

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED JUNE 30,
2011**

COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

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Janine Burns, Vice-Chairperson

Geneva L. Putt

Charles E. Ingram

Edwina Casey

School Board

John T. Persinger, Chairperson
Jennifer M. Little, 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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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of and for the year ended June 30, 2011, 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, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of June 30, 2011, 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.

As described in Note 1 to the financial statements, the County of Mathews, Virginia adopted the provisions of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2012, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Mathews, Virginia's financial statements as a whole. The combining and individual fund financial statements and schedules, and other statistical information, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining and individual fund financial statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Richmond, Virginia
January 10, 2012

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, 2011.

Financial Highlights

Government-wide Financial Statements

- < The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$9,609,084 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$1,028,338 (Exhibit 5) after making contributions totaling \$5,539,404 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$4,092,122, an increase of \$1,028,338 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,677,963, or 18% of total general fund expenditures and other financing uses.
- < The combined long-term obligations decreased \$965,466 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 net 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 \$9,609,084 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 9,501,649	\$ 8,107,834	\$ 73,736	\$ 73,139	\$ 9,575,385	\$ 8,180,973
Capital assets	<u>16,695,679</u>	<u>17,724,592</u>	<u>-</u>	<u>-</u>	<u>16,695,679</u>	<u>17,724,592</u>
Total assets	<u>\$ 26,197,328</u>	<u>\$ 25,832,426</u>	<u>\$ 73,736</u>	<u>\$ 73,139</u>	<u>\$ 26,271,064</u>	<u>\$ 25,905,565</u>
Current liabilities	\$ 5,014,854	\$ 4,754,158	\$ -	\$ -	\$ 5,014,854	\$ 4,754,158
Long-term liabilities outstanding	<u>11,647,126</u>	<u>12,612,592</u>	<u>-</u>	<u>-</u>	<u>11,647,126</u>	<u>12,612,592</u>
Total liabilities	<u>\$ 16,661,980</u>	<u>\$ 17,366,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,661,980</u>	<u>\$ 17,366,750</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 5,299,920	\$ 5,387,809	\$ -	\$ -	\$ 5,299,920	\$ 5,387,809
Unrestricted	<u>4,235,428</u>	<u>3,077,867</u>	<u>73,736</u>	<u>73,139</u>	<u>4,309,164</u>	<u>3,151,006</u>
Total net assets	<u>\$ 9,535,348</u>	<u>\$ 8,465,676</u>	<u>\$ 73,736</u>	<u>\$ 73,139</u>	<u>\$ 9,609,084</u>	<u>\$ 8,538,815</u>

Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net assets by \$1,070,269 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		
	2011	2010	2011	2010	2011	2010	
Revenues:							
Program revenues:							
Charges for services	\$ 101,032	\$ 103,859	\$ -	\$ -	\$ 101,032	\$ 103,859	
Operating grants and contributions	2,639,485	2,714,665	-	-	2,639,485	2,714,665	
Capital grants and contributions	70,517	-	-	-	70,517	-	
General revenues:							
General property taxes	10,483,159	9,849,635	-	-	10,483,159	9,849,635	
Other local taxes	1,257,210	1,236,738	-	-	1,257,210	1,236,738	
Grants and other contributions not restricted	1,486,153	1,480,737	-	-	1,486,153	1,480,737	
Other general revenues	265,561	181,292	597	1,281	266,158	182,573	
Total revenues	\$ 16,303,117	\$ 15,566,926	\$ 597	\$ 1,281	\$ 16,303,714	\$ 15,568,207	
Expenses:							
General government							
administration	\$ 1,376,919	\$ 1,303,675	\$ -	\$ -	\$ 1,376,919	\$ 1,303,675	
Judicial administration	650,189	685,093	-	-	650,189	685,093	
Public safety	2,362,595	2,440,580	-	-	2,362,595	2,440,580	
Public works	1,169,512	1,330,254	-	-	1,169,512	1,330,254	
Health and welfare	1,909,899	1,768,312	-	-	1,909,899	1,768,312	
Education	6,296,291	6,434,299	-	-	6,296,291	6,434,299	
Parks, recreation, and cultural	505,397	475,858	-	-	505,397	475,858	
Community development	544,077	638,063	-	-	544,077	638,063	
Interest and other fiscal charges	418,566	1,029,985	-	-	418,566	1,029,985	
Total expenses	\$ 15,233,445	\$ 16,106,119	\$ -	\$ -	\$ 15,233,445	\$ 16,106,119	
Change in net assets	\$ 1,069,672	\$ (539,193)	\$ 597	\$ 1,281	\$ 1,070,269	\$ (537,912)	
Beginning of year	8,465,676	9,004,869	73,139	71,858	8,538,815	9,076,727	
End of year	\$ 9,535,348	\$ 8,465,676	\$ 73,736	\$ 73,139	\$ 9,609,084	\$ 8,538,815	

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 \$4,092,122, an increase of \$1,028,338 in comparison with the prior year. Approximately 65% of the reported fund balance constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

Differences between the original and final budgeted expenditures amount to \$83,169 and can be briefly summarized as follows:

- < \$ 155,377 increase in capital projects expenditures
- < \$ 57,715 increase in general government administration expenditures
- < \$ 22,461 increase in health and welfare expenditures
- < \$ 77,380 decrease in debt service expenditures
- < \$ 30,919 decrease in public works expenditures
- < \$ 25,162 decrease in nondepartmental expenditures
- < \$ 18,923 decrease in various other expenditures

During the year, revenues and other financing sources exceeded budgetary estimates by \$958,487 and expenditures and other financing uses were less than budgetary estimates by \$295,712, resulting in an overall positive variance of \$1,254,199.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2011 amounts to \$16,695,679 (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 \$11,054,171. Of this amount, \$5,254,171 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 \$852,034 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 6.0 percent at June 30, 2011. The Commonwealth of Virginia's unemployment rate was 6.5 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 2012 fiscal year.

The fiscal year 2012 budget increased by approximately 5.1 percent.

The real estate tax rate decreased from \$.056 to \$0.47 per \$100 of assessed value. The personal property tax rate decreased from \$4.53 to \$3.70 per \$100 of assessed value.

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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

County of Mathews, Virginia
Statement of Net Assets
June 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 4,563,348	\$ 73,736	\$ 4,637,084	\$ 139,286	\$ 152,898
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,450,523	-	4,450,523	-	-
Accounts receivable	55,215	-	55,215	31,947	-
Due from other governmental units	432,563	-	432,563	1,004,301	-
Inventories	-	-	-	9,198	-
Capital assets (net of accumulated depreciation):					
Land and improvements	1,665,761	-	1,665,761	46,172	-
Buildings and improvements	14,606,340	-	14,606,340	7,238,843	-
Equipment	423,578	-	423,578	567,578	-
Total assets	\$ 26,197,328	\$ 73,736	\$ 26,271,064	\$ 9,037,325	\$ 152,898
LIABILITIES					
Accounts payable	\$ 190,403	\$ -	\$ 190,403	\$ 32,025	\$ -
Accrued liabilities	-	-	-	1,024,556	-
Accrued interest payable	153,164	-	153,164	-	-
Due to other governmental units	788,182	-	788,182	-	-
Unearned revenue	3,883,105	-	3,883,105	-	-
Long-term liabilities:					
Due within one year	1,232,136	-	1,232,136	16,930	-
Due in more than one year	10,414,990	-	10,414,990	193,266	-
Total liabilities	\$ 16,661,980	\$ -	\$ 16,661,980	\$ 1,266,777	\$ -
NET ASSETS					
Invested in capital assets, net of related debt	\$ 5,299,920	\$ -	\$ 5,299,920	\$ 7,852,593	\$ -
Unrestricted (deficit)	4,235,428	73,736	4,309,164	(82,045)	152,898
Total net assets	\$ 9,535,348	\$ 73,736	\$ 9,609,084	\$ 7,770,548	\$ 152,898
Total liabilities and net assets					
	\$ 26,197,328	\$ 73,736	\$ 26,271,064	\$ 9,037,325	\$ 152,898

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

County of Mathews, Virginia
Statement of Activities
For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,376,919	\$ -	\$ 172,027	\$ -
Judicial administration	650,189	28,902	297,324	-
Public safety	2,362,595	64,050	821,741	-
Public works	1,169,512	-	-	-
Health and welfare	1,909,899	-	1,124,695	-
Education	6,296,291	-	-	-
Parks, recreation, and cultural	505,397	8,080	66,548	-
Community development	544,077	-	157,150	70,517
Interest on long-term debt	418,566	-	-	-
Total governmental activities	<u>\$ 15,233,445</u>	<u>\$ 101,032</u>	<u>\$ 2,639,485</u>	<u>\$ 70,517</u>
Business-type activities:				
Sanitary District	\$ -	\$ -	\$ -	\$ -
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 15,233,445</u>	<u>\$ 101,032</u>	<u>\$ 2,639,485</u>	<u>\$ 70,517</u>
COMPONENT UNITS:				
School Board	\$ 11,827,242	\$ 416,726	\$ 5,580,240	\$ -
Industrial Development Authority	-	26,028	-	-
Total component units	<u>\$ 11,827,242</u>	<u>\$ 442,754</u>	<u>\$ 5,580,240</u>	<u>\$ -</u>

