

**COUNTY OF MATHEWS, VIRGINIA**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2005**

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# COUNTY OF MATHEWS, VIRGINIA

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## Board of Supervisors

C. Gerald Sadler, Chairperson  
Michael C. Rowe, Vice-Chairperson

Charles E. Ingram

Kevin L. Mitchem

Geneva L. Putt

## School Board

Leslie L. Hall, Chairperson  
Carlton P. Brooks III, Vice-Chairperson

Anne Wortham

Wilnet H. Willis

John T. Persinger

## Department of Social Services Board

Glenna C. Hudgins, Chairperson  
Helen Forest, Vice-Chairperson

Michael C. Rowe  
Mary L. Thomas

Ruth C. Jarvis

## 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 ..... Judy O. Burroughs  
Sheriff ..... Danny C. Howlett  
Superintendent of Schools ..... Dr. David J. Holleran  
Director of Social Services ..... Jo Ann Wilson-Harfst  
Judge of the Circuit Court ..... William H. Shaw, III  
Commonwealth's Attorney ..... John S. Gill  
Judge of the General District Court..... R. Bruce Long  
Judge of the Juvenile and Domestic Relations Court ..... Isabel H. Atlee

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COUNTY OF MATHEWS, VIRGINIA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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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 aggregate 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, 2005, 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 an opinion on these financial statements based on our audit.

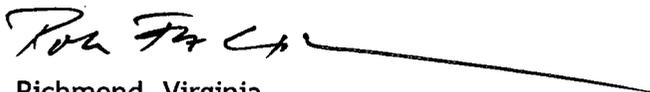
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, 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 opinion.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2005, on our consideration of the County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Mathews, Virginia, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Mathews, Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Richmond, Virginia  
September 7, 2005

## 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, 2005.

### **Financial Highlights**

#### **Government-wide Financial Statements**

- ▶ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$10,270,446 (net assets).

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in deficit of expenditures and other uses of \$897,697 (Exhibit 5) after making contributions totaling \$4,194,964 to the School Board.

- ▶ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$7,099,248, a decrease of \$897,697 in comparison with the prior year.
- ▶ At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,793,456 or 28% of total general fund expenditures and other financing uses.
- ▶ The combined long-term obligations decreased \$993,741 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 for which the County of Mathews, Virginia is financially accountable. Financial information for the component unit is 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 two major governmental funds – the General Fund and the Special Revenue Fund.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's 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 \$10,270,446 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 Activities		Totals		
	2005	2004	2005	2004	2005	2004	
Current and other assets	\$ 8,063,409	\$ 9,095,646	\$ 60,955	\$ 59,910	\$ 8,124,364	\$ 9,155,556	
Capital assets	21,298,419	21,344,580	-	-	21,298,419	21,344,580	
<b>Total assets</b>	<b>\$ 29,361,828</b>	<b>\$ 30,440,226</b>	<b>\$ 60,955</b>	<b>\$ 59,910</b>	<b>\$ 29,422,783</b>	<b>\$ 30,500,136</b>	
Current liabilities	\$ 906,561	\$ 1,146,081	\$ -	\$ -	\$ 906,561	\$ 1,146,081	
Long-term liabilities outstanding	18,245,776	19,239,517	-	-	18,245,776	19,239,517	
<b>Total liabilities</b>	<b>\$ 19,152,337</b>	<b>\$ 20,385,598</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,152,337</b>	<b>\$ 20,385,598</b>	
Net assets:							
Invested in capital assets, net of related debt	\$ 3,313,780	\$ 2,339,429	\$ -	\$ -	\$ 3,313,780	\$ 2,339,429	
Restricted for:							
Construction projects	2,430,416	2,652,368	-	-	2,430,416	2,652,368	
Revenue maximazation	12,740	18,728	-	-	12,740	18,728	
Unrestricted	4,452,555	5,044,103	60,955	59,910	4,513,510	5,104,013	
<b>Total net assets</b>	<b>\$ 10,209,491</b>	<b>\$ 10,054,628</b>	<b>\$ 60,955</b>	<b>\$ 59,910</b>	<b>\$ 10,270,446</b>	<b>\$ 10,114,538</b>	

## Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net assets by \$155,908 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	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 119,789	\$ 116,565	\$ -	\$ -	\$ 119,789	\$ 116,565
Operating grants and contributions	2,000,683	2,495,970	-	-	2,000,683	2,495,970
Capital grants and contributions	-	-	-	-	-	-
<b>General revenues:</b>						
General property taxes	7,806,381	7,339,763	-	-	7,806,381	7,339,763
Other local taxes	1,547,302	1,428,839	-	-	1,547,302	1,428,839
Grants and other contributions not restricted	1,018,466	1,045,781	-	-	1,018,466	1,045,781
Gain on disposal of capital assets	329,854	-	-	-	329,854	-
Other general revenues	315,685	234,463	1,045	1,287	316,730	235,750
<b>Total revenues</b>	<b>\$ 13,138,160</b>	<b>\$ 12,661,381</b>	<b>\$ 1,045</b>	<b>\$ 1,287</b>	<b>\$ 13,139,205</b>	<b>\$ 12,662,668</b>
<b>Expenses:</b>						
<b>General government</b>						
administration	\$ 1,234,146	\$ 1,386,323	\$ -	\$ -	\$ 1,234,146	\$ 1,386,323
Judicial administration	620,802	601,070	-	-	620,802	601,070
Public safety	1,955,278	1,703,916	-	-	1,955,278	1,703,916
Public works	987,030	940,124	-	261,803	987,030	1,201,927
Health and welfare	1,371,881	1,322,388	-	-	1,371,881	1,322,388
Education	5,217,519	4,838,854	-	-	5,217,519	4,838,854
Parks, recreation, and cultural	379,630	373,908	-	-	379,630	373,908
Community development	279,042	293,177	-	-	279,042	293,177
Interest and other fiscal charges	937,969	1,031,027	-	-	937,969	1,031,027
<b>Total expenses</b>	<b>\$ 12,983,297</b>	<b>\$ 12,490,787</b>	<b>\$ -</b>	<b>\$ 261,803</b>	<b>\$ 12,983,297</b>	<b>\$ 12,752,590</b>
<b>Change in net assets</b>	<b>\$ 154,863</b>	<b>\$ 170,594</b>	<b>\$ 1,045</b>	<b>\$ (260,516)</b>	<b>\$ 155,908</b>	<b>\$ (89,922)</b>
Beginning of year	10,054,628	9,884,034	59,910	320,426	10,114,538	10,204,460
End of year	<u>\$ 10,209,491</u>	<u>\$ 10,054,628</u>	<u>\$ 60,955</u>	<u>\$ 59,910</u>	<u>\$ 10,270,446</u>	<u>\$ 10,114,538</u>

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

## **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 \$7,099,248, a decrease of \$897,697 in comparison with the prior year. Approximately 54% of the reported fund balance constitutes unreserved General Fund balance, which is available for spending at the County's discretion.

## **General Fund Budgetary Highlights**

The Difference between the original budget and the final amended budget was an increase of \$20,677.

During the year, revenues and other sources/uses of the General Fund exceeded budgetary estimates by \$400,524. Expenditures were less than budgetary estimates by \$659,741, thus reducing the need to draw upon existing fund balance. The final budget included a decrease to the fund balance of \$1,636,188. The actual fund balance decrease was \$575,923.

## **Capital Asset and Debt Administration**

- **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2005 amounts to \$21,298,419 (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 bonded debt outstanding of \$17,984,639. Of this amount, \$10,523,992 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 capital leases).

The County's total debt decreased by \$987,755 during the current fiscal year.

Additional information on the County of Mathews, Virginia's long-term debt can be found in Note 6 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- ▶ The unemployment rate for the County compares favorably to the state's average unemployment rate of 3.7 percent and compares favorably to the national average rate of 5.0 percent.
- ▶ Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2006 fiscal year.

The fiscal year 2006 budget decreased by approximately 3.6%. Due to a general reassessment, the Real Estate Tax rate for fiscal year 2006 declined from .79 cents to .51 cents per hundred dollars of assessed value and the personal property rate increased from \$3.60 per hundred dollars of assessed value to \$3.80.

## **Requests for Information**

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

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***BASIC FINANCIAL STATEMENTS***

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***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

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**County of Mathews, Virginia**  
**Statement of Net Assets**  
**June 30, 2005**

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>School Board</b>	<b>IDA</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,367,171	\$ 60,955	\$ 7,428,126	\$ 480,793	\$ 20,311
Receivables (net of allowance for uncollectibles):					
Taxes receivable	360,695	-	360,695	-	-
Accounts receivable	62,581	-	62,581	-	-
Due from other governmental units	272,962	-	272,962	718,222	-
Capital assets (net of accumulated depreciation):					
Land	1,387,716	-	1,387,716	46,172	-
Buildings and system	19,373,238	-	19,373,238	4,568,624	-
Machinery and equipment	537,465	-	537,465	596,708	-
Total assets	<u>\$ 29,361,828</u>	<u>\$ 60,955</u>	<u>\$ 29,422,783</u>	<u>\$ 6,410,519</u>	<u>\$ 20,311</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 95,548	\$ -	\$ 95,548	\$ -	\$ -
Accrued liabilities	-	-	-	745,017	-
Accrued interest payable	245,775	-	245,775	-	-
Due to other governmental units	490,375	-	490,375	-	-
Deferred revenue	74,863	-	74,863	-	-
Long-term liabilities:					
Due within one year	1,348,659	-	1,348,659	8,002	-
Due in more than one year	16,897,117	-	16,897,117	72,016	-
Total liabilities	<u>\$ 19,152,337</u>	<u>\$ -</u>	<u>\$ 19,152,337</u>	<u>\$ 825,035</u>	<u>\$ -</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 3,313,780	\$ -	\$ 3,313,780	\$ 5,211,504	\$ -
Restricted for:					
Construction	2,430,416	-	2,430,416	-	-
Revenue maximization	12,740	-	12,740	-	-
Unrestricted (deficit)	4,452,555	60,955	4,513,510	373,980	20,311
Total net assets	<u>\$ 10,209,491</u>	<u>\$ 60,955</u>	<u>\$ 10,270,446</u>	<u>\$ 5,585,484</u>	<u>\$ 20,311</u>
 Total Liabilities and Net Assets	 <u>\$ 29,361,828</u>	 <u>\$ 60,955</u>	 <u>\$ 29,422,783</u>	 <u>\$ 6,410,519</u>	 <u>\$ 20,311</u>

