7,663,700	8.52%

OTHER SUPPLEMENTARY INFORMATION

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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Exhibit 15

County of Mathews, Virginia
County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 2,243	$ 2,243
Total revenues	$ -	$ -	$ 2,243	$ 2,243
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 2,243	$ 2,243
Net change in fund balances	$ -	$ -	$ 2,243	$ 2,243
Fund balances - beginning	-	-	2,439	2,439
Fund balances - ending	$ -	$ -	$ 4,682	$ 4,682

Exhibit 16

County of Mathews, Virginia

Fiduciary Funds
Statement of Changes in Fiduciary Net Assets - Agency Funds
For the Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 18,658	$ 45,308	$ 34,878	$ 29,088
Liabilities:				
Amounts held for social services clients	$ 18,658	$ 45,308	$ 34,878	$ 29,088
Triad Fund:				
Assets:				
Cash and cash equivalents	$ 13	$ 1,492	$ 1,533	$ (28)
Total assets	$ 13	$ 1,492	$ 1,533	$ (28)
Liabilities:				
Amounts held for others	$ 13	$ 1,492	$ 1,533	$ (28)
Total liabilities	$ 13	$ 1,492	$ 1,533	$ (28)
Market Days Fund:				
Assets:				
Cash and cash equivalents	$ 17,555	$ 23,711	$ 19,395	$ 21,871
Liabilities:				
Amounts held for others	$ 17,555	$ 23,711	$ 19,395	$ 21,871
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	$ 18,671	$ 46,800	$ 36,411	$ 50,931
Total assets	$ 18,671	$ 46,800	$ 36,411	$ 50,931
Liabilities:				
Amounts held for others	$ 17,568	$ 25,203	$ 20,928	$ 21,843
Amounts held for social services clients	18,658	45,308	34,878	29,088
Total liabilities	$ 36,226	$ 70,511	$ 55,806	$ 50,931

DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD

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Exhibit 17

County of Mathews, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2010

	School Operating Fund	Textbook Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ -	$ 121,311	$ 26,186	$ 147,497
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	473	4	477
Due from other governmental units	1,065,777	-	9,896	1,075,673
Inventories	-	-	3,747	3,747
Total assets	$ 1,065,777	$ 121,784	$ 39,833	$ 1,227,394
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	$ 1,065,777	$ -	$ 40,929	$ 1,106,706
Total liabilities	$ 1,065,777	$ -	$ 40,929	$ 1,106,706
Fund balances:				
Unreserved:				
Undesignated	$ -	$ 121,784	$ (1,096)	$ 120,688
Total fund balances	$ -	$ 121,784	$ (1,096)	$ 120,688
Total liabilities and fund balances	$ 1,065,777	$ 121,784	$ 39,833	$ 1,227,394

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

Total fund balances per above		$ 120,688
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		7,507,025
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	$ (149,150)	
OPEB Liability	(34,621)	(183,771)
Net assets of governmental activities		$ 7,443,942

Exhibit 18

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, 2010

	School Operating Fund	Textbook Fund	Total Nonmajor Governmental Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	$ 5,825	$ 668	$ 55	$ 6,548
Charges for services	18,342	-	396,977	415,319
Miscellaneous	86,524	-	-	86,524
Recovered costs	41,119	-	-	41,119
Intergovernmental revenues:				
Local government	5,711,026	-	-	5,711,026
Commonwealth	4,822,765	-	7,844	4,830,609
Federal	1,359,613	-	272,951	1,632,564
Total revenues	$ 12,045,214	$ 668	$ 677,827	$ 12,723,709
EXPENDITURES				
Current:				
Education	$ 11,981,058	$ 38,649	$ 726,631	$ 12,746,338
Total expenditures	$ 11,981,058	$ 38,649	$ 726,631	$ 12,746,338
Excess (deficiency) of revenues over (under) expenditures	$ 64,156	$ (37,981)	$ (48,804)	$ (22,629)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 64,156	$ 64,156
Transfers out	(64,156)	-	-	(64,156)
Total other financing sources (uses)	$ (64,156)	$ -	$ 64,156	$ -
Net change in fund balances	$ -	$ (37,981)	$ 15,352	$ (22,629)
Fund balances - beginning	-	159,765	(16,448)	143,317
Fund balances - ending	$ -	$ 121,784	$ (1,096)	$ 120,688

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		$ (22,629)
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 outlay additions	$ 192,704	
Allocation of School board assets	679,386	
Depreciation expense	(533,870)	338,220
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	$ (13,934)	
(Increase) Decrease in OPEB liability	(16,721)	(30,655)
Change in net assets of governmental activities		$ 284,936

Exhibit 19

County of Mathews, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2010

	School Operating Fund				Textbook Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES								
Revenue from the use of money and property	$ 7,450	$ 7,900	$ 5,825	$ (2,075)	$ -	$ -	$ 668	$ 668
Charges for services	53,600	53,600	18,342	(35,258)	-	-	-	-
Miscellaneous	2,400	1,500	86,524	85,024	-	-	-	-
Recovered costs	40,000	40,000	41,119	1,119	-	-	-	-
Intergovernmental revenues:								
Local government	5,629,974	5,756,503	5,711,026	(45,477)	-	-	-	-
Commonwealth	5,219,311	5,219,311	4,822,765	(396,546)	-	-	-	-
Federal	1,101,545	1,101,545	1,359,613	258,068	-	-	-	-
Total revenues	$ 12,054,280	$ 12,180,359	$ 12,045,214	$ (135,145)	$ -	$ -	$ 668	$ 668
EXPENDITURES								
Current:								
Education	$ 11,915,124	$ 12,041,203	$ 11,981,058	$ 60,145	$ 75,000	$ 75,000	$ 38,649	$ 36,351
Total expenditures	$ 11,915,124	$ 12,041,203	$ 11,981,058	$ 60,145	$ 75,000	$ 75,000	$ 38,649	$ 36,351
Excess (deficiency) of revenues over (under) expenditures	$ 139,156	$ 139,156	$ 64,156	$ (75,000)	$ (75,000)	$ (75,000)	$ (37,981)	$ 37,019
OTHER FINANCING SOURCES (USES)								
Transfers in	$ -	$ -	$ -	$ -	$ 75,000	$ 75,000	$ -	$ (75,000)
Transfers out	(139,156)	(139,156)	(64,156)	75,000	-	-	-	-
Total other financing sources (uses)	$ (139,156)	$ (139,156)	$ (64,156)	$ 75,000	$ 75,000	$ 75,000	$ -	$ (75,000)
Net change in fund balances	$ -	$ -	$ -	$ -	$ -	$ -	$ (37,981)	$ (37,981)
Fund balances - beginning	-	-	-	-	-	-	159,765	159,765
Fund balances - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ 121,784	$ 121,784