General revenues:
General property taxes
Local sales and use taxes
Consumer's utility tax
Motor vehicle licenses
Business license taxes
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Grants and contributions not restricted to specific programs
Payment from Mathews County
Total general revenues
Change in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>School Board</u>	<u>IDA</u>	
\$ (1,204,892)	\$ -	\$ (1,204,892)	\$ -	\$ -	
(323,963)	-	(323,963)	-	-	
(1,476,804)	-	(1,476,804)	-	-	
(1,169,512)	-	(1,169,512)	-	-	
(785,204)	-	(785,204)	-	-	
(6,296,291)	-	(6,296,291)	-	-	
(430,769)	-	(430,769)	-	-	
(316,410)	-	(316,410)	-	-	
(418,566)	-	(418,566)	-	-	
<u>\$ (12,422,411)</u>	<u>\$ -</u>	<u>\$ (12,422,411)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	\$ -	
<u>\$ (12,422,411)</u>	<u>\$ -</u>	<u>\$ (12,422,411)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (5,830,276)	\$ -	
-	-	-	-	26,028	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,830,276)</u>	<u>\$ 26,028</u>	
\$ 10,483,159	\$ -	\$ 10,483,159	\$ -	\$ -	
411,206	-	411,206	-	-	
150,432	-	150,432	-	-	
297,562	-	297,562	-	-	
169,989	-	169,989	-	-	
228,021	-	228,021	-	-	
60,813	597	61,410	(417)	144	
204,748	-	204,748	73,620	-	
1,486,153	-	1,486,153	-	-	
-	-	-	6,083,679	-	
<u>\$ 13,492,083</u>	<u>\$ 597</u>	<u>\$ 13,492,680</u>	<u>\$ 6,156,882</u>	<u>\$ 144</u>	
1,069,672	597	1,070,269	326,606	26,172	
8,465,676	73,139	8,538,815	7,443,942	126,726	
<u>\$ 9,535,348</u>	<u>\$ 73,736</u>	<u>\$ 9,609,084</u>	<u>\$ 7,770,548</u>	<u>\$ 152,898</u>	

FUND FINANCIAL STATEMENTS

County of Mathews, Virginia
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 4,464,699	\$ 98,193	\$ 456	\$ 4,563,348
Receivables (net of allowance for uncollectibles):				
Taxes receivable	4,450,523	-	-	4,450,523
Accounts receivable	55,215	-	-	55,215
Due from other governmental units	432,563	-	-	432,563
Total assets	<u>\$ 9,403,000</u>	<u>\$ 98,193</u>	<u>\$ 456</u>	<u>\$ 9,501,649</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 190,403	\$ -	\$ -	\$ 190,403
Due to other governmental units	788,182	-	-	788,182
Deferred revenue	4,430,942	-	-	4,430,942
Total liabilities	<u>\$ 5,409,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,409,527</u>
Fund balances:				
Restricted	\$ 4,076	\$ 67,388	\$ -	\$ 71,464
Committed	1,311,434	30,805	456	1,342,695
Unassigned	2,677,963	-	-	2,677,963
Total fund balances	<u>\$ 3,993,473</u>	<u>\$ 98,193</u>	<u>\$ 456</u>	<u>\$ 4,092,122</u>
Total liabilities and fund balances	<u>\$ 9,403,000</u>	<u>\$ 98,193</u>	<u>\$ 456</u>	<u>\$ 9,501,649</u>

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

County of Mathews, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 4,092,122
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,695,679
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	547,837
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	\$ (5,800,000)
Issuance premium on refunded bonds	(341,588)
General obligation bonds	(5,254,171)
Compensated absences	(233,167)
OPEB Liability	(18,200)
Accrued interest payable	(153,164)
	(11,800,290)
Net assets of governmental activities	\$ 9,535,348

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

County of Mathews, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 10,377,660	\$ -	\$ -	\$ 10,377,660
Other local taxes	1,257,210	-	-	1,257,210
Permits, privilege fees, and regulatory licenses	61,501	-	-	61,501
Fines and forfeitures	12,130	111	-	12,241
Revenue from the use of money and property	59,127	748	938	60,813
Charges for services	27,290	-	-	27,290
Miscellaneous	204,401	347	-	204,748
Recovered costs	11,825	-	-	11,825
Intergovernmental revenues:				
Commonwealth	3,303,340	8,964	-	3,312,304
Federal	883,851	-	-	883,851
Total revenues	<u>\$ 16,198,335</u>	<u>\$ 10,170</u>	<u>\$ 938</u>	<u>\$ 16,209,443</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,325,878	\$ -	\$ -	\$ 1,325,878
Judicial administration	488,183	-	-	488,183
Public safety	2,315,153	1,973	-	2,317,126
Public works	1,159,235	-	-	1,159,235
Health and welfare	1,919,658	-	-	1,919,658
Education	5,544,926	-	-	5,544,926
Parks, recreation, and cultural	357,877	-	-	357,877
Community development	458,078	-	-	458,078
Nondepartmental	7,668	-	-	7,668
Capital projects	243,604	-	-	243,604
Debt service:				
Principal retirement	852,034	-	-	852,034
Interest and other fiscal charges	506,838	-	-	506,838
Total expenditures	<u>\$ 15,179,132</u>	<u>\$ 1,973</u>	<u>\$ -</u>	<u>\$ 15,181,105</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,019,203</u>	<u>\$ 8,197</u>	<u>\$ 938</u>	<u>\$ 1,028,338</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 49,916	\$ -	\$ -	\$ 49,916
Transfers out	-	(44,752)	(5,164)	(49,916)
Total other financing sources (uses)	<u>\$ 49,916</u>	<u>\$ (44,752)</u>	<u>\$ (5,164)</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,069,119	\$ (36,555)	\$ (4,226)	\$ 1,028,338
Fund balances - beginning	2,924,354	134,748	4,682	3,063,784
Fund balances - ending	<u>\$ 3,993,473</u>	<u>\$ 98,193</u>	<u>\$ 456</u>	<u>\$ 4,092,122</u>

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

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, 2011

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

Net change in fund balances - total governmental funds	\$ 1,028,338
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital outlay additions	\$ 117,599	
Allocation of School board assets	(544,275)	
Depreciation expense	(602,237)	(1,028,913)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	105,499
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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	\$ 120,000	
Principal retirement on general obligation bonds	732,034	
(Increase) Decrease in issuance premium	88,990	
(Increase) Decrease in landfill postclosure liability	24,784	965,808

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	\$ 9,258	
(Increase) Decrease in OPEB liability	(9,600)	
(Increase) Decrease in accrued interest	(718)	(1,060)

Change in net assets of governmental activities	\$ 1,069,672
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The notes to the financial statements are an integral part of this statement.

County of Mathews, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Enterprise Fund <u>Sanitary District</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 73,736
Total assets	<u>\$ 73,736</u>
NET ASSETS	
Unrestricted	<u>\$ 73,736</u>
Total net assets	<u><u>\$ 73,736</u></u>

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

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Fund Sanitary District
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 597
Total nonoperating revenues (expenses)	\$ 597
Change in net assets	\$ 597
Total net assets - beginning	\$ 73,139
Total net assets - ending	\$ 73,736

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

County of Mathews, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Enterprise Fund Sanitary District
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 597
Net cash provided (used) by investing activities	\$ 597
Net increase (decrease) in cash and cash equivalents	\$ 597
Cash and cash equivalents - beginning	\$ 73,139
Cash and cash equivalents - ending	\$ 73,736

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

County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 70,597
Total assets	<u>\$ 70,597</u>
LIABILITIES	
Accounts payable	\$ 90
Amounts held for social services clients	45,217
Amounts held for others	25,290
Total liabilities	<u>\$ 70,597</u>

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

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements As of June 30, 2011

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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2011.

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, 2011.

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, 2011.

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

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

Capital Projects Funds - account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays except for those financed by proprietary funds or for assets held in trust for individuals, private organizations or other governments. 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 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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

E. Cash and Cash Equivalents

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

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 \$121,870 at June 30, 2011 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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 the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized asset as of June 30, 2011 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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

K. Use of Estimates

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

L. Net 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.

M. 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.

N. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

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

N. Fund Equity

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

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

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

	General	Special Revenue	County Capital Projects	Total
Fund Balances:				
Restricted for:				
Social services revenue maximization	\$ 4,076	\$ -	\$ -	\$ 4,076
C/V grants	-	36,128	-	36,128
Wetlands violations	-	13,653	-	13,653
Wetlands compensation	-	1,647	-	1,647
DARE program	-	6	-	6
Forfeited assets	-	12,410	-	12,410
Court security	-	3,544	-	3,544
Total Restricted Fund Balance	\$ 4,076	\$ 67,388	\$ -	\$ 71,464
Committed to:				
Capital projects	\$ -	\$ -	\$ 456	\$ 456
Green renovations	628,867	-	-	628,867
Downtown improvements	175,000	-	-	175,000
Public access to waterways	156,000	-	-	156,000
Sanitary landfill	10,000	-	-	10,000
Drainage improvements	13,000	-	-	13,000
NPC light preservation	150,000	-	-	150,000
Recreational facilities improvement	25,000	-	-	25,000
B & G equipment replacement	8,000	-	-	8,000
Fort Nonsense preservation	42,000	-	-	42,000
Vehicle replacement	5,000	-	-	5,000
E911 office machinery	75,000	-	-	75,000
Comprehensive plan revision	23,567	-	-	23,567
Library	-	144	-	144
New Point nature preserve	-	9,474	-	9,474
New Point comfort lighthouse	-	21,103	-	21,103
Mathews County Sesquicentennial	-	54	-	54
Landfill contingency	-	30	-	30
Total Committed Fund Balance	\$ 1,311,434	\$ 30,805	\$ 456	\$ 1,342,695
Unassigned Fund Balance	\$ 2,677,963	\$ -	\$ -	\$ 2,677,963
Total Fund Balances	\$ 3,993,473	\$ 98,193	\$ 456	\$ 4,092,122

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the 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, 2011:

Special Revenue Fund	(\$ 1,396)
School Textbook Fund	(\$ 2,815)

Note 3—Deposits and Investments:

Deposits

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

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).