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

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County of Mathews, Virginia  
Statement of Activities  
For the Year Ended June 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Component Units				
				Governmental Activities	Business-type Activities	Total	School Board	IDA		
<b>PRIMARY GOVERNMENT:</b>										
Governmental activities:										
General government administration	\$ 1,234,146	\$ -	\$ 191,104	\$ (1,043,042)	\$ -	\$ (1,043,042)	\$ -	\$ -		
Judicial administration	620,802	22,617	313,900	(284,285)	-	(284,285)	-	-		
Public safety	1,955,278	91,888	627,496	(1,235,894)	-	(1,235,894)	-	-		
Public works	987,030	-	4,375	(982,655)	-	(982,655)	-	-		
Health and welfare	1,371,881	-	824,555	(547,326)	-	(547,326)	-	-		
Education	5,217,519	-	-	(5,217,519)	-	(5,217,519)	-	-		
Parks, recreation, and cultural	379,630	4,454	39,253	(335,923)	-	(335,923)	-	-		
Community development	279,042	830	-	(278,212)	-	(278,212)	-	-		
Interest on long-term debt	937,969	-	-	(937,969)	-	(937,969)	-	-		
Total government activities	\$ 12,983,297	\$ 119,789	\$ 2,000,683	\$ (10,862,825)	\$ -	\$ (10,862,825)	\$ -	\$ -		
Business-type activities:										
Sanitary District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total primary government	\$ 12,983,297	\$ 119,789	\$ 2,000,683	\$ (10,862,825)	\$ -	\$ (10,862,825)	\$ -	\$ -		
<b>COMPONENT UNITS:</b>										
School Board	\$ 11,069,589	\$ 397,867	\$ 6,214,713	\$ -	\$ -	\$ (4,457,009)	\$ -	\$ -		
Total component units	\$ 11,069,589	\$ 397,867	\$ 6,214,713	\$ -	\$ -	\$ (4,457,009)	\$ -	\$ -		
General revenues:										
General property taxes	\$ 7,806,381	\$ -	\$ -	\$ 7,806,381	\$ -	\$ -	\$ -	\$ -		
Other local taxes	1,547,302	-	-	1,547,302	-	-	-	-		
Unrestricted revenues from use of money and property	166,574	-	1,045	166,619	1,045	11,982	15,997	16		
Miscellaneous	150,111	-	-	150,111	-	-	-	-		
Grants and contributions not restricted to specific programs	1,018,466	-	-	1,018,466	-	-	-	-		
Gain on disposal of capital assets	329,854	-	-	329,854	-	-	-	-		
Payment from Mathews County	-	-	-	-	-	5,212,720	-	-		
Total general revenues	\$ 11,017,688	\$ 1,045	\$ 11,018,733	\$ 11,018,733	\$ 1,045	\$ 5,240,699	\$ 14,839	\$ 14,839		
Change in net assets	154,863	-	-	154,863	1,045	155,908	783,690	14,839		
Net assets - beginning	\$ 10,054,628	\$ 59,910	\$ 10,114,538	\$ 10,114,538	\$ 59,910	\$ 4,801,794	\$ 5,472	\$ 5,472		
Net assets - ending	\$ 10,209,491	\$ 60,955	\$ 10,270,446	\$ 10,270,446	\$ 60,955	\$ 5,585,484	\$ 20,311	\$ 20,311		

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

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***FUND FINANCIAL STATEMENTS***

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**County of Mathews, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,058,192	\$ 851,687	\$ 2,457,292	\$ 7,367,171
Receivables (net of allowance for uncollectibles):				
Taxes receivable	349,746	10,949	-	360,695
Accounts receivable	62,581	-	-	62,581
Due from other governmental units	272,962	-	-	272,962
Total assets	<u>\$ 4,743,481</u>	<u>\$ 862,636</u>	<u>\$ 2,457,292</u>	<u>\$ 8,063,409</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 68,672	\$ -	\$ 26,876	\$ 95,548
Due to other governmental funds	490,375	-	-	490,375
Deferred revenue	378,238	-	-	378,238
Total liabilities	<u>\$ 937,285</u>	<u>\$ -</u>	<u>\$ 26,876</u>	<u>\$ 964,161</u>
Fund balances:				
Reserved for:				
Construction	\$ -	\$ -	\$ 2,430,416	\$ 2,430,416
Revenue Maximization	12,740	-	-	12,740
Unreserved, reported in:				
General fund	3,793,456	-	-	3,793,456
Special revenue funds	-	862,636	-	862,636
Total fund balances	<u>\$ 3,806,196</u>	<u>\$ 862,636</u>	<u>\$ 2,430,416</u>	<u>\$ 7,099,248</u>
Total liabilities and fund balances	<u>\$ 4,743,481</u>	<u>\$ 862,636</u>	<u>\$ 2,457,292</u>	<u>\$ 8,063,409</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, 2005**

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	7,099,248
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,298,419
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	303,375
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(18,491,551)
Net assets of governmental activities	<u>\$ 10,209,491</u>

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

**County of Mathews, Virginia**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 7,721,330	\$ -	\$ -	\$ 7,721,330
Other local taxes	1,419,534	127,768	-	1,547,302
Permits, privilege fees, and regulatory licenses	89,959	-	-	89,959
Fines and forfeitures	15,620	-	-	15,620
Revenue from the use of money and property	97,133	14,606	53,835	165,574
Charges for services	14,210	-	-	14,210
Miscellaneous	140,730	7,121	2,260	150,111
Recovered costs	6,504	-	-	6,504
Intergovernmental revenues:				
Commonwealth	2,487,371	42,728	-	2,530,099
Federal	485,622	3,428	-	489,050
Total revenues	<u>\$ 12,478,013</u>	<u>\$ 195,651</u>	<u>\$ 56,095</u>	<u>\$ 12,729,759</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,168,115	\$ -	\$ -	\$ 1,168,115
Judicial administration	571,021	-	-	571,021
Public safety	1,769,526	137,732	-	1,907,258
Public works	1,001,052	-	-	1,001,052
Health and welfare	1,356,816	-	-	1,356,816
Education	4,113,714	-	86,049	4,199,763
Parks, recreation, and cultural	287,343	6,830	-	294,173
Community development	275,043	901	-	275,944
Capital projects	921,483	-	336,998	1,258,481
Debt service:				
Principal retirement	1,187,755	-	-	1,187,755
Interest and other fiscal charges	957,898	-	-	957,898
Total expenditures	<u>\$ 13,609,766</u>	<u>\$ 145,463</u>	<u>\$ 423,047</u>	<u>\$ 14,178,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,131,753)</u>	<u>\$ 50,188</u>	<u>\$ (366,952)</u>	<u>\$ (1,448,517)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 163,344	\$ 13,334	\$ 145,000	\$ 321,678
Transfers out	(158,334)	(163,344)	-	(321,678)
Proceeds of notes payable	200,000	-	-	200,000
Sale of capital assets	350,820	-	-	350,820
Total other financing sources (uses)	<u>\$ 555,830</u>	<u>\$ (150,010)</u>	<u>\$ 145,000</u>	<u>\$ 550,820</u>
Net change in fund balances	(575,923)	(99,822)	(221,952)	(897,697)
Fund balances - beginning	\$ 4,382,119	\$ 962,458	\$ 2,652,368	\$ 7,996,945
Fund balances - ending	<u>\$ 3,806,196</u>	<u>\$ 862,636</u>	<u>\$ 2,430,416</u>	<u>\$ 7,099,248</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, 2005**

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

Net change in fund balances - total governmental funds	\$ (897,697)
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.	(25,195)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(20,966)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	85,051
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.	1,020,512
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.	(6,842)
Change in net assets of governmental activities	<u>\$ 154,863</u>

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, 2005**

	<u>Enterprise Fund Sanitary District</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 60,955
Total assets	<u>\$ 60,955</u>
<b>NET ASSETS</b>	
Unrestricted	<u>\$ 60,955</u>
Total net assets	<u><u>\$ 60,955</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, 2005**

	<b>Enterprise Fund</b>
	<b>Sanitary District</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	\$ 1,045
	1,045
Total nonoperating revenues (expenses)	\$ 1,045
	1,045
Change in net assets	1,045
	1,045
Total net assets - beginning	\$ 59,910
Total net assets - ending	\$ 60,955
	60,955

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, 2005**

	<b>Enterprise Fund Sanitary District</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	\$ 1,045
Net cash provided (used) by investing activities	\$ 1,045
Net increase (decrease) in cash and cash equivalents	1,045
Cash and cash equivalents - beginning - including restricted	\$ 59,910
Cash and cash equivalents - ending - including restricted	\$ 60,955

**County of Mathews, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2005**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>18,665</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ <u>18,665</u>

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

## COUNTY OF MATHEWS, VIRGINIA

### Notes to Financial Statements As of June 30, 2005

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#### ***Note 1—Summary of Significant Accounting Policies:***

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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.