Exhibit 20

County of Mathews, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2010

	School Cafeteria Food			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 55	$ 55
Charges for services	697,844	697,844	396,977	(300,867)
Intergovernmental revenues:				
Commonwealth	-	-	7,844	7,844
Federal	-	-	272,951	272,951
Total revenues	$ 697,844	$ 697,844	$ 677,827	$ (20,017)
EXPENDITURES				
Current:				
Education	$ 762,000	$ 762,000	$ 726,631	$ 35,369
Total expenditures	$ 762,000	$ 762,000	$ 726,631	$ 35,369
Excess (deficiency) of revenues over (under) expenditures	$ (64,156)	$ (64,156)	$ (48,804)	$ 15,352
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 64,156	$ 64,156	$ 64,156	$ -
Total other financing sources (uses)	$ 64,156	$ 64,156	$ 64,156	$ -
Net change in fund balances	$ -	$ -	$ 15,352	$ 15,352
Fund balances - beginning	-	-	(16,448)	(16,448)
Fund balances - ending	$ -	$ -	$ (1,096)	$ (1,096)

Exhibit 21

County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2010

	Scholarship Funds
ASSETS	
Cash and cash equivalents	$ 31,562
NET ASSETS	
Held in trust for scholarships	$ 31,562

Exhibit 22

County of Mathews, Virginia
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2010

		Scholarship Funds
ADDITIONS		
Contributions:		
Donations	$	63,000
Total contributions	$	63,000
Investment earnings:		
Interest	$	143
Total investment earnings	$	143
Total additions	$	63,143
DEDUCTIONS		
Scholarships	$	64,919
Total deductions	$	64,919
Change in net assets	$	(1,776)
Net assets - beginning		33,338
Net assets - ending	$	31,562

DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY

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Exhibit 23

County of Mathews, Virginia
Statement of Net Assets
Discretely Presented Component Unit-Industrial Development Authority
June 30, 2010

ASSETS	
Current assets:	
Cash and cash equivalents	$ 126,726
Total current assets	$ 126,726
Total assets	$ 126,726
NET ASSETS	
Unrestricted	$ 126,726
Total net assets	$ 126,726

Exhibit 24

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2010

OPERATING REVENUES		
Charges for services:		
Miscellaneous	$	71,942
Total operating revenues	$	71,942
OPERATING EXPENSES		
Other supplies and expenses	$	-
Total operating expenses	$	-
Operating income (loss)	$	71,942
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	$	35
Total nonoperating revenues (expenses)	$	35
Change in net assets	$	71,977
Total net assets - beginning		54,749
Total net assets - ending	$	126,726

Exhibit 25

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for miscellaneous items	$	71,942
Net cash provided (used) by operating activities	$	71,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	$	35
Net cash provided (used) by investing activities	$	35
Net increase (decrease) in cash and cash equivalents	$	71,977
Cash and cash equivalents - beginning		54,749
Cash and cash equivalents - ending	$	126,726
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$	71,942
Net cash provided (used) by operating activities	$	71,942

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SUPPORTING SCHEDULES

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County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 7,220,000	$ 7,220,000	$ 7,368,515	$ 148,515
Real and personal public service corporation taxes	75,000	75,000	77,820	2,820
Personal property taxes	2,051,000	2,051,000	2,242,811	191,811
Mobile home taxes	35,000	35,000	37,428	2,428
Penalties	85,000	85,000	71,848	(13,152)
Interest	30,000	30,000	37,205	7,205
Total general property taxes	$ 9,496,000	$ 9,496,000	$ 9,835,627	$ 339,627
Other local taxes:				
Local sales and use taxes	$ 440,000	$ 440,000	$ 418,369	$ (21,631)
Consumers' utility taxes	145,000	145,000	149,864	4,864
Consumption tax	35,000	35,000	33,287	(1,713)
Business license taxes	120,000	120,000	164,158	44,158
Motor vehicle licenses	275,000	275,000	288,556	13,556
Bank stock taxes	64,100	64,100	92,263	28,163
Taxes on recordation and wills	130,000	130,000	90,241	(39,759)
Total other local taxes	$ 1,209,100	$ 1,209,100	$ 1,236,738	$ 27,638
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 4,500	$ 4,500	$ 7,240	$ 2,740
Transfer fees	500	500	406	(94)
Permits and other licenses	67,350	67,350	55,210	(12,140)
Total permits, privilege fees, and regulatory licenses	$ 72,350	$ 72,350	$ 62,856	$ (9,494)
Fines and forfeitures:				
Court fines and forfeitures	$ 23,700	$ 23,700	$ 14,681	$ (9,019)
Total fines and forfeitures	$ 23,700	$ 23,700	$ 14,681	$ (9,019)
Revenue from use of money and property:				
Revenue from use of money	$ 115,000	$ 115,000	$ 28,766	$ (86,234)
Revenue from use of property	47,900	47,900	45,846	(2,054)
Total revenue from use of money and property	$ 162,900	$ 162,900	$ 74,612	$ (88,288)
Charges for services:				
Charges for law enforcement and traffic control	$ 700	$ 700	$ 1,251	$ 551
Charges for courthouse maintenance	2,500	2,500	1,908	(592)
Charges for court costs	3,650	3,650	4,101	451
Courthouse security fees	8,500	8,500	7,863	(637)
Circuit court- document reproduction	3,200	3,200	2,281	(919)
Charges for Commonwealth's Attorney	380	380	295	(85)
Charges for community development	150	150	-	(150)
Charges for other protection	1,200	1,200	1,373	173
Charges for library	6,000	6,000	7,032	1,032
Total charges for services	$ 26,280	$ 26,280	$ 26,104	$ (176)
Miscellaneous revenue:				
Miscellaneous	$ 133,423	$ 83,423	$ 102,357	$ 18,934
Total miscellaneous revenue	$ 133,423	$ 83,423	$ 102,357	$ 18,934