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2011 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.

Rated Debt Investments' Values

		<u>Fair Quality Ratings</u>
		<u>AAAm</u>
Money Market Mutual Fund	\$	<u>79,898</u>
Total	\$	<u>79,898</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 4—Due from/Due To Other Governments:

At June 30, 2011, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
County of Mathews	\$ -	\$ 788,182
Commonwealth of Virginia:		
Local sales tax	79,836	-
Welfare	28,566	-
Rolling stock tax	779	-
Wireless service board funds	6,666	-
State Sales Tax	-	200,002
Constitutional officer reimbursements	87,666	-
Recordation tax	8,936	-
Comprehensive services act	56,828	-
Fire program funds	3,032	-
Victim witness	6,820	-
Communications tax	71,159	-
DMV	844	-
Federal Government:		
School fund grants	-	16,117
VDOT enhancement	5,320	-
Transportation safety	2,934	-
Local law enforcement grant	1,039	-
Welfare	40,581	-
National Fish and Wildlife Foundation	31,557	-
	<u> </u>	<u> </u>
Total due from other governments	\$ <u>432,563</u>	\$ <u>1,004,301</u>

At June 30, 2011, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>788,182</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2011:

Governmental Activities:	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,605,761	\$ 60,000	\$ -	\$ 1,665,761
Total capital assets not subject to depreciation	\$ 1,605,761	\$ 60,000	\$ -	\$ 1,665,761
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,871,378	\$ -	\$ -	\$ 11,871,378
Equipment	1,499,156	57,599	47,705	1,509,050
Jointly owned assets	8,261,495	-	751,148	7,510,347
Total capital assets being depreciated	\$ 21,632,029	\$ 57,599	\$ 798,853	\$ 20,890,775
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,219,367	\$ 299,844	\$ -	\$ 2,519,211
Equipment	1,018,543	114,634	47,705	1,085,472
Jointly owned assets	2,275,288	187,759	206,873	2,256,174
Total accumulated depreciation	\$ 5,513,198	\$ 602,237	\$ 254,578	\$ 5,860,857
Total capital assets subject to depreciation, net	\$ 16,118,831	\$ (544,638)	\$ 544,275	\$ 15,029,918
Net capital assets primary government	\$ 17,724,592	\$ (484,638)	\$ 544,275	\$ 16,695,679

Component Unit-School Board:	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not subject to				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Capital assets subject to				
Equipment	\$ 1,748,945	\$ 191,119	\$ -	\$ 1,940,064
Jointly owned assets	9,596,098	751,148	-	10,347,246
Total capital assets being	\$ 11,345,043	\$ 942,267	\$ -	\$ 12,287,310
Less accumulated depreciation for:				
Equipment	\$ 1,241,340	\$ 131,146	\$ -	\$ 1,372,486
Jointly owned assets	2,642,850	258,680	(206,873)	3,108,403
Total accumulated depreciation	\$ 3,884,190	\$ 389,826	\$ (206,873)	\$ 4,480,889
Total capital assets subject to depreciation, net	\$ 7,460,853	\$ 552,441	\$ 206,873	\$ 7,806,421
Net capital assets Component Unit-School Board	\$ 7,507,025	\$ 552,441	\$ 206,873	\$ 7,852,593

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 5—Capital Assets: (Continued)

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

Governmental activities:

General government administration	\$	33,081
Judicial administration		157,082
Public safety		101,832
Public works		32,787
Health and welfare		3,444
Education		189,711
Parks, recreation and cultural		84,300

Total Governmental activities	\$	602,237
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Component Unit School Board	\$	389,826
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Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2011 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 49,916	\$ -
County Capital Projects	-	5,164
County Special Revenue	-	44,752
Total	\$ 49,916	\$ 49,916
Component Unit-School Board:		
School Operating	\$ -	\$ 95,146
Textbook	25,931	-
School Cafeteria	69,215	-
Total	\$ 95,146	\$ 95,146

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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Long Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2011:

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compen- sated absences payable	\$ 242,425	\$ 14,985	\$ 24,243	\$ 233,167	\$ 23,317
Lease revenue bonds payable	5,920,000	-	120,000	5,800,000	460,000
Add deferred amounts:					
For issuance premium	430,578	-	88,990	341,588	-
OPEB Liability	8,600	9,600	-	18,200	-
Landfill postclosure care	24,784	-	24,784	-	-
Total incurred by County	<u>\$ 6,626,387</u>	<u>\$ 24,585</u>	<u>\$ 258,017</u>	<u>\$ 6,392,955</u>	<u>\$ 483,317</u>
Incurred by School Board:					
General Obligation Bonds	<u>\$ 5,986,205</u>	<u>\$ -</u>	<u>\$ 732,034</u>	<u>\$ 5,254,171</u>	<u>\$ 748,819</u>
Total incurred by School Board	<u>\$ 5,986,205</u>	<u>\$ -</u>	<u>\$ 732,034</u>	<u>\$ 5,254,171</u>	<u>\$ 748,819</u>
Total Governmental Obligations	<u><u>\$ 12,612,592</u></u>	<u><u>\$ 24,585</u></u>	<u><u>\$ 990,051</u></u>	<u><u>\$ 11,647,126</u></u>	<u><u>\$ 1,232,136</u></u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations	
	Lease Revenue Bonds	
	Principal	Interest
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	\$ <u>5,800,000</u>	\$ <u>1,624,427</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
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	\$ 5,254,171	\$ 1,086,625

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds Payable:

\$4,885,000 lease revenue refunding bond issued May 25, 2011, due in annual installments through June 2023, interest payable annually at varying coupon rates between 2.20% and 5.20%. Carrying value includes unamortized issuance premium of \$341,588. \$ 5,226,588

\$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%. 845,000

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%. 70,000

Total Lease Revenue Bonds \$ 6,141,588

Compensated absences (payable from General Fund) \$ 233,167

OPEB Liability 18,200

Total Incurred by County \$ 6,392,955

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

\$4,270,000 School Bonds 1994 B Series, issued November 22, 1994, maturing annually in installments of varying amounts through July 15, 2015; interest payable semi-annually at 6.17%.	\$	1,260,000
\$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%.		40,000
\$704,227, School Bonds, issued July 30, 1998, maturing annually in installments of \$66,864, through July 30, 2017, interest at 6.75%.		363,492
\$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%.		1,125,000
\$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%.		2,415,679
\$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%.		<u>50,000</u>
Total General Obligations Bonds	\$	<u>5,254,171</u>
Total incurred by School Board	\$	<u>5,254,171</u>
Total General obligations, primary government	\$	<u>11,647,126</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 7—Long-Term Obligations: (Continued)

	<u>Amounts Payable at July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Component Unit-School Board:					
Compensated absences	\$ 149,150	\$ 35,061	\$ 14,915	\$ 169,296	\$ 16,930
OPEB Liability	<u>34,621</u>	<u>60,542</u>	<u>54,263</u>	<u>40,900</u>	<u>-</u>
Total Component Unit-School Board	<u>\$ 183,771</u>	<u>\$ 95,603</u>	<u>\$ 69,178</u>	<u>\$ 210,196</u>	<u>\$ 16,930</u>

Note 8—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 \$4,430,942 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,280,978 at June 30, 2011.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2011 but paid in advance by the taxpayers totaled \$149,964 at June 30, 2011.

Note 9—Commitments / Contingent Liabilities:

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

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

Note 10—Litigation:

At June 30, 2011, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 11—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; 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 12—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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with a least five years of service credit.

Note 12—Defined Benefit Pension Plan (continued):

A. Plan Description (Continued)

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation.

Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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 the report may be obtained from the VRS Website at: <http://varetire.org/Pdf/Publications/2010-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. 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's and School Board's contribution rates for the fiscal year ended 2011 were 9.68% and 7.03% of annual covered payroll, respectively.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 12—Defined Benefit Pension Plan (continued):**B. Funding Policy (Continued)**

The School Board's contributions for professional employees were \$242,004, \$513,705, and \$580,724 to the teacher cost-sharing pool for the fiscal years ended June 30, 2011, 2010, and 2009 respectively and these contributions represented 3.93%, 8.81%, and 8.81% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2011, the County's annual pension cost of \$233,602 (which does not include the portion of the employee share assumed by the employer which was \$120,662) was equal to the County's required and actual contributions.

For fiscal year 2011, the County School Board's annual pension cost for the Board's non-professional employees was \$47,314 (which does not include the portion of the employee share assumed by the School Board which was \$33,651), 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, 2011	\$	233,602	100%	\$	-
June 30, 2010		186,045	100%		-
June 30, 2009		194,822	100%		-
School Board:					
Non-Professional:					
June 30, 2011	\$	47,314	100%	\$	-
June 30, 2010		48,217	100%		-
June 30, 2009		51,308	100%		-

(1) Employer portion only

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 12—Defined Benefit Pension Plan (continued):

C. Annual Pension Cost (continued):

The fiscal year 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 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 the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress:

As of June 30, 2010, the most recent actuarial valuation date, the plan was 88.65% funded. The actuarial accrued liability for benefits was \$8,966,564, and the actuarial value of assets was \$7,949,294, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,017,270. The covered payroll (annual payroll of active employees covered by the plan) was \$2,345,674, and ratio of the UAAL to the covered payroll was 43.37%.