#### **Financial Statement Presentation**

In June 1999, GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

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 changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. 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.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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**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 unit. 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.

**Statement of Activities** - The new 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 new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government’s original budget to the current 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, 2005 (Continued)

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

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#### **B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units at June 30, 2005.

*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, 2005.

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, 2005.

#### **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 provided have been met.

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

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

The government-wide statement of activities reflect 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 of primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time other 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.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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

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#### **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 County reports the General Fund as a major governmental fund.

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

**Special Revenue Funds:** Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

**Capital Projects Funds** - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds.

**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.

**Fiduciary Funds - (Trust and Agency Funds)** - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the modified 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, 2005 (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.

Investments for the government, as well as for its component unit are reported at fair value.

**F. Investments**

Investments are stated at fair value which approximates market; no investments are value 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 “due 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 \$77,390 at June 30, 2005 is composed 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 beginning in 2003)	December 5th
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, 2005 (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 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 as estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized asset as of June 30, 2005 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.

<u>Assets</u>	<u>Years</u>
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 Government 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, 2005 (Continued)

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

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#### **K. Use of Estimates**

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

#### **L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### **M. Net Assets**

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

#### **N. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligation 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 is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### ***Note 2—Stewardship, Compliance, and Accounting:***

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

1. On or before March 30<sup>th</sup>, 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 did not exceed appropriations in any fund at June 30, 2005.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 3—Deposits and Investments:**

**Deposits**

All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

**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).

**Credit Risk of Debt Securities**

The County's rated debt investments as of June 30, 2005 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial papers are required to be rated no lower than Standard and Poor's A-1 and Moody's Investor Service P-1.

Locality's Rated Debt Investments' Values

	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	
State Non-Arbitrage Pool	\$	<u>2,394,786</u>
Total	\$	<u>2,394,786</u>

**External Investment Pools**

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 4—Due from Other Governments:**

At June 30, 2005, 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	\$ -	\$ 490,375
Commonwealth of Virginia:		
Local sales tax	74,969	-
Welfare	13,975	-
Rolling stock tax	46	-
Fringe benefits	-	23,942
State Sales Tax	-	193,616
Constitutional officer reimbursements	85,508	-
Recordation tax	8,128	-
ABC/Wine	11,055	-
Mobile home titling tax	1,084	-
Victim witness	18,968	-
Comprehensive services act	18,314	-
DMV	722	-
Federal Government:		
School fund grants	-	10,289
Welfare	40,193	-
	<u>272,962</u>	<u>718,222</u>
Total due from other governments	\$ <u>272,962</u>	\$ <u>718,222</u>

At June 30, 2005, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>490,375</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2005:

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 739,554	\$ 669,128	\$ 20,966	\$ 1,387,716
Capital assets subject to depreciation:				
Buildings and improvements	\$ 9,358,462	\$ 292,729	\$ -	\$ 9,651,191
Equipment	904,025	270,258	40,045	1,134,238
Jointly owned assets	<u>13,222,198</u>	<u>-</u>	<u>809,536</u>	<u>12,412,662</u>
Total capital assets being depreciated	<u>\$ 23,484,685</u>	<u>\$ 562,987</u>	<u>\$ 849,581</u>	<u>\$ 23,198,091</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 716,513	\$ 98,321	\$ -	\$ 814,834
Equipment	495,585	141,233	40,045	596,773
Jointly owned assets	<u>1,667,561</u>	<u>310,317</u>	<u>102,097</u>	<u>1,875,781</u>
Total accumulated depreciation	<u>\$ 2,879,659</u>	<u>\$ 549,871</u>	<u>\$ 142,142</u>	<u>\$ 3,287,388</u>
Total capital assets subject to depreciation, net	<u>\$ 20,605,026</u>	<u>\$ 13,116</u>	<u>\$ 707,439</u>	<u>\$ 19,910,703</u>
Net capital assets primary government	<u>\$ 21,344,580</u>	<u>\$ 682,244</u>	<u>\$ 728,405</u>	<u>\$ 21,298,419</u>
<b>Component Unit-School Board:</b>	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Equipment	\$ 1,303,395	\$ 180,619	\$ 56,000	\$ 1,428,014
Jointly owned assets	<u>4,572,395</u>	<u>809,536</u>	<u>-</u>	<u>5,381,931</u>
Total capital assets being depreciated	<u>\$ 5,875,790</u>	<u>\$ 990,155</u>	<u>\$ 56,000</u>	<u>\$ 6,809,945</u>
Less accumulated depreciation for:				
Equipment	\$ 772,351	\$ 114,955	\$ 56,000	\$ 831,306
Jointly owned assets	<u>576,662</u>	<u>236,645</u>	<u>-</u>	<u>813,307</u>
Total accumulated depreciation	<u>\$ 1,349,013</u>	<u>\$ 351,600</u>	<u>\$ 56,000</u>	<u>\$ 1,644,613</u>
Total capital assets subject to depreciation, net	<u>\$ 4,526,777</u>	<u>\$ 638,555</u>	<u>\$ -</u>	<u>\$ 5,165,332</u>
Net capital assets Component Unit-School Board	<u>\$ 4,572,949</u>	<u>\$ 638,555</u>	<u>\$ -</u>	<u>\$ 5,211,504</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 5—Capital Assets: (Continued)**

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

Governmental activities:

General government	\$	43,139
Judicial administration		-
Public safety		70,634
Public works		15,557
Health and welfare		23,924
Education		310,317
Parks, recreation and cultural		84,300
Community development		<u>2,000</u>
Total Governmental activities	\$	<u>549,871</u>
Component Unit School Board	\$	<u>249,503</u>

**Note 6—Interfund Transfers:**

Interfund transfers for the year ended June 30, 2005, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 163,344	\$ 158,334
County Capital Projects	145,000	-
County Special Revenue	<u>13,334</u>	<u>163,344</u>
Total	\$ <u>321,678</u>	\$ <u>321,678</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the 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, 2005 (Continued)

**Note 7—Long Term Obligations:**

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

	<u>Amounts Payable at July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2005</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 234,366	\$ 26,771	\$ -	\$ 261,137	\$ 26,114
Lease revenue bonds payable	7,385,000	-	170,000	7,215,000	205,000
Note Payable Obligation	-	200,000	-	200,000	40,000
Landfill post closure care	65,513	-	32,757	32,756	32,756
Total incurred by County	<u>\$ 7,684,879</u>	<u>\$ 226,771</u>	<u>\$ 202,757</u>	<u>\$ 7,708,893</u>	<u>\$ 303,870</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 316,935	\$ -	\$ 105,675	\$ 211,260	\$ 105,675
General obligation bonds	11,212,684	-	899,952	10,312,732	926,223
Capital lease	25,019	-	12,128	12,891	12,891
Total incurred by School Board	<u>\$ 11,554,638</u>	<u>\$ -</u>	<u>\$ 1,017,755</u>	<u>\$ 10,536,883</u>	<u>\$ 1,044,789</u>
Total Governmental Obligations	<u>\$ 19,239,517</u>	<u>\$ 226,771</u>	<u>\$ 1,220,512</u>	<u>\$ 18,245,776</u>	<u>\$ 1,348,659</u>
Total General Obligations, Primary Government	<u>\$ 19,239,517</u>	<u>\$ 226,771</u>	<u>\$ 1,220,512</u>	<u>\$ 18,245,776</u>	<u>\$ 1,348,659</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

Year Ending June 30	County Obligations			
	Lease Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2006	\$ 205,000	\$ 332,126	\$ 40,000	\$ -
2007	260,000	324,651	40,000	-
2008	295,000	314,910	40,000	-
2009	305,000	303,438	40,000	-
2010	325,000	291,178	40,000	-
2011	335,000	277,728	-	-
2012	350,000	263,565	-	-
2013	370,000	248,379	-	-
2014	385,000	231,959	-	-
2015	405,000	214,449	-	-
2016	420,000	195,659	-	-
2017	440,000	175,729	-	-
2018	460,000	154,544	-	-
2019	485,000	132,174	-	-
2020	505,000	108,524	-	-
2021	530,000	83,799	-	-
2022	560,000	57,257	-	-
2023	580,000	29,163	-	-
Total	\$ <u>7,215,000</u>	\$ <u>3,739,226</u>	<u>200,000</u>	<u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

Year Ending June 30	School Obligations					
	State Literary Fund Loans		General Obligation Bonds		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 105,675	\$ 6,338	\$ 926,223	\$ 586,364	\$ 12,891	\$ 812
2007	105,585	3,168	948,706	534,151	-	-
2008	-	-	902,469	482,597	-	-
2009	-	-	689,665	430,996	-	-
2010	-	-	708,121	389,951	-	-
2011	-	-	727,387	347,619	-	-
2012	-	-	747,509	304,397	-	-
2013	-	-	713,540	261,161	-	-
2014	-	-	735,534	217,704	-	-
2015	-	-	763,550	172,804	-	-
2016	-	-	462,649	136,957	-	-
2017	-	-	487,897	110,207	-	-
2018	-	-	514,362	81,984	-	-
2019	-	-	480,254	51,998	-	-
2020	-	-	504,866	24,678	-	-
Total	\$ <u>211,260</u>	\$ <u>9,506</u>	\$ <u>10,312,732</u>	\$ <u>4,133,568</u>	\$ <u>12,891</u>	\$ <u>812</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