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
DMV License agent	$ 18,000	$ 18,000	$ 11,328	$ (6,672)
Total recovered costs	$ 18,000	$ 18,000	$ 11,328	$ (6,672)
Total revenue from local sources	$ 11,141,753	$ 11,091,753	$ 11,364,303	$ 272,550
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	535	535	901	366
Mobile home titling tax	10,000	10,000	5,530	(4,470)
Motor vehicle rental tax	200	200	84	(116)
State recordation tax	60,000	60,000	62,431	2,431
State technology trust fund	13,000	13,000	-	(13,000)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	490,000	490,000	469,606	(20,394)
Reduction in state aid to local governments	-	-	(57,898)	(57,898)
Total noncategorical aid	$ 1,573,818	$ 1,573,818	$ 1,480,737	$ (93,081)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 168,000	$ 168,000	$ 161,544	$ (6,456)
Sheriff	590,000	590,000	535,658	(54,342)
Commissioner of revenue	90,941	90,941	87,119	(3,822)
Treasurer	89,950	89,950	83,267	(6,683)
Medical examiner	150	150	-	(150)
Registrar/electoral board	42,000	42,000	32,071	(9,929)
Clerk of the Circuit Court	132,000	132,000	126,787	(5,213)
Total shared expenses	$ 1,113,041	$ 1,113,041	$ 1,026,446	$ (86,595)
Other categorical aid:				
Public assistance and welfare administration	$ 776,948	$ 384,124	$ 404,828	$ 20,704
Emergency medical services - two for life	7,000	7,000	9,727	2,727
Jurors fees	1,500	1,500	-	(1,500)
Comprehensive services act	241,425	241,425	196,497	(44,928)
Litter control	6,000	6,000	5,125	(875)
Library grant	56,000	56,000	64,590	8,590
Wireless board funds	33,000	33,000	36,179	3,179
Victim-witness grant	46,358	46,358	52,180	5,822
Mitigation grant	-	-	28,806	28,806
Fire programs fund	25,000	25,000	25,401	401
Other state aid	21,055	26,055	120	(25,935)
Total other categorical aid	$ 1,214,286	$ 826,462	$ 823,453	$ (3,009)
Total categorical aid	$ 2,327,327	$ 1,939,503	$ 1,849,899	$ (89,604)
Total revenue from the Commonwealth	$ 3,901,145	$ 3,513,321	$ 3,330,636	$ (182,685)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	$ 30,000	$ 505,803	$ 542,374	$ 36,571
Edward Byrne justice assistance grant	-	-	22,284	22,284
Edward Byrne justice assistance grant - ARRA	-	-	1,748	1,748
VDOT enhancement grant	280,000	280,000	131,646	(148,354)
Mitigation grant	-	-	111,241	111,241
Transportation safety	-	-	8,431	8,431
Homeland security	-	-	38,933	38,933
Total categorical aid	$ 310,000	$ 785,803	$ 856,657	$ 70,854
Total revenue from the federal government	$ 310,000	$ 785,803	$ 856,657	$ 70,854
Total General Fund	$ 15,352,898	$ 15,390,877	$ 15,551,596	$ 160,719
Special Revenue Fund:				
County Special Revenue Fund				
Revenue from local sources:				
Fines and forfeitures:				
Wetland fines	$ -	$ -	$ 218	$ 218
Total fines and forfeitures	$ -	$ -	$. 218	$ 218
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 1,787	$ 1,787
Total revenue from use of money and property	$ -	$ -	$ 1,787	$ 1,787
Miscellaneous revenue:				
Miscellaneous	$ -	$ -	$ 293	$ 293
Total miscellaneous revenue	$ -	$ -	$ 293	$ 293
Total revenue from local sources	$ -	$ -	$ 2,298	$ 2,298
Revenue from the Commonwealth:				
Categorical aid:				
Forefeited assets	$ -	$ -	$ 3,109	$ 3,109
Other state aid	-	-	5,000	5,000
Total categorical aid	$ -	$ -	$ 8,109	$ 8,109
Total revenue from the Commonwealth	$ -	$ -	$ 8,109	$ 8,109
Total County Special Revenue Fund	$ -	$ -	$ 10,407	$ 10,407