As of June 30, 2010, the most recent actuarial valuation date, the School Board's Non-Professional plan was 75.03% funded. The actuarial accrued liability for benefits was \$3,035,818 and the actuarial value of assets was \$2,277,643, resulting in an unfunded actuarial accrued liability (UAAL) of \$758,175. The covered payroll (annual payroll of active employees covered by the plan) was \$683,069 and ratio of the UAAL to the covered payroll was 111.00%.

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 (AAL) for benefits.

Note 13—Surety Bonds:

	<u>Amount</u>
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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 14–Postemployment Benefits Other Than Pensions:

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

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

Funding Policy

The Schools currently have 11 retirees and 2 spouses on their plan. The County has no retirees 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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 14—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:

	<u>County</u>	<u>Schools</u>
Annual required contribution	\$ 9,600	\$ 60,400
Interest on net OPEB obligation	344	1,385
Adjustment to annual required contribution	(344)	(1,243)
Annual OPEB cost (expense)	\$ 9,600	\$ 60,542
Estimated Contributions made	-	(54,263)
Increase in net OPEB obligation	9,600	6,279
Net OPEB obligation-beginning of year	8,600	34,621
Net OPEB obligation-end of year	\$ 18,200	\$ 40,900

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 thru 2011 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2009	\$ 5,100	17.65%	\$ 4,200
6/30/2010	5,300	16.98%	8,600
6/30/2011	9,600	0.00%	18,200
Schools:			
6/30/2009	67,100	73.32%	17,900
6/30/2010	67,221	75.13%	34,621
6/30/2011	60,542	89.63%	40,900

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 14—Postemployment Benefits Other Than Pensions: (Continued)

Funded Status and Funding Progress

As of January 1, 2011, most recent actuarial valuation, the County's actuarial accrued liability for benefits was \$82,900, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,027,800, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 4.09 percent.

As of January 1, 2011, most recent actuarial valuation, the School Board's actuarial accrued liability for benefits was \$760,800, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,098,400, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.72 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.

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 14–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 2011 using Scale AA.

Coverage elections —The actuary 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, 2011 was thirty years.

Note 15–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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2011 (Continued)

Note 15-Other Post-Employment Benefits (OPEB): (Continued)

A. Plan Description (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 12.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2011, 2010, and 2009 were \$36,947, \$42,039, and \$71,042, respectively and equaled the required contributions for each year.

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.*

County of Mathews, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 9,606,000	\$ 9,606,000	\$ 10,377,660	\$ 771,660
Other local taxes	1,176,100	1,176,100	1,257,210	81,110
Permits, privilege fees, and regulatory licenses	63,898	63,898	61,501	(2,397)
Fines and forfeitures	16,000	16,000	12,130	(3,870)
Revenue from the use of money and property	84,500	84,500	59,127	(25,373)
Charges for services	24,750	24,750	27,290	2,540
Miscellaneous	207,923	210,633	204,401	(6,232)
Recovered costs	10,000	10,000	11,825	1,825
Intergovernmental revenues:				
Commonwealth	3,368,667	3,392,366	3,303,340	(89,026)
Federal	635,000	705,517	883,851	178,334
Total revenues	<u>\$ 15,192,838</u>	<u>\$ 15,289,764</u>	<u>\$ 16,198,335</u>	<u>\$ 908,571</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,263,417	\$ 1,321,132	\$ 1,325,878	\$ (4,746)
Judicial administration	497,949	488,183	488,183	-
Public safety	2,310,910	2,308,842	2,315,153	(6,311)
Public works	1,248,306	1,217,387	1,159,235	58,152
Health and welfare	1,915,218	1,937,679	1,919,658	18,021
Education	5,491,649	5,491,649	5,544,926	(53,277)
Parks, recreation, and cultural	362,641	362,509	357,877	4,632
Community development	389,480	382,523	458,078	(75,555)
Nondepartmental	32,830	7,668	7,668	-
Capital projects	160,900	316,277	243,604	72,673
Debt service:				
Principal retirement	1,132,034	1,132,034	852,034	280,000
Interest and other fiscal charges	586,341	508,961	506,838	2,123
Total expenditures	<u>\$ 15,391,675</u>	<u>\$ 15,474,844</u>	<u>\$ 15,179,132</u>	<u>\$ 295,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (198,837)</u>	<u>\$ (185,080)</u>	<u>\$ 1,019,203</u>	<u>\$ 1,204,283</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 49,916	\$ 49,916
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,916</u>	<u>\$ 49,916</u>
Net change in fund balances	<u>\$ (198,837)</u>	<u>\$ (185,080)</u>	<u>\$ 1,069,119</u>	<u>\$ 1,254,199</u>
Fund balances - beginning	196,833	185,076	2,924,354	2,739,278
Fund balances - ending	<u>\$ (2,004)</u>	<u>\$ (4)</u>	<u>\$ 3,993,473</u>	<u>\$ 3,993,477</u>

County of Mathews, Virginia
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 111	\$ 111
Revenue from the use of money and property	-	-	748	748
Miscellaneous	-	-	347	347
Intergovernmental revenues:				
Commonwealth	-	-	8,964	8,964
Total revenues	\$ -	\$ -	\$ 10,170	\$ 10,170
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 577	\$ 1,973	\$ (1,396)
Total expenditures	\$ -	\$ 577	\$ 1,973	\$ (1,396)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (577)	\$ 8,197	\$ 8,774
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (44,752)	\$ (44,752)
Total other financing sources (uses)	\$ -	\$ -	\$ (44,752)	\$ (44,752)
Net change in fund balances	\$ -	\$ (577)	\$ (36,555)	\$ (35,978)
Fund balances - beginning	-	577	134,748	134,171
Fund balances - ending	\$ -	\$ -	\$ 98,193	\$ 98,193

County of Mathews, Virginia
Schedule of Pension Funding Progress
For the Fiscal Year Ended June 30, 2011

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:						
6/30/2010	\$ 7,949,294	\$ 8,966,564	\$ 1,017,270	88.65%	\$ 2,345,674	43.37%
6/30/2009	7,834,363	8,611,303	776,940	90.98%	2,576,400	30.16%
6/30/2008	7,653,311	8,101,377	448,066	94.47%	2,528,733	17.72%
6/30/2007	6,968,769	7,088,156	119,387	98.32%	2,364,561	5.05%
6/30/2006	6,117,776	6,259,852	142,076	97.73%	2,210,076	6.43%
6/30/2005	5,685,578	6,383,981	698,403	89.06%	2,103,904	33.20%
6/30/2004	5,551,937	5,725,284	173,347	96.97%	1,956,442	8.86%
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%
School Board Non-Professionals:						
6/30/2010	\$ 2,277,643	\$ 3,035,818	\$ 758,175	75.03%	\$ 683,069	111.00%
6/30/2009	2,293,775	2,543,178	249,403	90.19%	646,389	38.58%
6/30/2008	2,271,976	2,383,701	111,725	95.31%	825,125	13.54%
6/30/2007	2,062,175	2,322,128	259,953	88.81%	753,123	34.52%
6/30/2006	1,837,924	2,092,232	254,308	87.85%	726,106	35.02%
6/30/2005	1,723,423	1,907,633	184,210	90.34%	676,332	27.24%
6/30/2004	1,697,074	1,774,591	77,517	95.63%	618,894	12.53%
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%

County of Mathews, Virginia

**Schedule of Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2011**

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:						
1/1/2011	\$ -	\$ 82,900	\$ 82,900	0.00%	\$ 2,027,800	4.09%
1/1/2009	-	34,300	34,300	0.00%	2,027,000	1.69%
School Board:						
1/1/2011	\$ -	\$ 760,800	\$ 760,800	0.00%	\$ 7,098,400	10.72%
1/1/2009	-	652,700	652,700	0.00%	7,663,700	8.52%

OTHER SUPPLEMENTARY INFORMATION

*COMBINING AND INDIVIDUAL FUNDS STATEMENTS
AND SCHEDULES*

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 938	\$ 938
Total revenues	\$ -	\$ -	\$ 938	\$ 938
 Excess (deficiency) of revenues over (under) expenditures	 \$ -	 \$ -	 \$ 938	 \$ 938
 OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (5,164)	\$ (5,164)
Total other financing sources (uses)	\$ -	\$ -	\$ (5,164)	\$ (5,164)
 Net change in fund balances	 \$ -	 \$ -	 \$ (4,226)	 \$ (4,226)
Fund balances - beginning	-	-	4,682	4,682
Fund balances - ending	\$ -	\$ -	\$ 456	\$ 456