**Primary Government: (Continued)**

**General Obligations:**

**Incurred by County:**

**Lease Revenue Bonds Payable:**

\$6,250,000 lease revenue bond issued June 1, 2001, due in annual installments through June 2023, interest payable annually at varying rates between 3.56% and 5.125%	\$ 6,065,000
\$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%.	<u>1,150,000</u>
Total Lease Revenue Bonds	\$ <u>7,215,000</u>

**Capital Lease:**

\$200,000 Capital Lease issued November 2, 2004, due in annual installments of \$40,000 through July 30, 2009, interest payable at 0%.	\$ <u>200,000</u>
Compensated absences (payable from General Fund)	\$ <u>261,137</u>
Landfill closure and post-care closure costs	\$ <u>32,756</u>
Total Incurred by County	\$ <u>7,708,893</u>

**Incurred by School Board:**

**State Literary Fund Loans:**

\$2,000,000 State Literary Fund loan issued April 1, 1987, due in annual principal installments of \$100,000 through 2007, interest payable annually at 3%	\$ 200,000
\$113,410 State Literary Fund loan issued April 1, 1987, due in annual principal installments of \$5,675 through 2007; interest payable annually at 3%	<u>11,260</u>
Total State Literary Fund Loans	\$ <u>211,260</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

General Obligation Bonds:

\$760,000 School Bonds 1996 B Series, issued November 14, 1996, maturing annually in installments of varying amounts through July 15, 2006; interest payable semi-annually at an effective rate of 5.69%	\$ 150,000
\$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% payable semi-annually.	2,750,000
\$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% payable semi-annually.	500,000
\$704,227 term loan through Crestar Bank, School Bonds, issued July 30, 1998, maturing annually in installments of \$66,864, through July 30, 2017, interest at 6.75%	566,832
\$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%	1,655,000
\$1,550,000 School Bonds dated March 1, 2000, maturing annually in installments of varying amounts through February, 2008, interest payable semi-annually at a rate of 5.39%	656,732
\$4,375,626 School Bonds dated March 1, 2000 maturing annually in installments of varying amounts through February, 2020, interest payable semi-annually at a rate of 5.85%	3,684,168
\$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>350,000</u>
Total General Obligations Bonds	\$ <u><u>10,312,732</u></u>

Capital Lease Obligations:

\$100,000 lease obligation payable in annual installments of \$13,703 through April 23, 2006.	\$ <u>12,891</u>
Total capital lease obligations	\$ <u>12,891</u>
Total General obligations, primary government	\$ <u><u>10,536,883</u></u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 7—Long-Term Obligations: (Continued)**

	<u>Amounts Payable at July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2005</u>	<u>Amounts Due Within One Year</u>
Component Unit-School Board:					
Compensated absences	\$ 64,058	\$ 15,960	\$ -	\$ 80,018	\$ 8,002
Total Component Unit-School Board	<u>\$ 64,058</u>	<u>\$ 15,960</u>	<u>\$ -</u>	<u>\$ 80,018</u>	<u>\$ 8,002</u>

**Note 8—Closure and Postclosure Costs:**

The County closed its landfill prior to the date mandated by State and Federal laws and regulations; so as to be liable for post-closure monitoring for a period of only nine years. The \$32,756 reported as landfill closure and post-closure's liability at June 30, 2005, represents the remainder of the liability estimated for post-closure monitoring. These amounts are based on what it would cost to perform all post-closure care in 2005. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

**Note 9—Deferred Revenue:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$378,238 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$303,375 at June 30, 2005.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2005 but paid in advance by the taxpayers totaled \$74,863 at June 30, 2005.

**Note 10—Commitments / Contingent Liabilities:**

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

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

**Note 11—Litigation:**

At June 30, 2005, 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 such entities.

## COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

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### ***Note 12—Risk Management:***

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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 Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

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

### ***Note 13—Defined Benefit Pension Plan:***

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#### **Primary Government:**

##### **A. Plan Description**

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service.

Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by downloading from their website at <http://www.varetire.org/pdf/2004AnnuRept.pdf> or writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 13—Defined Benefit Pension Plan (continued):**

**Primary Government: (continued)**

**B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2005 were 4% and 5% of annual covered payroll, respectively.

The School Board's professional employees contributed \$320,455, \$437,818, and \$435,792 to the teacher cost-sharing pool for the fiscal years ended June 30, 2005, 2004, and 2003 respectively and these contributions represented 6.03% of current covered payroll.

**C. Annual Pension Cost**

For fiscal 2005, the County's annual pension cost of \$82,093 was equal to the County's required and actuarial contributions. The required contributions were determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2005, the County School Board's annual pension cost for the Board's non-professional employees was \$33,759, which was equal to the Board's required and actuarial contributions. The required contributions were determined as a part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method.

	<u>County</u>	<u>Non-Professional School Board Employees</u>
Valuation date	June 30, 2003	June 30, 2003
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	12 years	7 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return <sup>1</sup>	8.00%	8.00%
Projected salary increases: <sup>1</sup>		
Non LEO Employees	4.25% to 6.10%	4.25% to 6.10%
LEO Employees	4.50% to 5.75%	4.50% to 5.75%
Cost-of-living adjustments	3.0%	3.0%

<sup>1</sup> Includes inflation at 3%

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements  
As of June 30, 2005 (Continued)

**Note 13—Defined Benefit Pension Plan (Continued):**

**Primary Government: (Continued)**

**C. Annual Pension Cost (Continued)**

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2005	\$ 82,093	100%	\$ -
June 30, 2004	57,705	100%	-
June 30, 2003	55,526	100%	-
School Board:			
Non-Professional:			
June 30, 2005	\$ 33,759	100%	\$ -
June 30, 2004	19,066	100%	-
June 30, 2003	14,949	100%	-

(1) Employer portion only

**Note 14—Surety Bonds:**

	<u>Amount</u>
Commonwealth of Virginia - Division of Risk Management - Surety	
E.E. Callis III, Clerk of the Circuit Court	\$ 103,000
Judy O. Burroughs, 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

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**REQUIRED SUPPLEMENTARY INFORMATION**

***Note to Required Supplementary Information:***

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

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***COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND SCHEDULES***

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**County of Mathews, Virginia**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 7,701,655	\$ 7,701,655	\$ 7,721,330	\$ 19,675
Other local taxes	1,321,000	1,321,000	1,419,534	98,534
Permits, privilege fees, and regulatory licenses	93,300	93,300	89,959	(3,341)
Fines and forfeitures	20,075	20,075	15,620	(4,455)
Revenue from the use of money and property	116,000	116,000	97,133	(18,867)
Charges for services	14,050	14,050	14,210	160
Miscellaneous	53,831	53,831	140,730	86,899
Recovered costs	6,000	6,000	6,504	504
Intergovernmental revenues:				
Commonwealth	2,528,151	2,537,951	2,487,371	(50,580)
Federal	609,457	609,457	485,622	(123,835)
Total revenues	<u>\$ 12,463,519</u>	<u>\$ 12,473,319</u>	<u>\$ 12,478,013</u>	<u>\$ 4,694</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,174,470	\$ 1,268,412	\$ 1,168,115	\$ 100,297
Judicial administration	596,620	580,875	571,021	9,854
Public safety	1,912,399	1,794,444	1,769,526	24,918
Public works	1,023,134	1,024,634	1,001,052	23,582
Health and welfare	1,389,761	1,427,846	1,356,816	71,030
Education	3,968,097	3,968,097	4,113,714	(145,617)
Parks, recreation, and cultural	265,937	288,633	287,343	1,290
Community development	320,060	318,214	275,043	43,171
Capital projects	1,406,989	1,406,989	921,483	485,506
Debt service:				
Principal retirement	1,213,058	1,213,058	1,187,755	25,303
Interest and other fiscal charges	978,305	978,305	957,898	20,407
Total expenditures	<u>\$ 14,248,830</u>	<u>\$ 14,269,507</u>	<u>\$ 13,609,766</u>	<u>\$ 659,741</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,785,311)</u>	<u>\$ (1,796,188)</u>	<u>\$ (1,131,753)</u>	<u>\$ 664,435</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 160,000	\$ 160,000	\$ 163,344	\$ 3,344
Transfers out	-	-	(158,334)	(158,334)
Proceeds of notes payable	-	-	200,000	200,000
Sale of capital assets	-	-	350,820	350,820
Total other financing sources and uses	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 555,830</u>	<u>\$ 395,830</u>
Net change in fund balances	(1,625,311)	(1,636,188)	(575,923)	1,060,265
Fund balances - beginning	1,625,311	1,636,188	4,382,119	2,745,931
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,806,196</u>	<u>\$ 3,806,196</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, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other local taxes	\$ 130,000	\$ 130,000	\$ 127,768	\$ (2,232)
Revenue from the use of money and property	-	-	14,606	14,606
Miscellaneous	-	-	7,121	7,121
Intergovernmental revenues:				
Commonwealth	30,000	30,000	42,728	12,728
Federal	-	-	3,428	3,428
Total revenues	\$ 160,000	\$ 160,000	\$ 195,651	\$ 35,651
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ -	\$ 137,732	\$ (137,732)
Parks, recreation, and cultural	-	-	6,830	(6,830)
Community development	-	-	901	(901)
Total expenditures	\$ -	\$ -	\$ 145,463	\$ (145,463)
Excess (deficiency) of revenues over (under) expenditures	\$ 160,000	\$ 160,000	\$ 50,188	\$ (109,812)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 13,334	\$ 13,334
Transfers out	(160,000)	(160,000)	(163,344)	(3,344)
Total other financing sources and uses	\$ (160,000)	\$ (160,000)	\$ (150,010)	\$ 9,990
Net change in fund balances	\$ -	\$ -	\$ (99,822)	\$ (99,822)
Fund balances - beginning	-	-	962,458	962,458
Fund balances - ending	\$ -	\$ -	\$ 862,636	\$ 862,636