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 2,243	$ 2,243
Total revenue from local sources	$ -	$ -	$ 2,243	$ 2,243
Total County Capital Projects Fund	$ -	$ -	$ 2,243	$ 2,243
Total Primary Government	$ 15,352,898	$ 15,390,877	$ 15,564,246	$ 173,369
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	$ 7,450	$ 7,900	$ 5,825	$ (2,075)
Charges for services:				
Tuition and payments from other divisions	$ 53,600	$ 53,600	$ 18,342	$ (35,258)
Total charges for services	$ 53,600	$ 53,600	$ 18,342	$ (35,258)
Miscellaneous revenue:				
Miscellaneous	$ 2,400	$ 1,500	$ 86,524	$ 85,024
Recovered costs:				
Other recovered costs	$ 40,000	$ 40,000	$ 41,119	$ 1,119
Total recovered costs	$ 40,000	$ 40,000	$ 41,119	$ 1,119
Total revenue from local sources	$ 103,450	$ 103,000	$ 151,810	$ 48,810
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	$ 5,629,974	$ 5,756,503	$ 5,711,026	$ (45,477)
Total revenues from local governments	$ 5,629,974	$ 5,756,503	$ 5,711,026	$ (45,477)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 1,181,094	$ 1,181,094	$ 1,127,134	$ (53,960)
Basic school aid	2,840,274	2,840,274	2,569,565	(270,709)
Remedial summer education	95,881	95,881	89,208	(6,673)
Regular foster care	31,100	31,100	24,334	(6,766)
Adult secondary education	2,118	2,118	-	(2,118)
Gifted and talented	-	-	25,999	25,999
Remedial education	38,330	38,330	38,132	(198)
Enrollment loss	7,890	7,890	5,983	(1,907)
Special education	344,967	344,967	343,190	(1,777)
Textbook payment	-	-	31,548	31,548
Vocational education	129,508	129,508	128,841	(667)
School fringes	438,190	438,190	314,879	(123,311)
ISAEP	7,859	7,859	7,859	-
State lottery payments	-	-	66,702	66,702
Early reading intervention	11,445	11,445	10,015	(1,430)
Mentor teacher program	-	-	371	371

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Homebound	$ 906	$ 906	$ 4,523	$ 3,617
School construction	52,773	52,773	3,703	(49,070)
At risk payments	22,347	22,347	21,737	(610)
Standards of Learning algebra readiness	14,629	14,629	5,845	(8,784)
English as a second language	-	-	3,197	3,197
Total categorical aid	$ 5,219,311	$ 5,219,311	$ 4,822,765	$ (396,546)
Revenue from the federal government:				
Categorical aid:				
Title I	$ 162,942	$ 162,942	$ 160,626	$ (2,316)
Title I - ARRA	-	-	72,163	72,163
Title VI-B, special education flow-through	249,857	249,857	270,795	20,938
Title VI-B, special education flow-through - ARRA	-	-	214,776	214,776
Vocational education	15,000	15,000	24,498	9,498
Title VI-B, special education pre-school	46,000	46,000	10,357	(35,643)
Title VI-B, special education pre-school - ARRA	-	-	9,731	9,731
Drug free schools	-	-	7,954	7,954
Title II - A	57,419	57,419	55,782	(1,637)
Educational technology grant - ARRA	-	-	3,382	3,382
Title IV	3,697	3,697	-	(3,697)
Title II - D	2,033	2,033	645	(1,388)
State fiscal stabilization funds - ARRA	379,597	379,597	528,904	149,307
Other federal funds	185,000	185,000	-	(185,000)
Total categorical aid	$ 1,101,545	$ 1,101,545	$ 1,359,613	$ 258,068
Total School Operating Fund	$ 12,054,280	$ 12,180,359	$ 12,045,214	$ (135,145)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 55	$ 55
Charges for services:				
Cafeteria sales	$ 697,844	$ 697,844	$ 396,977	$ (300,867)
Total charges for services	$ 697,844	$ 697,844	$ 396,977	$ (300,867)
Total revenue from local sources	$ 697,844	$ 697,844	$ 397,032	$ (300,812)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	$ -	$ -	$ 7,844	$ 7,844
Total categorical aid	$ -	$ -	$ 7,844	$ 7,844
Total revenue from the Commonwealth	$ -	$ -	$ 7,844	$ 7,844

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	$ -	$ -	$ 241,568	$ 241,568
Commodities	-	-	31,383	31,383
Total categorical aid	$ -	$ -	$ 272,951	$ 272,951
Total revenue from the federal government	$ -	$ -	$ 272,951	$ 272,951
Total School Cafeteria Fund	$ 697,844	$ 697,844	$ 677,827	$ (20,017)
Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 668	$ 668
Total revenue from use of money and property	$ -	$ -	$ 668	$ 668
Total revenue from local sources	$ -	$ -	$ 668	$ 668
Total Textbook Fund	$ -	$ -	$ 668	$ 668
Total Discretely Presented Component Unit - School Board	$ 12,752,124	$ 12,878,203	$ 12,723,709	$ (154,494)

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 131,614	$ 119,238	$ 62,537	$ 56,701
General and financial administration:				
County administrator	$ 262,984	$ 262,867	$ 262,939	$ (72)
Legal services	145,037	144,723	144,723	-
Commissioner of revenue	220,624	219,182	217,141	2,041
Independent Auditor	35,000	37,396	37,396	-
Treasurer	235,644	228,409	223,534	4,875
Other general and financial administration	242,556	287,080	286,899	181
Total general and financial administration	$ 1,141,845	$ 1,179,657	$ 1,172,632	$ 7,025
Board of elections:				
Electoral board and officials	$ 25,436	$ 19,431	$ 19,431	$ -
Registrar	59,807	55,152	53,974	1,178
Total board of elections	$ 85,243	$ 74,583	$ 73,405	$ 1,178
Total general government administration	$ 1,358,702	$ 1,373,478	$ 1,308,574	$ 64,904
Judicial administration:				
Courts:				
Circuit court	$ 20,313	$ 23,753	$ 23,753	$ -
General district court	4,350	7,484	7,484	-
Special magistrates	1,435	1,435	811	624
Juvenile and domestic relations court	6,658	3,216	(1,325)	4,541
J&DR court services unit	10,596	11,547	9,867	1,680
Victim witness	47,224	47,224	29,028	18,196
Clerk of the circuit court	212,723	204,526	204,206	320
Total courts	$ 303,299	$ 299,185	$ 273,824	$ 25,361
Commonwealth's attorney:				
Commonwealth's attorney	$ 248,839	$ 252,841	$ 252,841	$ -
Total commonwealth's attorney	$ 248,839	$ 252,841	$ 252,841	$ -
Total judicial administration	$ 552,138	$ 552,026	$ 526,665	$ 25,361
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 1,161,151	$ 1,156,720	$ 1,162,601	$ (5,881)
E-911	124,298	124,298	124,094	204
Total law enforcement and traffic control	$ 1,285,449	$ 1,281,018	$ 1,286,695	$ (5,677)
Fire and rescue services:				
Fire department	$ 135,800	$ 136,638	$ 136,638	$ -
Ambulance and rescue services	82,000	84,727	99,327	(14,600)
Total fire and rescue services	$ 217,800	$ 221,365	$ 235,965	$ (14,600)
Correction and detention:				
Regional jail	$ 452,222	$ 521,795	$ 521,795	$ -
Juvenile probation and detention	61,757	59,029	56,649	2,380
Total correction and detention	$ 513,979	$ 580,824	$ 578,444	$ 2,380