County of Mathews, Virginia

Fiduciary Funds

Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2011

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 29,088	\$ 43,411	\$ 27,282	\$ 45,217
Liabilities:				
Amounts held for social services clients	\$ 29,088	\$ 43,411	\$ 27,282	\$ 45,217
Triad Fund:				
Assets:				
Cash and cash equivalents	\$ (28)	\$ 28	\$ -	\$ -
Total assets	\$ (28)	\$ 28	\$ -	\$ -
Liabilities:				
Amounts held for others	\$ (28)	\$ 28	\$ -	\$ -
Total liabilities	\$ (28)	\$ 28	\$ -	\$ -
Market Days Fund:				
Assets:				
Cash and cash equivalents	\$ 21,871	\$ 21,667	\$ 18,158	\$ 25,380
Liabilities:				
Accounts payable	\$ -	\$ 90	\$ -	\$ 90
Amounts held for others	21,871	21,577	18,158	25,290
Total liabilities	\$ 21,871	\$ 21,667	\$ 18,158	\$ 25,380
Fort Nonsense Joint Entrance Project Fund:				
Assets:				
Cash	\$ -	\$ 57,471	\$ 57,471	\$ -
Liabilities:				
Accounts payable	\$ -	\$ 57,471	\$ 57,471	\$ -
Total liabilities	\$ -	\$ 57,471	\$ 57,471	\$ -
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 50,931	\$ 122,577	\$ 102,911	\$ 70,597
Total assets	\$ 50,931	\$ 122,577	\$ 102,911	\$ 70,597
Liabilities:				
Accounts payable	\$ -	\$ 57,561	\$ 57,471	\$ 90
Amounts held for others	21,843	21,605	18,158	25,290
Amounts held for social services clients	29,088	43,411	27,282	45,217
Total liabilities	\$ 50,931	\$ 122,577	\$ 102,911	\$ 70,597

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

County of Mathews, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2011

	School Operating Fund	Textbook Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 109,427	\$ 29,859	\$ 139,286
Receivables (net of allowance for uncollectibles):				
Accounts receivable	31,943	-	4	31,947
Due from other governmental units	988,184	-	16,117	1,004,301
Inventories	-	-	9,198	9,198
Total assets	<u>\$ 1,020,127</u>	<u>\$ 109,427</u>	<u>\$ 55,178</u>	<u>\$ 1,184,732</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 32,025	\$ -	\$ -	\$ 32,025
Accrued liabilities	988,102	-	36,454	1,024,556
Total liabilities	<u>\$ 1,020,127</u>	<u>\$ -</u>	<u>\$ 36,454</u>	<u>\$ 1,056,581</u>
Fund balances:				
Nonspendable	\$ -	\$ -	\$ 9,198	\$ 9,198
Committed	-	109,427	9,526	118,953
Total fund balances	<u>\$ -</u>	<u>\$ 109,427</u>	<u>\$ 18,724</u>	<u>\$ 128,151</u>
Total liabilities and fund balances	<u>\$ 1,020,127</u>	<u>\$ 109,427</u>	<u>\$ 55,178</u>	<u>\$ 1,184,732</u>

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

Total fund balances per above \$ 128,151

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 7,852,593

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	\$ (169,296)	
OPEB Liability	<u>(40,900)</u>	(210,196)
Net assets of governmental activities		<u><u>\$ 7,770,548</u></u>

County of Mathews, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2011

	School Operating Fund	Textbook Fund	Total Nonmajor Governmental Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ (473)	\$ 56	\$ (417)
Charges for services	37,854	-	378,872	416,726
Miscellaneous	73,620	-	-	73,620
Recovered costs	71,160	-	-	71,160
Intergovernmental revenues:				
Local government	5,539,404	-	-	5,539,404
Commonwealth	4,530,404	-	8,260	4,538,664
Federal	762,188	-	279,388	1,041,576
Total revenues	<u>\$ 11,014,630</u>	<u>\$ (473)</u>	<u>\$ 666,576</u>	<u>\$ 11,680,733</u>
EXPENDITURES				
Current:				
Education	\$ 10,919,484	\$ 37,815	\$ 715,971	\$ 11,673,270
Total expenditures	<u>\$ 10,919,484</u>	<u>\$ 37,815</u>	<u>\$ 715,971</u>	<u>\$ 11,673,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 95,146</u>	<u>\$ (38,288)</u>	<u>\$ (49,395)</u>	<u>\$ 7,463</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 25,931	\$ 69,215	\$ 95,146
Transfers out	(95,146)	-	-	(95,146)
Total other financing sources (uses)	<u>\$ (95,146)</u>	<u>\$ 25,931</u>	<u>\$ 69,215</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (12,357)	\$ 19,820	\$ 7,463
Fund balances - beginning	-	121,784	(1,096)	120,688
Fund balances - ending	<u>\$ -</u>	<u>\$ 109,427</u>	<u>\$ 18,724</u>	<u>\$ 128,151</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ 7,463

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	\$ 191,119	
Allocation of School board assets	751,148	
Depreciation expense	<u>(596,699)</u>	345,568

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	\$ (20,146)	
(Increase) Decrease in OPEB liability	<u>(6,279)</u>	(26,425)

Change in net assets of governmental activities \$ 326,606

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, 2011

	School Operating Fund				Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ 7,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (473)	\$ (473)
Charges for services	25,000	32,000	37,854	5,854	-	-	-	-
Miscellaneous	49,400	61,452	73,620	12,168	-	-	-	-
Recovered costs	40,000	40,000	71,160	31,160	-	-	-	-
Intergovernmental revenues:								
Local government	5,486,127	5,486,127	5,539,404	53,277	-	-	-	-
Commonwealth	4,679,884	4,807,884	4,530,404	(277,480)	-	-	-	-
Federal	500,948	641,937	762,188	120,251	-	-	-	-
Total revenues	\$ 10,788,359	\$ 11,069,400	\$ 11,014,630	\$ (54,770)	\$ -	\$ -	\$ (473)	\$ (473)
EXPENDITURES								
Current:								
Education	\$ 10,692,208	\$ 10,965,185	\$ 10,919,484	\$ 45,701	\$ 35,000	\$ 35,000	\$ 37,815	\$ (2,815)
Total expenditures	\$ 10,692,208	\$ 10,965,185	\$ 10,919,484	\$ 45,701	\$ 35,000	\$ 35,000	\$ 37,815	\$ (2,815)
Excess (deficiency) of revenues over (under) expenditures	\$ 96,151	\$ 104,215	\$ 95,146	\$ (9,069)	\$ (35,000)	\$ (35,000)	\$ (38,288)	\$ (3,288)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 26,936	\$ 35,000	\$ 25,931	\$ (9,069)
Transfers out	(96,151)	(104,215)	(95,146)	9,069	-	-	-	-
Total other financing sources (uses)	\$ (96,151)	\$ (104,215)	\$ (95,146)	\$ 9,069	\$ 26,936	\$ 35,000	\$ 25,931	\$ (9,069)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ (8,064)	\$ -	\$ (12,357)	\$ (12,357)
Fund balances - beginning	-	-	-	-	8,064	-	121,784	121,784
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,427	\$ 109,427

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, 2011

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 56	\$ 56
Charges for services	462,256	462,256	378,872	(83,384)
Intergovernmental revenues:				
Commonwealth	7,744	7,744	8,260	516
Federal	220,000	220,000	279,388	59,388
Total revenues	<u>\$ 690,000</u>	<u>\$ 690,000</u>	<u>\$ 666,576</u>	<u>\$ (23,424)</u>
EXPENDITURES				
Current:				
Education	\$ 759,215	\$ 759,215	\$ 715,971	\$ 43,244
Total expenditures	<u>\$ 759,215</u>	<u>\$ 759,215</u>	<u>\$ 715,971</u>	<u>\$ 43,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (69,215)</u>	<u>\$ (69,215)</u>	<u>\$ (49,395)</u>	<u>\$ 19,820</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 69,215	\$ 69,215	\$ 69,215	\$ -
Total other financing sources (uses)	<u>\$ 69,215</u>	<u>\$ 69,215</u>	<u>\$ 69,215</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 19,820	\$ 19,820
Fund balances - beginning	-	-	(1,096)	(1,096)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,724</u>	<u>\$ 18,724</u>

County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2011

	Scholarship Funds
ASSETS	
Cash and cash equivalents	<u>\$ 35,237</u>
NET ASSETS	
Held in trust for scholarships	<u><u>\$ 35,237</u></u>

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, 2011

	Scholarship Funds
ADDITIONS	
Contributions:	
Donations	\$ 62,800
Total contributions	<u>\$ 62,800</u>
Investment earnings:	
Interest	\$ 94
Total investment earnings	<u>\$ 94</u>
Total additions	<u>\$ 62,894</u>
DEDUCTIONS	
Scholarships	\$ 59,219
Total deductions	<u>\$ 59,219</u>
Change in net assets	\$ 3,675
Net assets - beginning	31,562
Net assets - ending	<u><u>\$ 35,237</u></u>

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

County of Mathews, Virginia
Statement of Net Assets
Discretely Presented Component Unit-Industrial Development Authority
June 30, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$ 152,898
Total current assets	<u>\$ 152,898</u>
Total assets	<u>\$ 152,898</u>

NET ASSETS

Unrestricted	\$ 152,898
Total net assets	<u><u>\$ 152,898</u></u>

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, 2011

OPERATING REVENUES

Charges for services:

Miscellaneous	\$	26,028
Total operating revenues	\$	<u>26,028</u>

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

NONOPERATING REVENUES (EXPENSES)

Investment earnings	\$	144
Total nonoperating revenues (expenses)	\$	<u>144</u>

Change in net assets	\$	26,172
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Total net assets - beginning		126,726
Total net assets - ending	\$	<u><u>152,898</u></u>

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

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

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>\$ 144</u>
Net cash provided (used) by investing activities	<u>\$ 144</u>

Net increase (decrease) in cash and cash equivalents	\$ 26,172
--	-----------

Cash and cash equivalents - beginning	126,726
Cash and cash equivalents - ending	<u><u>\$ 152,898</u></u>