**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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 53,835	\$ 53,835
Miscellaneous	-	-	2,260	2,260
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,095</u>	<u>\$ 56,095</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ -	\$ -	\$ 86,049	\$ (86,049)
Capital projects	1,000,000	1,000,000	336,998	663,002
Total expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 423,047</u>	<u>\$ 576,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,000,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (366,952)</u>	<u>\$ 633,048</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 145,000	\$ 145,000
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,000</u>	<u>\$ 145,000</u>
Net change in fund balances	\$ (1,000,000)	\$ (1,000,000)	\$ (221,952)	\$ 778,048
Fund balances - beginning	1,000,000	1,000,000	2,652,368	1,652,368
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,430,416</u>	<u>\$ 2,430,416</u>

County of Mathews, Virginia  
Required Supplementary Information

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
County						
6/30/2004	\$ 5,551,937	\$ 5,725,284	\$ 173,347	96.97%	\$ 1,956,442	8.86%
6/30/2003	5,402,505	5,111,042	(291,463)	105.70%	1,863,058	-15.64%
6/30/2002	5,301,318	4,724,967	(576,351)	112.20%	1,862,573	-30.94%
6/30/2001	5,076,605	4,367,181	(709,424)	116.24%	1,844,643	-38.46%
6/30/2000	4,546,854	3,967,601	(579,253)	114.60%	1,687,371	-34.33%
School Board Non-Professionals:						
6/30/2004	\$ 1,697,074	\$ 1,774,591	\$ 77,517	95.63%	\$ 618,894	12.53%
6/30/2003	1,683,516	1,658,577	(24,939)	101.50%	558,983	-4.46%
6/30/2002	1,672,760	1,593,428	(79,332)	104.98%	611,461	-12.97%
6/30/2001	1,612,596	1,481,816	(130,780)	108.83%	525,342	-24.89%
6/30/2000	1,463,205	1,361,194	(102,011)	107.49%	546,251	-18.67%

***OTHER SUPPLEMENTARY INFORMATION***

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***DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD***

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**County of Mathews, Virginia**  
**Combining Balance Sheet**  
**Discretely Presented Component Unit - School Board**  
**June 30, 2005**

	<u>School Operating Fund</u>	<u>Textbook Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 436,848	\$ 43,945	\$ 480,793
Due from other governmental units	718,222	-	-	718,222
Total assets	<u>\$ 718,222</u>	<u>\$ 436,848</u>	<u>\$ 43,945</u>	<u>\$ 1,199,015</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accrued liabilities	\$ 718,222	\$ -	\$ 26,795	\$ 745,017
Total liabilities	<u>\$ 718,222</u>	<u>\$ -</u>	<u>\$ 26,795</u>	<u>\$ 745,017</u>
Fund balances:				
Unreserved:				
Undesignated	\$ -	\$ 436,848	\$ 17,150	\$ 453,998
Total fund balances	<u>\$ -</u>	<u>\$ 436,848</u>	<u>\$ 17,150</u>	<u>\$ 453,998</u>
Total liabilities and fund balances	<u>\$ 718,222</u>	<u>\$ 436,848</u>	<u>\$ 43,945</u>	<u>\$ 1,199,015</u>

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

Total fund balances per above	453,998
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,211,504
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(80,018)
Net assets of governmental activities	<u>\$ 5,585,484</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, 2005**

	<u>School Operating Fund</u>	<u>School Textbook Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 11,291	\$ 609	\$ 82	\$ 11,982
Charges for services	37,855	478	359,534	397,867
Miscellaneous	15,997	-	-	15,997
Recovered costs	16,216	-	-	16,216
Intergovernmental revenues:				
Local government	4,068,666	126,298	-	4,194,964
Commonwealth	5,504,737	-	-	5,504,737
Federal	709,976	-	-	709,976
Total revenues	<u>\$ 10,364,738</u>	<u>\$ 127,385</u>	<u>\$ 359,616</u>	<u>\$ 10,851,739</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 9,815,590	\$ 182,644	\$ 606,361	\$ 10,604,595
Capital projects	86,049	-	-	86,049
Total expenditures	<u>\$ 9,901,639</u>	<u>\$ 182,644</u>	<u>\$ 606,361</u>	<u>\$ 10,690,644</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 463,099</u>	<u>\$ (55,259)</u>	<u>\$ (246,745)</u>	<u>\$ 161,095</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 236,022	\$ 227,077	\$ 463,099
Transfers out	(463,099)	-	-	(463,099)
Total other financing sources and uses	<u>\$ (463,099)</u>	<u>\$ 236,022</u>	<u>\$ 227,077</u>	<u>\$ -</u>
Net change in fund balances	-	180,763	(19,668)	161,095
Fund balances - beginning	\$ -	\$ 256,085	\$ 36,818	\$ 292,903
Fund balances - ending	<u>\$ -</u>	<u>\$ 436,848</u>	<u>\$ 17,150</u>	<u>\$ 453,998</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 \$ 161,095

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. 638,555

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. (15,960)

Change in net assets of governmental activities \$ 783,690

County of Mathews, Virginia  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Discretely Presented Component Unit - School Board**  
**For the Year Ended June 30, 2005**

	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		
<b>REVENUES</b>								
Revenue from the use of money and property	\$ 4,057	\$ 4,057	\$ 11,291	\$ 7,234	\$ -	\$ -	\$ 609	\$ 609
Charges for services	15,000	15,000	37,855	22,855	-	-	478	478
Miscellaneous	1,900	1,900	15,997	14,097	-	-	-	-
Recovered costs	-	-	16,216	16,216	-	-	-	-
Infergovernmental revenues:								
Local government	3,963,298	3,963,298	4,068,666	105,368	-	-	126,298	126,298
Commonwealth	5,412,639	5,412,639	5,504,737	92,098	-	-	-	-
Federal	735,106	735,106	709,976	(25,130)	-	-	-	-
Total revenues	\$ 10,132,000	\$ 10,132,000	\$ 10,364,738	\$ 232,738	\$ -	\$ -	\$ 127,385	\$ 127,385
<b>EXPENDITURES</b>								
Current:								
Education	\$ 9,797,000	\$ 9,797,000	\$ 9,815,590	\$ (18,590)	\$ 75,000	\$ 75,000	\$ 182,644	\$ (107,644)
Capital projects	-	-	86,049	(86,049)	-	-	-	-
Total expenditures	\$ 9,797,000	\$ 9,797,000	\$ 9,901,639	\$ (104,639)	\$ 75,000	\$ 75,000	\$ 182,644	\$ (107,644)
Excess (deficiency) of revenues over (under) expenditures	\$ 335,000	\$ 335,000	\$ 463,099	\$ 128,099	\$ (75,000)	\$ (75,000)	\$ (55,259)	\$ 19,741
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000	\$ 236,022	\$ 161,022
Transfers out	(335,000)	(335,000)	(463,099)	(128,099)	-	-	-	-
Total other financing sources and uses	\$ (335,000)	\$ (335,000)	\$ (463,099)	\$ (128,099)	\$ 75,000	\$ 75,000	\$ 236,022	\$ 161,022
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,763	\$ 180,763
Fund balances - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,085	\$ 256,085
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,848	\$ 436,848

**County of Mathews, Virginia**  
**Statement 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, 2005**

	<u>School Cafeteria Food</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 82	\$ 82
Charges for services	344,000	344,000	359,534	15,534
Total revenues	<u>\$ 344,000</u>	<u>\$ 344,000</u>	<u>\$ 359,616</u>	<u>\$ 15,616</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 604,000	\$ 604,000	\$ 606,361	\$ (2,361)
Total expenditures	<u>\$ 604,000</u>	<u>\$ 604,000</u>	<u>\$ 606,361</u>	<u>\$ (2,361)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (260,000)</u>	<u>\$ (260,000)</u>	<u>\$ (246,745)</u>	<u>\$ 13,255</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 260,000	\$ 260,000	\$ 227,077	\$ (32,923)
Total other financing sources and uses	<u>\$ 260,000</u>	<u>\$ 260,000</u>	<u>\$ 227,077</u>	<u>\$ (32,923)</u>
Net change in fund balances	\$ -	\$ -	\$ (19,668)	\$ (19,668)
Fund balances - beginning	-	-	36,818	36,818
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,150</u>	<u>\$ 17,150</u>

**County of Mathews, Virginia**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Fund - Discretely Presented Component Unit School Board**  
**June 30, 2005**

---

	<b>Scholarship Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 34,200</u>
<b>NET ASSETS</b>	
Held in trust for scholarships	<u>\$ 34,200</u>

**County of Mathews, Virginia**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds - Discretely Presented Component Unit School Board**  
**For the Year Ended June 30, 2005**

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	<b>Scholarship Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Donations	\$ 30,336
Total contributions	\$ 30,336
Investment earnings:	
Interest	\$ 207
Total investment earnings	\$ 207
Total additions	\$ 30,543
<b>DEDUCTIONS</b>	
Scholarships	\$ 38,693
Total deductions	\$ 38,693
Change in net assets	(8,150)
Net assets - beginning	\$ 42,350
Net assets - ending	\$ 34,200