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	$ 118,331	$ 117,766	$ 117,766	$ -
Total inspections	$ 118,331	$ 117,766	$ 117,766	$ -
Other protection:				
Animal control	$ 97,567	$ 105,002	$ 105,002	$ -
Emergency services	21,672	21,224	19,725	1,499
Medical examiner	100	100	20	80
Total other protection	$ 119,339	$ 126,326	$ 124,747	$ 1,579
Total public safety	$ 2,254,898	$ 2,327,299	$ 2,343,617	$ (16,318)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	$ 203,500	$ 201,504	$ 45,624	$ 155,880
Put-in creek project	-	-	5,846	(5,846)
Streetlights	11,000	9,706	9,706	-
Total maintenance of highways, streets, bridges & sidewalks	$ 214,500	$ 211,210	$ 61,176	$ 150,034
Sanitation and waste removal:				
Refuse disposal	$ 737,031	$ 695,139	$ 695,139	$ -
Total sanitation and waste removal	$ 737,031	$ 695,139	$ 695,139	$ -
Maintenance of general buildings and grounds:				
General properties	$ 574,879	$ 569,120	$ 567,942	$ 1,178
Total maintenance of general buildings and grounds	$ 574,879	$ 569,120	$ 567,942	$ 1,178
Total public works	$ 1,526,410	$ 1,475,469	$ 1,324,257	$ 151,212
Health and welfare:				
Health:				
Supplement of local health department	$ 121,536	$ 119,088	$ 119,088	$ -
Total health	$ 121,536	$ 119,088	$ 119,088	$ -
Mental health and mental retardation:				
Gloucester-Mathews free clinic	$ 5,000	$ 5,000	$ 5,000	$ -
Disability services board	2,000	2,000	2,000	-
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller center	35,475	35,475	35,475	-
Total mental health and mental retardation	$ 44,975	$ 44,975	$ 44,975	$ -
Welfare:				
Public assistance and welfare administration	$ 1,080,757	$ 1,118,375	$ 1,182,229	$ (63,854)
Area agency on aging	50,600	50,600	50,600	-
Comprehensive services act	412,500	412,500	338,007	74,493
Bay transit	5,000	10,000	10,000	-
Tax relief for the elderly	-	-	40,791	(40,791)
Total welfare	$ 1,548,857	$ 1,591,475	$ 1,621,627	$ (30,152)
Total health and welfare	$ 1,715,368	$ 1,755,538	$ 1,785,690	$ (30,152)
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	$ 5,522	$ 5,522	$ 5,522	$ -
Contribution to County School Board	5,629,974	5,756,503	5,711,026	45,477
Total education	$ 5,635,496	$ 5,762,025	$ 5,716,548	$ 45,477

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	$ 76,346	$ 75,619	$ 75,619	$ -
Total parks and recreation	$ 76,346	$ 75,619	$ 75,619	$ -
Library:				
Contribution to county library	$ 285,311	$ 282,967	$ 282,475	$ 492
Total library	$ 285,311	$ 282,967	$ 282,475	$ 492
Total parks, recreation, and cultural	$ 361,657	$ 358,586	$ 358,094	$ 492
Community development:				
Planning and community development:				
Planning and zoning	$ 336,658	$ 308,977	$ 292,748	$ 16,229
Planning and zoning boards	6,821	6,821	4,025	2,796
Middle Peninsula planning district commission	5,000	5,000	5,000	-
Wetlands board	2,943	2,943	1,838	1,105
Economic development	33,710	33,710	33,710	-
Housing assistance and other	3,112	388,062	248,440	139,622
Total planning and community development	$ 388,244	$ 745,513	$ 585,761	$ 159,752
Environmental management:				
Contribution to soil and water conservation district	$ 6,000	$ 6,000	$ 6,000	$ -
Litter control program	5,500	5,230	5,125	105
Other environmental management	850	850	850	-
Total environmental management	$ 12,350	$ 12,080	$ 11,975	$ 105
Cooperative extension program:				
Extension office	$ 42,787	$ 37,065	$ 32,782	$ 4,283
Total cooperative extension program	$ 42,787	$ 37,065	$ 32,782	$ 4,283
Total community development	$ 443,381	$ 794,658	$ 630,518	$ 164,140
Capital projects:				
Public access improvement and lighthouse improvement	$ -	$ -	$ 100	$ (100)
Other capital projects	150,900	150,900	26,740	124,160
Total capital projects	$ 150,900	$ 150,900	$ 26,840	$ 124,060
Debt service:				
Principal retirement	$ 1,145,783	$ 875,783	$ 875,802	$ (19)
Interest and other fiscal charges	637,639	1,012,711	1,026,441	(13,730)
Total debt service	$ 1,783,422	$ 1,888,494	$ 1,902,243	$ (13,749)
Total General Fund	$ 15,782,372	$ 16,438,473	$ 15,923,046	$ 515,427
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other Protection:				
Forfeited assets	$ -	$ -	$ 1,777	$ (1,777)
Total other protection	$ -	$ -	$ 1,777	$ (1,777)
Total public safety	$ -	$ -	$ 1,777	$ (1,777)