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

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

SUPPORTING SCHEDULES

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,310,000	\$ 7,310,000	\$ 7,499,853	\$ 189,853
Real and personal public service corporation taxes	75,000	75,000	82,794	7,794
Personal property taxes	2,090,000	2,090,000	2,636,955	546,955
Mobile home taxes	36,000	36,000	36,364	364
Penalties	65,000	65,000	79,661	14,661
Interest	30,000	30,000	42,033	12,033
Total general property taxes	<u>\$ 9,606,000</u>	<u>\$ 9,606,000</u>	<u>\$ 10,377,660</u>	<u>\$ 771,660</u>
Other local taxes:				
Local sales and use taxes	\$ 435,000	\$ 435,000	\$ 411,206	\$ (23,794)
Consumers' utility taxes	145,000	145,000	150,432	5,432
Consumption tax	34,000	34,000	34,381	381
Business license taxes	120,000	120,000	169,989	49,989
Motor vehicle licenses	270,000	270,000	297,562	27,562
Bank stock taxes	62,100	62,100	104,256	42,156
Taxes on recordation and wills	110,000	110,000	89,384	(20,616)
Total other local taxes	<u>\$ 1,176,100</u>	<u>\$ 1,176,100</u>	<u>\$ 1,257,210</u>	<u>\$ 81,110</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,798	\$ 5,798	\$ 5,334	\$ (464)
Transfer fees	450	450	467	17
Permits and other licenses	57,650	57,650	55,700	(1,950)
Total permits, privilege fees, and regulatory licenses	<u>\$ 63,898</u>	<u>\$ 63,898</u>	<u>\$ 61,501</u>	<u>\$ (2,397)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 16,000	\$ 16,000	\$ 12,130	\$ (3,870)
Total fines and forfeitures	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 12,130</u>	<u>\$ (3,870)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 40,000	\$ 40,000	\$ 13,268	\$ (26,732)
Revenue from use of property	44,500	44,500	45,859	1,359
Total revenue from use of money and property	<u>\$ 84,500</u>	<u>\$ 84,500</u>	<u>\$ 59,127</u>	<u>\$ (25,373)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 600	\$ 600	\$ 739	\$ 139
Charges for courthouse maintenance	2,000	2,000	2,139	139
Charges for court costs	4,150	4,150	3,086	(1,064)
Courthouse security fees	8,000	8,000	7,742	(258)
Circuit court- document reproduction	2,400	2,400	3,274	874
Charges for Commonwealth's Attorney	300	300	420	120
Charges for other protection	1,200	1,200	1,810	610
Charges for library	6,100	6,100	8,080	1,980
Total charges for services	<u>\$ 24,750</u>	<u>\$ 24,750</u>	<u>\$ 27,290</u>	<u>\$ 2,540</u>
Miscellaneous revenue:				
Miscellaneous	\$ 207,923	\$ 210,633	\$ 204,401	\$ (6,232)
Total miscellaneous revenue	<u>\$ 207,923</u>	<u>\$ 210,633</u>	<u>\$ 204,401</u>	<u>\$ (6,232)</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
DMV License agent	\$ 10,000	\$ 10,000	\$ 11,825	\$ 1,825
Total recovered costs	\$ 10,000	\$ 10,000	\$ 11,825	\$ 1,825
Total revenue from local sources	\$ 11,189,171	\$ 11,191,881	\$ 12,011,144	\$ 819,263
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 535	\$ 535	\$ 779	\$ 244
Mobile home titling tax	8,000	8,000	9,960	1,960
Motor vehicle rental tax	100	100	511	411
State recordation tax	60,000	60,000	59,065	(935)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	450,000	450,000	467,282	17,282
Reduction in state aid to local governments	(70,000)	(70,000)	(51,527)	18,473
Total noncategorical aid	\$ 1,448,718	\$ 1,448,718	\$ 1,486,153	\$ 37,435
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 158,030	\$ 158,030	\$ 156,026	\$ (2,004)
Sheriff	566,667	566,667	564,696	(1,971)
Commissioner of revenue	72,975	72,975	72,069	(906)
Treasurer	73,141	73,141	71,846	(1,295)
Medical examiner	150	150	-	(150)
Registrar/electoral board	28,000	28,000	28,112	112
Clerk of the Circuit Court	133,460	133,460	132,334	(1,126)
Total shared expenses	\$ 1,032,423	\$ 1,032,423	\$ 1,025,083	\$ (7,340)
Other categorical aid:				
Public assistance and welfare administration	\$ 451,574	\$ 451,574	\$ 325,854	\$ (125,720)
Emergency medical services - two for life	7,000	7,000	10,370	3,370
Jurors fees	1,500	1,500	-	(1,500)
Disaster recovery	-	-	20,278	20,278
Comprehensive services act	277,875	301,574	247,047	(54,527)
Litter control	5,000	5,000	5,910	910
Library grant	61,502	61,502	61,548	46
Wireless board funds	33,000	33,000	39,014	6,014
Commission for the arts grant	5,000	5,000	5,000	-
Victim-witness grant	20,000	20,000	24,936	4,936
Mitigation grant	-	-	25,450	25,450
Fire programs fund	25,000	25,000	26,584	1,584
Other state aid	75	75	113	38
Total other categorical aid	\$ 887,526	\$ 911,225	\$ 792,104	\$ (119,121)
Total categorical aid	\$ 1,919,949	\$ 1,943,648	\$ 1,817,187	\$ (126,461)
Total revenue from the Commonwealth	\$ 3,368,667	\$ 3,392,366	\$ 3,303,340	\$ (89,026)

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 475,000	\$ 475,000	\$ 551,794	\$ 76,794
Shoreline management plan	-	-	31,557	31,557
Highway planning and construction (ISTEA)	-	70,517	70,517	-
Local law enforcement block grant	-	-	1,039	1,039
VDOT enhancement grant	160,000	160,000	46,545	(113,455)
Mitigation grant	-	-	100,143	100,143
Transportation safety	-	-	6,214	6,214
Disaster recovery	-	-	76,042	76,042
Total categorical aid	<u>\$ 635,000</u>	<u>\$ 705,517</u>	<u>\$ 883,851</u>	<u>\$ 178,334</u>
Total revenue from the federal government	<u>\$ 635,000</u>	<u>\$ 705,517</u>	<u>\$ 883,851</u>	<u>\$ 178,334</u>
Total General Fund	<u>\$ 15,192,838</u>	<u>\$ 15,289,764</u>	<u>\$ 16,198,335</u>	<u>\$ 908,571</u>
Special Revenue Fund:				
County Special Revenue Fund				
Revenue from local sources:				
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 111	\$ 111
Total fines and forfeitures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 111</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 748	\$ 748
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748</u>	<u>\$ 748</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 347	\$ 347
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347</u>	<u>\$ 347</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,206</u>	<u>\$ 1,206</u>
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 8,964	\$ 8,964
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,964</u>	<u>\$ 8,964</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,964</u>	<u>\$ 8,964</u>
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,170</u>	<u>\$ 10,170</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 938	\$ 938
Total revenue from local sources	\$ -	\$ -	\$ 938	\$ 938
Total County Capital Projects Fund	\$ -	\$ -	\$ 938	\$ 938
 Total Primary Government	 \$ 15,192,838	 \$ 15,289,764	 \$ 16,209,443	 \$ 919,679
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 7,000	\$ -	\$ -	\$ -
Charges for services:				
Tuition and payments from other divisions	\$ 25,000	\$ 32,000	\$ 37,854	\$ 5,854
Total charges for services	\$ 25,000	\$ 32,000	\$ 37,854	\$ 5,854
Miscellaneous revenue:				
Miscellaneous	\$ 49,400	\$ 61,452	\$ 73,620	\$ 12,168
Recovered costs:				
Other recovered costs	\$ 40,000	\$ 40,000	\$ 71,160	\$ 31,160
Total recovered costs	\$ 40,000	\$ 40,000	\$ 71,160	\$ 31,160
Total revenue from local sources	\$ 121,400	\$ 133,452	\$ 182,634	\$ 49,182
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 5,486,127	\$ 5,486,127	\$ 5,539,404	\$ 53,277
Total revenues from local governments	\$ 5,486,127	\$ 5,486,127	\$ 5,539,404	\$ 53,277
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,125,021	\$ 1,125,021	\$ 1,171,011	\$ 45,990
Basic school aid	2,320,628	2,320,628	2,087,703	(232,925)
Remedial summer education	24,141	24,141	30,177	6,036
Regular foster care		25,365	5,743	(19,622)
Adult secondary education	-	9,977	7,859	(2,118)
Gifted and talented	23,071	23,071	22,210	(861)
Hold harmless incentive	440,622	440,622	389,874	(50,748)
Special education	309,396	284,031	273,427	(10,604)
Textbook payment	26,936	26,936	25,931	(1,005)
Vocational education	83,056	83,056	79,955	(3,101)
School fringes	223,020	223,020	214,695	(8,325)
ISAP	9,977	-	-	-
Early reading intervention	8,758	8,758	7,507	(1,251)
Mentor teacher program	269	269	2,135	1,866