**DISCRETELY PRESENTED COMPONENT UNIT  
INDUSTRIAL DEVELOPMENT AUTHORITY**

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**County of Mathews, Virginia**  
**Statement of Net Assets**  
**Discretely Presented Component Unit-Industrial Development Authority**  
**June 30, 2005**

---

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 20,311
Total current assets	<u>\$ 20,311</u>
Total assets	<u>\$ 20,311</u>

**NET ASSETS**

Unrestricted	\$ 20,311
Total net assets	<u><u>\$ 20,311</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 Net Assets**  
**Discretely Presented Component Unit-Industrial Development Authority**  
**For the Year Ended June 30, 2005**

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**OPERATING REVENUES**

Charges for services:

Bond fees	\$ 12,500
Miscellaneous	2,323
Total operating revenues	\$ 14,823

**NONOPERATING REVENUES (EXPENSES)**

Investment earnings	\$ 16
Total nonoperating revenues (expenses)	\$ 16

Change in net assets	\$ 14,839
----------------------	-----------

Total net assets - beginning	5,472
Total net assets - ending	\$ 20,311

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

**County of Mathews, Virginia**  
**Statement of Cash Flows**  
**Discretely Presented Component Unit-Industrial Development Authority**  
**For the Year Ended June 30, 2005**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$	12,500
Receipts for miscellaneous items		2,323
Net cash provided (used by) operating activities	<u>\$</u>	<u>14,823</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and dividends received	\$	16
Net cash provided (used) by investing activities	<u>\$</u>	<u>16</u>

Net increase (decrease) in cash and cash equivalents 14,839

Cash and cash equivalents - beginning - including restricted		5,472
Cash and cash equivalents - ending - including restricted	<u>\$</u>	<u>20,311</u>

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

Operating income (loss)	\$	14,823
Net cash provided (used) by operating activities	<u>\$</u>	<u>14,823</u>

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

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***SUPPORTING SCHEDULES***

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**County of Mathews, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

<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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,700,155	\$ 5,700,155	\$ 5,880,144	\$ 179,989
Real and personal public service corporation taxes	165,000	165,000	131,683	(33,317)
Personal property taxes	1,650,000	1,650,000	1,238,845	(411,155)
Mobile home taxes	81,500	81,500	376,471	294,971
Penalties	80,000	80,000	64,571	(15,429)
Interest	25,000	25,000	29,616	4,616
Total general property taxes	<u>\$ 7,701,655</u>	<u>\$ 7,701,655</u>	<u>\$ 7,721,330</u>	<u>\$ 19,675</u>
Other local taxes:				
Local sales and use taxes	\$ 400,000	\$ 400,000	\$ 405,622	\$ 5,622
Consumers' utility taxes	360,000	360,000	361,724	1,724
Consumption tax	35,000	35,000	33,368	(1,632)
Business license taxes	142,000	142,000	184,391	42,391
Utility license taxes	42,000	42,000	38,921	(3,079)
Motor vehicle licenses	213,000	213,000	217,997	4,997
Bank stock taxes	49,000	49,000	51,777	2,777
Taxes on recordation and wills	80,000	80,000	125,734	45,734
Total other local taxes	<u>\$ 1,321,000</u>	<u>\$ 1,321,000</u>	<u>\$ 1,419,534</u>	<u>\$ 98,534</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,000	\$ 4,000	\$ 4,479	\$ 479
Transfer fees	600	600	623	23
Permits and other licenses	88,700	88,700	84,857	(3,843)
Total permits, privilege fees, and regulatory licenses	<u>\$ 93,300</u>	<u>\$ 93,300</u>	<u>\$ 89,959</u>	<u>\$ (3,341)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 20,075	\$ 20,075	\$ 15,620	\$ (4,455)
Total fines and forfeitures	<u>\$ 20,075</u>	<u>\$ 20,075</u>	<u>\$ 15,620</u>	<u>\$ (4,455)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 70,000	\$ 70,000	\$ 53,296	\$ (16,704)
Revenue from use of property	46,000	46,000	43,837	(2,163)
Total revenue from use of money and property	<u>\$ 116,000</u>	<u>\$ 116,000</u>	<u>\$ 97,133</u>	<u>\$ (18,867)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,000	\$ 1,000	\$ 784	\$ (216)
Charges for courthouse maintenance	2,100	2,100	1,291	(809)
Courthouse security fees	-	-	2,383	2,383
Circuit court- document reproduction	4,500	4,500	3,012	(1,488)
Charges for Commonwealth's Attorney	250	250	311	61
Charges for community development	200	200	830	630
Charges for other protection	500	500	1,145	645
Charges for library	5,500	5,500	4,454	(1,046)
Total charges for services	<u>\$ 14,050</u>	<u>\$ 14,050</u>	<u>\$ 14,210</u>	<u>\$ 160</u>
Miscellaneous revenue:				
Miscellaneous	\$ 53,831	\$ 53,831	\$ 140,730	\$ 86,899
Total miscellaneous revenue	<u>\$ 53,831</u>	<u>\$ 53,831</u>	<u>\$ 140,730</u>	<u>\$ 86,899</u>

County of Mathews, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2005

Schedule 1  
 Page 2 of 6

<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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Recovered costs:				
DMV License agent	\$ 6,000	\$ 6,000	\$ 6,504	\$ 504
Total recovered costs	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 6,504</u>	<u>\$ 504</u>
Total revenue from local sources	<u>\$ 9,325,911</u>	<u>\$ 9,325,911</u>	<u>\$ 9,505,020</u>	<u>\$ 179,109</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 6,500	\$ 6,500	\$ 5,397	\$ (1,103)
Wine taxes	6,000	6,000	7,906	1,906
Mobile home titling tax	8,000	8,000	8,775	775
Rolling stock tax	180	180	46	(134)
State recordation tax	70,000	70,000	63,063	(6,937)
Personal property tax relief funds	1,000,000	1,000,000	932,626	(67,374)
Total noncategorical aid	<u>\$ 1,090,680</u>	<u>\$ 1,090,680</u>	<u>\$ 1,017,813</u>	<u>\$ (72,867)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 142,065	\$ 142,065	\$ 145,628	\$ 3,563
Sheriff	509,151	509,151	521,157	12,006
Commissioner of revenue	74,908	74,908	74,774	(134)
Treasurer	82,277	82,277	81,279	(998)
Medical examiner	120	120	30	(90)
Registrar/electoral board	28,500	28,500	34,927	6,427
Clerk of the Circuit Court	115,410	115,410	115,534	124
Total shared expenses	<u>\$ 952,431</u>	<u>\$ 952,431</u>	<u>\$ 973,329</u>	<u>\$ 20,898</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 164,014	\$ 164,014	\$ 151,215	\$ (12,799)
Emergency medical services - two for life	4,600	4,600	4,879	279
Jurors fees	1,500	1,500	2,820	1,320
Juvenile confinement	31,849	31,849	31,849	-
Comprehensive services act	195,225	195,225	193,011	(2,214)
Litter control	4,500	4,500	4,375	(125)
Library grant	22,066	31,866	39,253	7,387
Animal friendly plates	-	-	124	124
Victim-witness grant	48,886	48,886	49,918	1,032
Fire programs fund	12,400	12,400	18,132	5,732
Other state aid	-	-	653	653
Total other categorical aid	<u>\$ 485,040</u>	<u>\$ 494,840</u>	<u>\$ 496,229</u>	<u>\$ 1,389</u>
Total categorical aid	<u>\$ 1,437,471</u>	<u>\$ 1,447,271</u>	<u>\$ 1,469,558</u>	<u>\$ 22,287</u>
Total revenue from the Commonwealth	<u>\$ 2,528,151</u>	<u>\$ 2,537,951</u>	<u>\$ 2,487,371</u>	<u>\$ (50,580)</u>

**County of Mathews, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

<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>
<b>General Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 520,986	\$ 520,986	\$ 480,329	\$ (40,657)
Local law enforcement block grant	1,734	1,734	1,053	(681)
ISTEA grant	50,000	50,000	-	(50,000)
Cops grant	36,737	36,737	-	(36,737)
Emergency preparedness grant	-	-	2,000	2,000
Transportation safety	-	-	2,240	2,240
Total categorical aid	<u>\$ 609,457</u>	<u>\$ 609,457</u>	<u>\$ 485,622</u>	<u>\$ (123,835)</u>
Total revenue from the federal government	<u>\$ 609,457</u>	<u>\$ 609,457</u>	<u>\$ 485,622</u>	<u>\$ (123,835)</u>
Total General Fund	<u>\$ 12,463,519</u>	<u>\$ 12,473,319</u>	<u>\$ 12,478,013</u>	<u>\$ 4,694</u>
<b>Special Revenue Fund:</b>				
<b>County Special Revenue Fund</b>				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 130,000	\$ 130,000	\$ 127,768	\$ (2,232)
Total other local taxes	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 127,768</u>	<u>\$ (2,232)</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 14,606	\$ 14,606
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,606</u>	<u>\$ 14,606</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 7,121	\$ 7,121
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,121</u>	<u>\$ 7,121</u>
Total revenue from local sources	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 149,495</u>	<u>\$ 19,495</u>
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	\$ 30,000	\$ 30,000	\$ 42,728	\$ 12,728
Total categorical aid	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 42,728</u>	<u>\$ 12,728</u>
Total revenue from the Commonwealth	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 42,728</u>	<u>\$ 12,728</u>
Revenue from the federal government:				
Categorical aid:				
Triad funding	\$ -	\$ -	\$ 3,428	\$ 3,428
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,428</u>	<u>\$ 3,428</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,428</u>	<u>\$ 3,428</u>
Total County Special Revenue Fund	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 195,651</u>	<u>\$ 35,651</u>