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Community Development:				
Extension office	$ -	$ -	$ 1,857	$ (1,857)
Total Community Development	$ -	$ -	$ 1,857	$ (1,857)
Total County Special Revenue Fund	$ -	$ -	$ 3,634	$ (3,634)
Total Primary Government	$ 15,782,372	$ 16,438,473	$ 15,926,680	$ 511,793
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	$ 796,782	$ 796,782	$ 770,791	$ 25,991
Instruction costs	9,133,815	9,133,815	9,031,549	102,266
Pupil transportation	794,216	794,216	780,303	13,913
Operation and maintenance of school plant	1,190,311	1,316,390	1,381,782	(65,392)
School food	-	-	16,633	(16,633)
Total School Operating Fund	$ 11,915,124	$ 12,041,203	$ 11,981,058	$ 60,145
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	$ 762,000	$ 762,000	$ 695,248	$ 66,752
Commodities	-	-	31,383	(31,383)
Total school food services	$ 762,000	$ 762,000	$ 726,631	$ 35,369
Total School Cafeteria Fund	$ 762,000	$ 762,000	$ 726,631	$ 35,369
Textbook Fund:				
Education:				
Purchase of textbooks	$ 75,000	$ 75,000	$ 38,649	$ 36,351
Total education	$ 75,000	$ 75,000	$ 38,649	$ 36,351
Total Textbook Fund	$ 75,000	$ 75,000	$ 38,649	$ 36,351
Total Discretely Presented Component Unit - School Board	$ 12,752,124	$ 12,878,203	$ 12,746,338	$ 131,865

OTHER STATISTICAL SECTION

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Table 1

County of Mathews, Virginia
Government-Wide Expenses by Function
Last Eight Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2002-03	$ 1,039,167	$ 545,728	$ 1,708,462	$ 822,573	$ 1,293,019	$ 4,635,518	$ 257,374	$ 300,189	$ 1,034,606	$ -	$ 11,636,636
2003-04	1,386,324	601,070	1,703,916	940,124	1,322,388	4,838,854	373,908	293,177	1,031,027	261,803	12,752,591
2004-05	1,234,146	620,802	1,955,278	987,030	1,371,881	5,217,519	379,630	279,042	937,969	-	12,983,297
2005-06	1,344,050	627,926	2,755,851	1,015,465	1,520,044	5,606,976	387,933	456,921	1,132,979	-	14,848,145
2006-07	1,065,084	827,058	2,095,783	1,451,355	2,005,608	6,217,103	475,630	395,061	806,520	-	15,339,202
2007-08	1,231,935	1,026,178	2,143,896	1,408,691	1,458,890	6,817,663	427,514	641,590	733,013	-	15,889,370
2008-09	1,095,634	700,239	2,351,796	1,663,793	1,416,104	6,632,069	460,944	578,584	654,967	-	15,554,130
2009-10	1,303,675	685,093	2,440,580	1,330,254	1,768,312	6,434,299	475,858	638,063	1,029,985	-	16,106,119

(1) Information has only been available for eight years.

Table 2

County of Mathews, Virginia
Government-Wide Revenues
Last Eight Fiscal Years (1)

	PROGRAM REVENUES			GENERAL REVENUES						
Fiscal Year	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	Gain on Sale of Capital Assets	Total
2002-03	$ 145,159	$ 2,318,289	$ 6,705	$ 10,125,399	$ 1,371,926	$ 179,995	$ 291,318	$ 1,042,525	$ -	$ 15,481,316
2003-04	116,565	2,495,970	-	7,339,763	1,428,839	130,686	105,064	1,045,781	-	12,662,668
2004-05	119,789	2,000,683	-	7,806,381	1,547,302	166,619	150,111	1,018,466	329,854	12,809,351
2005-06	123,874	2,239,770	-	8,304,312	1,700,918	254,586	106,165	1,145,551	-	13,875,176
2006-07	117,129	2,507,538	-	9,287,564	1,698,362	273,250	751,058	1,112,848	-	15,747,749
2007-08	132,487	2,367,614	-	9,338,793	1,751,251	242,986	161,089	1,097,430	-	15,091,650
2008-09	116,638	2,219,755	98,793	9,686,696	1,677,012	123,641	192,558	1,011,095	-	15,126,188
2009-10	103,859	2,714,665	-	9,849,635	1,236,738	79,923	102,650	1,480,737	-	15,568,207

(1) Information has only been available for eight years.