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Homebound	\$ 4,215	\$ 4,215	\$ 2,648	\$ (1,567)
At risk payments	29,179	29,179	28,083	(1,096)
Career and technical education	3,566	3,566	3,960	394
Remediation assistance - SOL	38,965	38,965	37,510	(1,455)
Technology	-	128,000	128,000	-
Standards of Learning algebra readiness	6,380	6,380	6,443	63
English as a second language	2,667	2,667	3,779	1,112
Other state funds	17	17	1,754	1,737
Total categorical aid	<u>\$ 4,679,884</u>	<u>\$ 4,807,884</u>	<u>\$ 4,530,404</u>	<u>\$ (277,480)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 162,942	\$ 162,942	\$ 165,927	\$ 2,985
Title I - ARRA	-	140,989	21,817	(119,172)
Title VI-B, special education flow-through	249,857	249,857	270,887	21,030
Title VI-B, special education flow-through - ARRA	-	-	71,119	71,119
Vocational education	15,000	15,000	14,201	(799)
Title VI-B, special education pre-school	10,000	10,000	6,143	(3,857)
Title II - A	59,452	59,452	51,710	(7,742)
Educational technology grant - ARRA	-	-	1,252	1,252
Title IV	3,697	3,697	-	(3,697)
Title II - D	-	-	2,130	2,130
State fiscal stabilization funds - ARRA	-	-	157,002	157,002
Total categorical aid	<u>\$ 500,948</u>	<u>\$ 641,937</u>	<u>\$ 762,188</u>	<u>\$ 120,251</u>
Total School Operating Fund	<u><u>\$ 10,788,359</u></u>	<u><u>\$ 11,069,400</u></u>	<u><u>\$ 11,014,630</u></u>	<u><u>\$ (54,770)</u></u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 56	\$ 56
Charges for services:				
Cafeteria sales	\$ 462,256	\$ 462,256	\$ 378,872	\$ (83,384)
Total charges for services	<u>\$ 462,256</u>	<u>\$ 462,256</u>	<u>\$ 378,872</u>	<u>\$ (83,384)</u>
Total revenue from local sources	<u><u>\$ 462,256</u></u>	<u><u>\$ 462,256</u></u>	<u><u>\$ 378,928</u></u>	<u><u>\$ (83,328)</u></u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 7,744	\$ 7,744	\$ 8,260	\$ 516
Total categorical aid	<u>\$ 7,744</u>	<u>\$ 7,744</u>	<u>\$ 8,260</u>	<u>\$ 516</u>
Total revenue from the Commonwealth	<u><u>\$ 7,744</u></u>	<u><u>\$ 7,744</u></u>	<u><u>\$ 8,260</u></u>	<u><u>\$ 516</u></u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 220,000	\$ 220,000	\$ 256,398	\$ 36,398
Commodities	-	-	22,990	22,990
Total categorical aid	<u>\$ 220,000</u>	<u>\$ 220,000</u>	<u>\$ 279,388</u>	<u>\$ 59,388</u>
Total revenue from the federal government	<u>\$ 220,000</u>	<u>\$ 220,000</u>	<u>\$ 279,388</u>	<u>\$ 59,388</u>
Total School Cafeteria Fund	<u>\$ 690,000</u>	<u>\$ 690,000</u>	<u>\$ 666,576</u>	<u>\$ (23,424)</u>
Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ (473)	\$ (473)
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (473)</u>	<u>\$ (473)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (473)</u>	<u>\$ (473)</u>
Total Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (473)</u>	<u>\$ (473)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,478,359</u>	<u>\$ 11,759,400</u>	<u>\$ 11,680,733</u>	<u>\$ (78,667)</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 62,153	\$ 64,102	\$ 64,102	\$ -
General and financial administration:				
County administrator	\$ 270,320	\$ 275,368	\$ 280,017	\$ (4,649)
Legal services	144,977	144,859	144,859	-
Commissioner of revenue	201,644	199,423	199,423	-
Independent Auditor	40,000	38,606	38,606	-
Treasurer	229,844	227,186	227,186	-
Assessor	106,833	111,886	111,886	-
Information Technology	126,433	194,325	194,325	-
Other general and financial administration	-	964	964	-
Total general and financial administration	\$ 1,120,051	\$ 1,192,617	\$ 1,197,266	\$ (4,649)
Board of elections:				
Electoral board and officials	\$ 22,084	\$ 11,775	\$ 11,775	\$ -
Registrar	59,129	52,638	52,735	(97)
Total board of elections	\$ 81,213	\$ 64,413	\$ 64,510	\$ (97)
Total general government administration	\$ 1,263,417	\$ 1,321,132	\$ 1,325,878	\$ (4,746)
Judicial administration:				
Courts:				
Circuit court	\$ 21,601	\$ 20,001	\$ 20,001	\$ -
General district court	6,875	6,123	6,123	-
Special magistrates	1,225	886	886	-
Juvenile and domestic relations court	6,000	2,258	2,258	-
J&DR court services unit	10,680	11,122	11,122	-
Victim witness	25,193	24,935	24,935	-
Clerk of the circuit court	208,214	206,792	206,792	-
Total courts	\$ 279,788	\$ 272,117	\$ 272,117	\$ -
Commonwealth's attorney:				
Commonwealth's attorney	\$ 218,161	\$ 216,066	\$ 216,066	\$ -
Total commonwealth's attorney	\$ 218,161	\$ 216,066	\$ 216,066	\$ -
Total judicial administration	\$ 497,949	\$ 488,183	\$ 488,183	\$ -
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,292,923	\$ 1,312,687	\$ 1,315,966	\$ (3,279)
E-911	102,683	77,795	77,795	-
Total law enforcement and traffic control	\$ 1,395,606	\$ 1,390,482	\$ 1,393,761	\$ (3,279)
Fire and rescue services:				
Fire department	\$ 136,300	\$ 134,789	\$ 134,789	\$ -
Ambulance and rescue services	82,000	85,370	88,402	(3,032)
Total fire and rescue services	\$ 218,300	\$ 220,159	\$ 223,191	\$ (3,032)
Correction and detention:				
Regional jail	\$ 541,820	\$ 521,289	\$ 521,289	\$ -
Juvenile probation and detention	25,000	17,766	17,766	-
Total correction and detention	\$ 566,820	\$ 539,055	\$ 539,055	\$ -

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 118,712	\$ 148,112	\$ 148,112	\$ -
Total inspections	\$ 118,712	\$ 148,112	\$ 148,112	\$ -
Other protection:				
Emergency services	\$ 11,322	\$ 10,994	\$ 10,994	\$ -
Medical examiner	150	40	40	-
Total other protection	\$ 11,472	\$ 11,034	\$ 11,034	\$ -
Total public safety	\$ 2,310,910	\$ 2,308,842	\$ 2,315,153	\$ (6,311)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 500	\$ -	\$ -	\$ -
Main street VDOT enhancement	100,000	100,000	42,361	57,639
Put-in creek project	20,000	-	-	-
Streetlights	11,000	10,392	10,048	344
Total maintenance of highways, streets, bridges & sidewalks	\$ 131,500	\$ 110,392	\$ 52,409	\$ 57,983
Sanitation and waste removal:				
Refuse disposal	\$ 611,980	\$ 603,533	\$ 603,533	\$ -
Total sanitation and waste removal	\$ 611,980	\$ 603,533	\$ 603,533	\$ -
Maintenance of general buildings and grounds:				
General properties	\$ 504,826	\$ 503,462	\$ 503,293	\$ 169
Total maintenance of general buildings and grounds	\$ 504,826	\$ 503,462	\$ 503,293	\$ 169
Total public works	\$ 1,248,306	\$ 1,217,387	\$ 1,159,235	\$ 58,152
Health and welfare:				
Health:				
Supplement of local health department	\$ 119,088	\$ 119,088	\$ 119,088	\$ -
Total health	\$ 119,088	\$ 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	-
Colonial Group Home Commission	33,476	32,238	32,238	-
Total mental health and mental retardation	\$ 78,451	\$ 77,213	\$ 77,213	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,179,579	\$ 1,179,579	\$ 1,123,065	\$ 56,514
Area agency on aging	50,600	50,600	50,600	-
Comprehensive services act	487,500	511,199	480,346	30,853
Tax relief for the elderly	-	-	69,346	(69,346)
Total welfare	\$ 1,717,679	\$ 1,741,378	\$ 1,723,357	\$ 18,021
Total health and welfare	\$ 1,915,218	\$ 1,937,679	\$ 1,919,658	\$ 18,021
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 5,522	\$ 5,522	\$ 5,522	\$ -
Contribution to County School Board	5,486,127	5,486,127	5,539,404	(53,277)
Total education	\$ 5,491,649	\$ 5,491,649	\$ 5,544,926	\$ (53,277)

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 78,061	\$ 76,854	\$ 76,854	\$ -
Total parks and recreation	\$ 78,061	\$ 76,854	\$ 76,854	\$ -
Library:				
Contribution to county library	\$ 284,580	\$ 285,655	\$ 281,023	\$ 4,632
Total library	\$ 284,580	\$ 285,655	\$ 281,023	\$ 4,632
Total parks, recreation, and cultural	\$ 362,641	\$ 362,509	\$ 357,877	\$ 4,632
Community development:				
Planning and community development:				
Planning and zoning	\$ 280,678	\$ 273,311	\$ 261,885	\$ 11,426
Planning and zoning boards	5,821	5,821	4,169	1,652
Middle Peninsula planning district commission	5,000	5,000	5,000	-
Wetlands board	2,743	2,743	1,992	751
Economic development	40,210	40,210	35,563	4,647
Housing assistance and other	3,152	3,152	108,686	(105,534)
Total planning and community development	\$ 337,604	\$ 330,237	\$ 417,295	\$ (87,058)
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	5,500	5,910	5,910	-
Other environmental management	850	850	850	-
Total environmental management	\$ 12,350	\$ 12,760	\$ 12,760	\$ -
Cooperative extension program:				
Extension office	\$ 39,526	\$ 39,526	\$ 28,023	\$ 11,503
Total cooperative extension program	\$ 39,526	\$ 39,526	\$ 28,023	\$ 11,503
Total community development	\$ 389,480	\$ 382,523	\$ 458,078	\$ (75,555)
Nondepartmental:				
Contingencies	\$ 32,830	\$ 7,668	\$ 7,668	\$ -
Total nondepartmental	\$ 32,830	\$ 7,668	\$ 7,668	\$ -
Capital projects:				
Fort Nonsense VDOT enhancement	\$ 100,000	\$ 100,114	\$ 18,341	\$ 81,773
Purchase of land	-	-	60,000	(60,000)
Williams Wharf Landing/TEA 21 project	-	70,517	70,517	-
School bus replacement	-	77,379	77,379	-
Replace E911 dispatch equipment	50,000	50,000	-	50,000
Other capital projects	10,900	18,267	17,367	900
Total capital projects	\$ 160,900	\$ 316,277	\$ 243,604	\$ 72,673
Debt service:				
Principal retirement	\$ 1,132,034	\$ 1,132,034	\$ 852,034	\$ 280,000
Interest and other fiscal charges	586,341	508,961	506,838	2,123
Total debt service	\$ 1,718,375	\$ 1,640,995	\$ 1,358,872	\$ 282,123
Total General Fund	\$ 15,391,675	\$ 15,474,844	\$ 15,179,132	\$ 295,712