**County of Mathews, Virginia**  
**Schedule of Revenues - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

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>
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 53,835	\$ 53,835
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 2,260	\$ 2,260
Total miscellaneous revenue	\$ -	\$ -	\$ 2,260	\$ 2,260
Total revenue from local sources	\$ -	\$ -	\$ 56,095	\$ 56,095
Total Courthouse Construction Fund	\$ -	\$ -	\$ 56,095	\$ 56,095
Total Primary Government	\$ 12,623,519	\$ 12,633,319	\$ 12,729,759	\$ 96,440
<b>Discretely Presented Component Unit - School Board:</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 4,057	\$ 4,057	\$ 11,291	\$ 7,234
Charges for services:				
Charges for education	\$ -	\$ -	\$ 2,375	\$ 2,375
Tuition and payments from other divisions	15,000	15,000	35,480	20,480
Total charges for services	\$ 15,000	\$ 15,000	\$ 37,855	\$ 22,855
Miscellaneous revenue:				
Miscellaneous	\$ 1,900	\$ 1,900	\$ 15,997	\$ 14,097
Recovered costs:				
E-rate	\$ -	\$ -	\$ 16,216	\$ 16,216
Total recovered costs	\$ -	\$ -	\$ 16,216	\$ 16,216
Total revenue from local sources	\$ 20,957	\$ 20,957	\$ 81,359	\$ 60,402
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 3,963,298	\$ 3,963,298	\$ 4,068,666	\$ 105,368
Total revenues from local governments	\$ 3,963,298	\$ 3,963,298	\$ 4,068,666	\$ 105,368
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,063,331	\$ 1,063,331	\$ 1,082,254	\$ 18,923
Basic school aid	2,888,921	2,888,921	2,844,768	(44,153)
Remedial summer education	23,519	23,519	17,849	(5,670)
Regular foster care	21,650	21,650	1,534	(20,116)
Adult secondary education	2,118	2,118	-	(2,118)
Gifted and talented	26,878	26,878	26,563	(315)
Remedial education	44,562	44,562	44,039	(523)
Enrollment loss	13,203	13,203	25,309	12,106
Special education	455,519	455,519	463,640	8,121
Textbook payment	44,647	44,647	44,123	(524)
Vocational education	138,341	138,341	136,757	(1,584)
School fringes	284,689	284,689	287,303	2,614

County of Mathews, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2005

<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>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
ISAEP	\$ 7,859	\$ 7,859	\$ 7,859	\$ -
State lottery payments	154,686	154,686	165,636	10,950
Early reading intervention	10,047	10,047	5,741	(4,306)
Mentor teacher program	-	-	824	824
School food program	9,737	9,737	8,829	(908)
Homebound	8,786	8,786	4,842	(3,944)
School construction	114,983	114,983	114,988	5
At risk payments	29,824	29,824	27,351	(2,473)
Primary class size	63,437	63,437	60,626	(2,811)
Technology	-	-	128,000	128,000
Standards of Learning algebra readiness	5,902	5,902	5,902	-
Total categorical aid	<u>\$ 5,412,639</u>	<u>\$ 5,412,639</u>	<u>\$ 5,504,737</u>	<u>\$ 92,098</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 170,000	\$ 170,000	\$ 158,634	\$ (11,366)
Adult literacy	9,000	9,000	15,060	6,060
Title I	210,000	210,000	178,589	(31,411)
Title VI-B, special education flow-through	209,976	209,976	244,242	34,266
Vocational education	15,000	15,000	21,342	6,342
Title VI-B, special education pre-school	10,660	10,660	10,113	(547)
Drug free schools	-	-	649	649
Title II	66,000	66,000	57,029	(8,971)
Title IV	7,500	7,500	-	(7,500)
State assessments	-	-	4,362	4,362
Advanced placement	-	-	104	104
Title V	11,970	11,970	8,135	(3,835)
Teacher quality incentive	-	-	59	59
Literacy challenge	-	-	11,658	11,658
Other federal funds	25,000	25,000	-	(25,000)
Total categorical aid	<u>\$ 735,106</u>	<u>\$ 735,106</u>	<u>\$ 709,976</u>	<u>\$ (25,130)</u>
Total School Operating Fund	<u>\$ 10,132,000</u>	<u>\$ 10,132,000</u>	<u>\$ 10,364,738</u>	<u>\$ 232,738</u>
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 82	\$ 82
Charges for services:				
Cafeteria sales	\$ 344,000	\$ 344,000	\$ 359,534	\$ 15,534
Total revenue from local sources	<u>\$ 344,000</u>	<u>\$ 344,000</u>	<u>\$ 359,616</u>	<u>\$ 15,616</u>
Total School Cafeteria Fund	<u>\$ 344,000</u>	<u>\$ 344,000</u>	<u>\$ 359,616</u>	<u>\$ 15,616</u>

County of Mathews, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2005

<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>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Funds: (Continued)</b>				
<b>Textbook Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 609	\$ 609
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 609</u>	<u>\$ 609</u>
Charges for services:				
Textbook fees	\$ -	\$ -	\$ 478	\$ 478
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,087</u>	<u>\$ 1,087</u>
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ -	\$ -	\$ 126,298	\$ 126,298
Total revenues from local governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,298</u>	<u>\$ 126,298</u>
Total Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,385</u>	<u>\$ 127,385</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,476,000</u>	<u>\$ 10,476,000</u>	<u>\$ 10,851,739</u>	<u>\$ 375,739</u>

County of Mathews, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2005

<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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 72,479	\$ 93,392	\$ 64,260	\$ 29,132
General and financial administration:				
County administrator	\$ 178,726	\$ 175,499	\$ 175,002	\$ 497
Storm prep/recovery	-	85,444	69,642	15,802
Information Technology	115,083	79,918	75,821	4,097
Legal services	81,831	81,831	80,475	1,356
Commissioner of revenue	289,818	324,935	278,077	46,858
Independent Auditor	20,000	20,000	19,000	1,000
Treasurer	207,221	207,221	207,152	69
Central accounting	64,137	64,137	58,432	5,705
Other general and financial administration	72,648	64,793	69,856	(5,063)
Total general and financial administration	<u>\$ 1,029,464</u>	<u>\$ 1,103,778</u>	<u>\$ 1,033,457</u>	<u>\$ 70,321</u>
Board of elections:				
Electoral board and officials	\$ 17,739	\$ 17,739	\$ 16,895	\$ 844
Registrar	54,788	53,503	53,503	-
Total board of elections	<u>\$ 72,527</u>	<u>\$ 71,242</u>	<u>\$ 70,398</u>	<u>\$ 844</u>
Total general government administration	<u>\$ 1,174,470</u>	<u>\$ 1,268,412</u>	<u>\$ 1,168,115</u>	<u>\$ 100,297</u>
Judicial administration:				
Courts:				
Circuit court	\$ 18,000	\$ 19,065	\$ 19,065	\$ -
General district court	8,475	8,475	6,405	2,070
Special magistrates	2,425	2,425	2,277	148
Juvenile and domestic relations court	117,298	96,385	90,080	6,305
Victim witness	49,428	49,786	49,786	-
Clerk of the circuit court	181,565	179,689	179,423	266
Total courts	<u>\$ 377,191</u>	<u>\$ 355,825</u>	<u>\$ 347,036</u>	<u>\$ 8,789</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 219,429	\$ 225,050	\$ 223,985	\$ 1,065
Total commonwealth's attorney	<u>\$ 219,429</u>	<u>\$ 225,050</u>	<u>\$ 223,985</u>	<u>\$ 1,065</u>
Total judicial administration	<u>\$ 596,620</u>	<u>\$ 580,875</u>	<u>\$ 571,021</u>	<u>\$ 9,854</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 938,745	\$ 930,142	\$ 926,240	\$ 3,902
School resource officer	36,943	51,486	51,486	-
Cops in schools	-	-	-	-
E-911	293,995	173,463	164,212	9,251
Total law enforcement and traffic control	<u>\$ 1,269,683</u>	<u>\$ 1,155,091</u>	<u>\$ 1,141,938</u>	<u>\$ 13,153</u>
Fire and rescue services:				
Fire department	\$ 111,260	\$ 118,859	\$ 118,859	\$ -
Ambulance and rescue services	69,610	69,879	69,879	-
Total fire and rescue services	<u>\$ 180,870</u>	<u>\$ 188,738</u>	<u>\$ 188,738</u>	<u>\$ -</u>
Correction and detention:				
Regional jail	\$ 300,000	\$ 285,457	\$ 277,875	\$ 7,582
Total correction and detention	<u>\$ 300,000</u>	<u>\$ 285,457</u>	<u>\$ 277,875</u>	<u>\$ 7,582</u>