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	Debt Service	Total
2000-01	$ 880,735	$ 430,666	$ 1,842,814	$ 824,542	$ 987,841	$ 8,811,906	$ 226,076	$ 279,100	$1,848,145	$ 16,131,825
2001-02	852,458	447,844	1,826,831	817,700	1,218,181	9,207,830	240,086	303,905	1,975,696	16,890,531
2002-03	997,934	545,728	1,682,403	900,624	1,266,528	9,293,011	252,813	255,336	2,088,743	17,283,120
2003-04	1,323,002	587,125	1,643,851	956,203	1,314,048	9,542,810	317,382	266,448	2,126,198	18,077,067
2004-05	1,168,115	571,021	1,907,258	1,001,052	1,356,816	10,609,394	294,173	275,944	2,145,653	19,329,426
2005-06	1,460,454	560,076	2,036,707	1,231,451	1,492,519	11,493,575	303,633	314,351	2,169,120	21,061,886
2006-07	1,035,785	589,759	2,065,871	1,327,638	1,969,465	12,074,141	390,588	373,790	2,247,874	22,074,911
2007-08	1,188,725	600,779	2,125,713	1,388,897	1,444,261	12,840,186	343,956	534,686	2,058,428	22,525,631
2008-09	1,201,206	537,074	2,290,536	1,637,813	1,529,173	13,094,022	376,457	573,907	1,773,181	23,013,369
2009-10	1,308,574	526,665	2,345,394	1,324,257	1,785,690	12,751,860	358,094	632,375	1,902,243	22,935,152

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit School Board.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

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
2000-01	$ 6,780,694	$ 1,185,441	$ 73,002	$ 9,143	$ 241,920	$ 292,884	$ 230,045	$ 50,097	$ 8,207,199	$ 17,070,425
2001-02	6,531,220	1,234,222	79,609	14,410	108,453	312,818	554,327	-	8,525,027	17,360,086
2002-03	10,002,922	1,238,383	89,061	15,365	93,785	385,457	317,526	39,681	8,822,195	21,004,375
2003-04	7,416,166	1,428,839	74,186	18,519	95,324	388,652	110,618	11,176	9,102,666	18,646,146
2004-05	7,721,330	1,547,302	89,959	15,620	123,721	412,077	166,108	22,720	9,233,862	19,332,699
2005-06	8,383,990	1,700,918	91,206	14,890	205,296	419,930	115,620	46,266	9,806,201	20,784,317
2006-07	9,241,999	1,698,362	87,324	11,380	258,773	474,696	144,700	8,047	10,360,328	22,285,609
2007-08	9,334,647	1,751,251	85,662	18,319	226,046	512,593	208,600	22,879	10,339,446	22,499,443
2008-09	9,531,774	1,677,012	65,635	24,870	121,594	472,235	304,168	14,602	9,857,471	22,069,361
2009-10	9,835,627	1,236,738	62,856	14,899	85,190	441,423	189,174	52,447	10,658,575	22,576,929

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit School Board.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 5

County of Mathews, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
1999-00	$ 7,101,013	$ 6,930,485	97.60%	$ 144,359	$ 7,074,844	99.63%	$ 221,814	3.12%
2000-01	7,309,272	7,143,099	97.73%	130,390	7,273,489	99.51%	254,706	3.48%
2001-02	7,415,586	7,339,959	98.98%	31,424	7,371,383	99.40%	225,248	3.04%
2002-03 (4)	10,904,894	10,769,849	98.76%	61,823	10,831,672	99.33%	353,703	3.24%
2003-04	8,420,389	8,244,213	97.91%	18,170	8,262,383	98.12%	385,210	4.57%
2004-05	8,594,243	8,550,645	99.49%	9,123	8,559,768	99.60%	322,127	3.75%
2005-06	9,396,373	9,304,937	99.03%	14,616	9,319,553	99.18%	301,819	3.21%
2006-07	10,052,394	10,092,508	100.40%	42,588	10,135,096	100.82%	440,139	4.38%
2007-08	10,263,755	10,027,288	97.70%	187,104	10,214,392	99.52%	455,935	4.44%
2008-09	10,952,299	10,427,724	95.21%	8,455	10,436,179	95.29%	590,247	5.39%
2009-10	10,989,815	10,720,806	97.55%	5,851	10,726,657	97.61%	688,793	6.27%

(1) Exclusive of penalties and interest.
(2) Includes three most current delinquent tax years and first half of current tax year.
(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.
(4) First year for half year tax collection on Real Estate.

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	
2000-01	$ 675,325,551	$ 88,991,203	$ -	$ 20,478,319	$ -	$ 784,795,073
2001-02	679,548,744	92,323,727	-	19,856,314	-	791,728,785
2002-03 (3)	1,393,251,620	94,035,963	-	19,399,790	-	1,506,687,373
2003-04	716,955,314	95,576,276	-	19,792,155	-	832,323,745
2004-05	964,695,075	97,459,683	-	16,183,972	-	1,078,338,730
2005-06	1,240,094,987	94,296,230	11,732,849	23,520,759	-	1,369,644,825
2006-07	1,270,237,929	100,764,835	16,895,940	21,331,137	-	1,409,229,841
2007-08	1,289,544,418	99,648,503	16,635,103	15,264,589	-	1,421,092,613
2008-09	1,309,625,538	109,396,890	18,074,493	13,353,782	-	1,450,450,703
2009-10	1,319,914,661	118,005,040	10,374,005	13,896,370	-	1,462,190,076

(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) First year for half year tax collections on Real Estate.

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
2000-01	$ 0.73	$ 0.73	$ 3.10	$ -
2001-02	0.73	0.73	3.10	-
2002-03	0.79	0.79	3.60	-
2003-04	0.79	0.79	3.60	-
2004-05 (2)	.51/.79	0.79	3.60	-
2005-06(3)	.53/.51	0.51	3.60	2.14
2006-07	0.53	0.53	3.60	2.14
2007-08(4)	.56/.53	0.53	3.60	2.14
2008-09	0.56	0.56	3.60	2.14
2009-10	0.56	0.56	4.53	2.14

(1) Per $100 of assessed value.
(2) First half 2005 and second half 2004, respectively
(3) First half 2006 and second half 2005, respectively
(4) First half 2008 and second half 2007, respectively