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other Protection:				
Forfeited assets	\$ -	\$ 577	\$ 1,973	\$ (1,396)
Total other protection	\$ -	\$ 577	\$ 1,973	\$ (1,396)
Total public safety	\$ -	\$ 577	\$ 1,973	\$ (1,396)
Total County Special Revenue Fund	\$ -	\$ 577	\$ 1,973	\$ (1,396)
Total Primary Government	\$ 15,391,675	\$ 15,475,421	\$ 15,181,105	\$ 294,316
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 760,072	\$ 772,124	\$ 742,924	\$ 29,200
Instruction costs	8,027,593	8,288,518	8,168,964	119,554
Pupil transportation	778,045	778,045	731,979	46,066
Operation and maintenance of school plant	1,126,498	1,126,498	1,266,460	(139,962)
School food	-	-	9,157	(9,157)
Total education	\$ 10,692,208	\$ 10,965,185	\$ 10,919,484	\$ 45,701
Total School Operating Fund	\$ 10,692,208	\$ 10,965,185	\$ 10,919,484	\$ 45,701
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 759,215	\$ 759,215	\$ 693,681	\$ 65,534
Commodities	-	-	22,290	(22,290)
Total school food services	\$ 759,215	\$ 759,215	\$ 715,971	\$ 43,244
Total School Cafeteria Fund	\$ 759,215	\$ 759,215	\$ 715,971	\$ 43,244
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 35,000	\$ 35,000	\$ 37,815	\$ (2,815)
Total education	\$ 35,000	\$ 35,000	\$ 37,815	\$ (2,815)
Total Textbook Fund	\$ 35,000	\$ 35,000	\$ 37,815	\$ (2,815)
Total Discretely Presented Component Unit - School Board	\$ 11,486,423	\$ 11,759,400	\$ 11,673,270	\$ 86,130

OTHER STATISTICAL INFORMATION

Table 1

County of Mathews, Virginia
Government-Wide Expenses by Function
Last Nine 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
2010-11	1,376,919	650,189	2,362,595	1,169,512	1,909,899	6,296,291	505,397	544,077	418,566	-	15,233,445

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

Table 2

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

PROGRAM REVENUES				GENERAL REVENUES							Total
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		
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	13,139,205	
2005-06	123,874	2,239,770	-	8,304,312	1,700,918	254,586	106,165	1,145,551	-	13,875,176	
2006-07	117,129	2,507,538	-	9,287,564	1,698,362	273,250	751,058	1,112,848	-	15,747,749	
2007-08	132,487	2,367,614	-	9,338,793	1,751,251	242,986	161,089	1,097,430	-	15,091,650	
2008-09	116,638	2,219,755	98,793	9,686,696	1,677,012	123,641	192,558	1,011,095	-	15,126,188	
2009-10	103,859	2,714,665	-	9,849,635	1,236,738	79,923	102,650	1,480,737	-	15,568,207	
2010-11	101,032	2,639,485	70,517	10,483,159	1,257,210	61,410	204,748	1,486,153	-	16,303,714	

(1) Information has only been available for nine 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	Non-departmental	Debt Service	Total
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
2010-11	1,325,878	488,183	2,317,126	1,159,235	1,919,658	11,678,792	357,877	458,078	7,668	1,358,872	21,071,367

(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		Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
					Use of Money and Property	Use of Money and Property					
2001-02	\$ 6,531,220	\$ 1,234,222	\$ 79,609	\$ 14,410	\$ 108,453	\$ 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	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	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	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	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	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	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	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	85,190	441,423	189,174	52,447	10,658,575	22,576,929
2010-11	10,377,660	1,257,210	61,501	12,241	59,458	59,458	444,016	278,368	82,985	9,776,395	22,349,834

(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)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2001-02	\$ 7,415,586	\$ 7,339,959	98.98%	\$ 31,424	\$ 7,371,383	99.40%	\$ 225,248	3.04%
2002-03 (3)	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%
2010-11	11,482,310	10,972,532	95.56%	283,517	11,256,049	98.03%	776,874	6.77%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year.

(3) 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	
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
2010-11	1,641,431,416	105,108,227	11,909,921	14,710,448	-	1,773,160,012

(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
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
2010-11(5)	.56/.47	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

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
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
2010-11	8,978	1,773,160	5,254,171	-	-	5,254,171	0.30%	585

(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

**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, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County of Mathews, Virginia's basic financial statements and have issued our report thereon dated January 10, 2012. 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, 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.

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

Richmond, Virginia
January 10, 2012

**Independent Auditor's 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**

**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, 2011. 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, 2011.

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 the 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.

A handwritten signature in black ink, appearing to read "R. F. Cox", followed by a horizontal line.

Richmond, Virginia
January 10, 2012

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950109/0950110	\$ 5,866
Temporary assistance for needy families	93.558	0400109/0400110	78,233
Refugee and entrant assistance - state administered programs	93.566	0500109/0500110	227
Low income home energy assistance	93.568	0600409/00600410	6,358
Child care cluster:			
Child care and development block grant	93.575	0770109/0770110	36,426
Child care mandatory and matching funds of the child care and development fund	93.596	0760109/0760110	23,469
ARRA - Child care and development block grant	93.713	0740109/0780109	3,050
Child welfare services - state grants	93.645	0900109/090110	304
Foster care - Title IV-E	93.658	1100109/1100110	92,239
ARRA - Foster care - Title IV-E	93.658	1100109/1100110	4,428
Sub-total CFDA 93.658			<u>\$ 96,667</u>
Adoption assistance	93.659	1120109/1120110	26,437
ARRA - Adoption assistance	93.659	1120109/1120110	1,614
Sub-total CFDA 93.659			<u>\$ 28,051</u>
Social services block grant	93.667	1000109/1000110	53,993
Chafee foster care independence program	93.674	9150109/9150110	746
Children's health insurance program	93.767	0540109/0540110	3,655
Medical Assistance Program	93.778	1200109/1200110	79,780
Total Department of Health and Human Services			<u>\$ 416,825</u>
U. S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Hazard mitigation	97.039	77602-131	<u>\$ 176,186</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child nutrition cluster:			
Food Distribution	10.555	17901-45707	\$ 22,990
Department of Education:			
National school lunch program	10.555	17901-45707	195,834
Sub-total CFDA 10.555			<u>\$ 218,824</u>
Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	17901-40591	60,564
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010109/0010100	133,048
ARRA - State administrative matching grants for the supplemental nutrition assistance program	10.561	0040109/0040110	1,920
Sub-total CFDA 10.561			<u>\$ 134,968</u>
Total Department of Agriculture			<u>\$ 414,356</u>

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne memorial justice assistance program	16.738	3900100-81100	\$ 1,039
Total Department of Justice			\$ 1,039
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway planning and construction (ISTEA)	20.205	EN94-057-109	\$ 117,062
State and community highway safety program	20.600	60507-50287	6,214
Total Department of Transportation			\$ 123,276
Environmental Protection Agency:			
Pass Through Payments:			
National Fish and Wildlife Foundation:			
Shoreline management plan	66.606	2007-0081-014	\$ 31,557
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	\$ 165,927
ARRA - Title I grants to local educational agencies	84.389	17901-42913	21,817
Special education cluster:			
Special education grants to states	84.027	17901-43071-61234	270,887
ARRA-Special education grants to states	84.391	17901-61245	71,119
Special education - preschool grants	84.173	17901-62521	6,143
Career and technical education - basic grants to states	84.048	17901-61095	14,201
Improving teacher quality state grants	84.367	17901-61480	51,710
Education technology state grants cluster:			
Education technology state grants	84.318	17901-61600	2,130
ARRA - Education technology grants	84.386	17901-60897	1,252
ARRA - State fiscal stabilization funds	84.394	17901-62532	157,002
Total Department of Education			\$ 762,188
Total Expenditures of Federal Awards			\$ 1,925,427

See accompanying notes to schedule of expenditures of federal awards.

County of Mathews, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2011

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, 2011. 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	\$ 883,851
Total primary government	\$ 883,851

Component Unit Public Schools:

School Operating Fund	\$ 762,188
School Cafeteria Fund	279,388
Total component unit public schools	\$ 1,041,576

Total federal expenditures per basic financial statements	\$ 1,925,427
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 1,925,427
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County of Mathews, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA - State Fiscal Stabilization Funds -
	Education State Grants
84.027/84.173/84.391	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, 2011

Prior Year Financial Statement Findings

None