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: Debt Service Monies Available	Less: Debt Assumed by Other Localities (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2000-01	9,100	$ 784,795	$ 13,978,437	$ -	$ -	$ 13,978,437	1.78%	$ 1,536
2001-02	9,100	791,729	13,493,286	-	-	13,493,286	1.70%	1,483
2002-03	9,100	1,506,687	12,510,122	-	-	12,510,122	0.83%	1,375
2003-04	9,100	832,324	11,529,619	-	-	11,529,619	1.39%	1,267
2004-05	9,100	1,078,339	10,523,992	-	-	10,523,992	0.98%	1,156
2005-06	9,100	1,369,645	9,386,634	-	-	9,386,634	0.69%	1,031
2006-07	9,100	1,409,230	8,437,339	-	-	8,437,339	0.60%	927
2007-08	9,100	1,421,093	7,482,051	-	-	7,482,051	0.53%	822
2008-09	9,100	1,450,451	6,742,007	-	-	6,742,007	0.46%	741
2009-10	9,100	1,462,190	5,986,205	-	-	5,986,205	0.41%	658

(1) Center for Public Service at the University of Virginia.
(2) Real property assessed at 100% of fair market value from Table 6.
(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.
(4) In accordance with the provisions of annexation settlements.

COMPLIANCE SECTION

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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 the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the County of Mathews, Virginia, as of and for the year ended June 30, 2010, which collectively comprise the County of Mathews, Virginia's basic financial statements and have issued our report thereon dated December 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Richmond, Virginia
December 12, 2010

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133
Independent Auditors' Report

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

Compliance

We have audited County of Mathews, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Mathews, Virginia's major federal programs for the year ended June 30, 2010. The County of Mathews, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Mathews, Virginia's management. Our responsibility is to express an opinion on the County of Mathews, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Mathews, Virginia's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Mathews, Virginia's compliance with those requirements.

In our opinion, the County of Mathews, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Richmond, Virginia
December 12, 2010

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
Promoting safe and stable families	93.556	0950109/0950110	$	21,795
Temporary assistance for needy families	93.558	0400109/0400110		76,663
Refugee and entrant assistance - state administered programs	93.566	0500109/0500110		293
Low income home energy assistance	93.568	0600409/00600410		4,950
Child care cluster:				
Child care and development block grant	93.575	0770109/0770110		29,205
Child care mandatory and matching funds of the child care and development fund	93.596	0760109/0760110		28,427
ARRA - Child care and development block grant	93.713	0740109/0780109		14,123
Child welfare services - state grants	93.645	0900109/090110		264
Foster care - Title IV-E	93.658	1100109/1100110		86,379
ARRA - Foster care - Title IV-E	93.658	1100109/1100110		7,125
Adoption assistance	93.659	1120109/11201110		22,808
ARRA - Adoption assistance	93.659	1120109/11201110		2,474
Social services block grant	93.667	1000109/1000110		24,546
Chafee foster care independence program	93.674	9150109/9150110		612
Children's health insurance program	93.767	0540109/0540110		5,723
Medical Assistance Program	93.778	1200109/1200110		78,968
Total Department of Health and Human Services			$	404,355
U. S. Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Hazard mitigation	97.039	77602-131	$	111,241
State homeland security program	97.073	77501-52708	$	38,933
Total U. S. Department of Homeland Security			$	150,174
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
Child nutrition cluster:				
Food Distribution	10.555	17901-45707	$	31,383
Department of Education:				
Child nutrition cluster:				
School breakfast program	10.553	17901-40591		55,608
National school lunch program	10.555	17901-45707		185,960
Department of Social Services:				
SNAP cluster:				
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010109/0010100		132,331
ARRA - State administrative matching grants for the supplemental nutrition assistance program	10.561	0040109/0040110		5,687
Total Department of Agriculture			$	410,969

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Edward Byrne justice assistance grant program	16.803	2009-SU-B9-0033	$ 1,748
Compensation Board:			
Edward Byrne justice assistance grant program	16.803	2009-SU-B9-0033	22,284
Total Department of Justice			$ 24,032
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway planning and construction (ISTEA)	20.205		$ 131,646
State and community highway safety program	20.600	60507-50287	8,431
Total Department of Transportation			$ 140,077
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I, Part A cluster:			
Title I grants to local educational agencies	84.010	17901-42901-42999	$ 160,626
ARRA - Title I grants to local educational agencies	84.389	17901-42913	72,163
Special education cluster:			
Special education grants to states	84.027	17901-43071-61234	270,795
ARRA-Special education grants to states	84.391	17901-61245	214,776
Special education - preschool grants	84.173	17901-62521	10,357
ARRA - Special education - preschool grants	84.392	17901-61247	9,731
Career and technical education - basic grants to states	84.048	17901-61095	24,499
Safe and drug free schools and communities - state grants	84.186	17901-60511	7,954
Improving teacher quality state grants	84.367	17901-61480	55,782
Education technology state grants cluster:			
Education technology state grants	84.318	17901-61600	645
ARRA - Education technology grants	84.386	17901-60897	3,382
ARRA - State fiscal stabilization funds	84.394	17901-62532	528,904
Total Department of Education			$ 1,359,614
Total Expenditures of Federal Awards			$ 2,489,221

See accompnaying 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, 2010

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2010. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Mathews, Virginia, it is not intended to and does not present the financial position, changes in net assets, 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	856,657
Total primary government	$	856,657
Component Unit Public Schools:		
School Operating Fund	$	1,359,613
School Cafeteria Fund		272,951
Total component unit public schools	$	1,632,564
Total federal expenditures per basic financial statements	$	2,489,221
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	2,489,221

County of Mathews, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section I–Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:			*unqualified*	
Internal control over financial reporting:				
Material weakness(es) identified?		yes	✓	no
Significant deficiencies 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 deficiencies identified?		yes	✓	none reported
Type of auditor's report issued on compliance for major programs:			*unqualified*	
Any findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?		yes	✓	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.394	ARRA - State Fiscal Stablization Funds - Education State Grants
84.027/84.173/84.391/84.392	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee?	✓	yes		no

Section II–Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Mathews, Virginia

Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2010

There were no prior year findings and questioned costs.

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