**County of Mathews, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

**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>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Inspections:				
Building	\$ 94,059	\$ 97,371	\$ 97,371	\$ -
Total inspections	<u>\$ 94,059</u>	<u>\$ 97,371</u>	<u>\$ 97,371</u>	<u>\$ -</u>
Other protection:				
Animal control	\$ 60,520	\$ 60,520	\$ 56,046	\$ 4,474
Emergency services	7,147	7,147	7,508	(361)
Medical examiner	120	120	50	70
Total other protection	<u>\$ 67,787</u>	<u>\$ 67,787</u>	<u>\$ 63,604</u>	<u>\$ 4,183</u>
Total public safety	<u>\$ 1,912,399</u>	<u>\$ 1,794,444</u>	<u>\$ 1,769,526</u>	<u>\$ 24,918</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Parking meters and lots	1,500	22,000	22,000	-
Streetlights	8,000	8,000	3,370	4,630
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 12,500</u>	<u>\$ 33,000</u>	<u>\$ 25,370</u>	<u>\$ 7,630</u>
Sanitation and waste removal:				
Refuse disposal	\$ 629,576	\$ 610,576	\$ 607,069	\$ 3,507
Total sanitation and waste removal	<u>\$ 629,576</u>	<u>\$ 610,576</u>	<u>\$ 607,069</u>	<u>\$ 3,507</u>
Maintenance of general buildings and grounds:				
General properties	\$ 381,058	\$ 381,058	\$ 368,613	\$ 12,445
Total maintenance of general buildings and grounds	<u>\$ 381,058</u>	<u>\$ 381,058</u>	<u>\$ 368,613</u>	<u>\$ 12,445</u>
Total public works	<u>\$ 1,023,134</u>	<u>\$ 1,024,634</u>	<u>\$ 1,001,052</u>	<u>\$ 23,582</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 103,000	\$ 103,000	\$ 98,678	\$ 4,322
Total health	<u>\$ 103,000</u>	<u>\$ 103,000</u>	<u>\$ 98,678</u>	<u>\$ 4,322</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Disability services board	2,000	2,000	2,000	-
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller center	29,257	35,960	35,960	-
Total mental health and mental retardation	<u>\$ 37,257</u>	<u>\$ 43,960</u>	<u>\$ 43,960</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 870,731	\$ 1,177,905	\$ 1,177,905	\$ -
Area agency on aging	36,273	36,273	36,273	-
Comprehensive services act	342,500	66,708	-	66,708
Total welfare	<u>\$ 1,249,504</u>	<u>\$ 1,280,886</u>	<u>\$ 1,214,178</u>	<u>\$ 66,708</u>
Total health and welfare	<u>\$ 1,389,761</u>	<u>\$ 1,427,846</u>	<u>\$ 1,356,816</u>	<u>\$ 71,030</u>

**County of Mathews, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

Schedule 2  
Page 3 of 5

<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>
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 4,799	\$ 4,799	\$ 4,799	\$ -
Contribution to County School Board	3,963,298	3,963,298	4,108,915	(145,617)
Total education	<u>\$ 3,968,097</u>	<u>\$ 3,968,097</u>	<u>\$ 4,113,714</u>	<u>\$ (145,617)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 54,441	\$ 56,287	\$ 56,287	\$ -
Tourism development and travel councils	24,000	24,000	23,000	1,000
Total parks and recreation	<u>\$ 78,441</u>	<u>\$ 80,287</u>	<u>\$ 79,287</u>	<u>\$ 1,000</u>
Library:				
Contribution to county library	\$ 187,496	\$ 208,346	\$ 208,056	\$ 290
Total library	<u>\$ 187,496</u>	<u>\$ 208,346</u>	<u>\$ 208,056</u>	<u>\$ 290</u>
Total parks, recreation, and cultural	<u>\$ 265,937</u>	<u>\$ 288,633</u>	<u>\$ 287,343</u>	<u>\$ 1,290</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 200,095	\$ 198,249	\$ 189,319	\$ 8,930
Wetlands board	2,778	2,778	2,575	203
Wetlands administration	35,759	35,759	34,980	779
Middle Peninsula planning district commission	10,000	10,000	10,000	-
Economic development	12,000	12,000	11,145	855
Transportation safety commission	3,421	3,421	2,290	1,131
Housing assistance and other	3,200	3,200	3,019	181
Total planning and community development	<u>\$ 267,253</u>	<u>\$ 265,407</u>	<u>\$ 253,328</u>	<u>\$ 12,079</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Litter control program	4,450	4,450	-	4,450
Other environmental management	600	600	600	-
Total environmental management	<u>\$ 9,550</u>	<u>\$ 9,550</u>	<u>\$ 5,100</u>	<u>\$ 4,450</u>
Cooperative extension program:				
Extension office	\$ 43,257	\$ 43,257	\$ 16,615	\$ 26,642
Total cooperative extension program	<u>\$ 43,257</u>	<u>\$ 43,257</u>	<u>\$ 16,615</u>	<u>\$ 26,642</u>
Total community development	<u>\$ 320,060</u>	<u>\$ 318,214</u>	<u>\$ 275,043</u>	<u>\$ 43,171</u>
Capital projects:				
Festival beach restoration	\$ 250,000	\$ 250,000	\$ 436,298	\$ (186,298)
Williams wharf landing	50,000	50,000	-	50,000
Tennis court improvements	-	-	57,545	(57,545)
School bus replacement	100,000	100,000	-	100,000
E911 equipment	756,989	756,989	-	756,989
Ball field improvements	-	-	90,785	(90,785)
Rescue squad building	-	-	85,698	(85,698)
Court green buildings renovation	200,000	200,000	-	200,000
Purchase/develop public fishing pier	50,000	50,000	251,157	(201,157)
Total capital projects	<u>\$ 1,406,989</u>	<u>\$ 1,406,989</u>	<u>\$ 921,483</u>	<u>\$ 485,506</u>

**County of Mathews, Virginia**  
**Schedule of Expenditures - Budget and Actual**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

**Schedule 2**  
**Page 4 of 5**

<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>
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 1,213,058	\$ 1,213,058	\$ 1,187,755	\$ 25,303
Interest and other fiscal charges	978,305	978,305	957,898	20,407
Total debt service	<u>\$ 2,191,363</u>	<u>\$ 2,191,363</u>	<u>\$ 2,145,653</u>	<u>\$ 45,710</u>
 Total General Fund	 <u>\$ 14,248,830</u>	 <u>\$ 14,269,507</u>	 <u>\$ 13,609,766</u>	 <u>\$ 659,741</u>
<b>Special Revenue Fund:</b>				
<b>County Special Revenue Fund:</b>				
Public Safety:				
Other Protection:				
Forfeited assets	\$ -	\$ -	\$ 250	\$ (250)
Triad funds	-	-	6,655	(6,655)
Emergency management	-	-	130,827	(130,827)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,732</u>	<u>\$ (137,732)</u>
 Total public safety	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 137,732</u>	 <u>\$ (137,732)</u>
 Parks, recreation and cultural:				
Library:				
Library expenditures	\$ -	\$ -	\$ 6,830	\$ (6,830)
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,830</u>	<u>\$ (6,830)</u>
 Community Development:				
New Point Lighthouse	\$ -	\$ -	\$ 901	\$ (901)
Total Community Development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 901</u>	<u>\$ (901)</u>
 Total County Special Revenue Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 145,463</u>	 <u>\$ (145,463)</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund:</b>				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ -	\$ -	\$ 86,049	\$ (86,049)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,049</u>	<u>\$ (86,049)</u>
 Capital projects expenditures:				
Courthouse construction	\$ 1,000,000	\$ 1,000,000	\$ 317,768	\$ 682,232
Rescue squad building	-	-	19,230	(19,230)
Total capital projects	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 336,998</u>	<u>\$ 663,002</u>
 Total County Capital Projects Fund	 <u>\$ 1,000,000</u>	 <u>\$ 1,000,000</u>	 <u>\$ 336,998</u>	 <u>\$ 663,002</u>
 Total Primary Government	 <u>\$ 15,248,830</u>	 <u>\$ 15,269,507</u>	 <u>\$ 14,092,227</u>	 <u>\$ 1,177,280</u>

County of Mathews, Virginia  
 Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2005

<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>
<b>Discretely Presented Component Unit - School Board</b>				
<b>Special Revenue Funds:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration, health, and attendance	\$ 620,993	\$ 620,993	\$ 653,393	\$ (32,400)
Instruction costs	7,665,945	7,665,945	7,370,204	295,741
Pupil transportation	524,630	524,630	621,382	(96,752)
Operation and maintenance of school plant	985,432	985,432	1,170,611	(185,179)
Capital projects:				
School capital projects	\$ -	\$ -	\$ 86,049	\$ (86,049)
Total capital projects	\$ -	\$ -	\$ 86,049	\$ (86,049)
Total School Fund	<u>\$ 9,797,000</u>	<u>\$ 9,797,000</u>	<u>\$ 9,901,639</u>	<u>\$ (104,639)</u>
<b>Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 604,000	\$ 604,000	\$ 606,361	\$ (2,361)
Total Cafeteria Fund	<u>\$ 604,000</u>	<u>\$ 604,000</u>	<u>\$ 606,361</u>	<u>\$ (2,361)</u>
<b>Textbook Fund</b>				
Education:				
Purchase of textbooks	\$ 75,000	\$ 75,000	\$ 182,644	\$ (107,644)
Total education	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 182,644</u>	<u>\$ (107,644)</u>
Total Textbook Fund	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 182,644</u>	<u>\$ (107,644)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,476,000</u>	<u>\$ 10,476,000</u>	<u>\$ 10,690,644</u>	<u>\$ (214,644)</u>

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## ***STATISTICAL TABLES***

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Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	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	\$ 10,900,243	\$ 257,374	\$ 300,189	\$ 1,034,606	\$ -	\$ 17,901,361
2003-04	1,386,324	601,070	1,703,916	940,124	1,322,388	9,898,654	373,908	293,177	1,031,027	261,803	17,812,391
2004-05	1,234,146	620,802	1,955,278	987,030	1,371,881	11,074,388	379,630	279,042	937,969	-	18,840,166

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

(2) Excludes contribution from the County.

Table 2

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

Fiscal Year	PROGRAM REVENUES (2)			GENERAL REVENUES							Total
	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	\$ 489,883	\$ 8,993,571	\$ 6,705	\$ 10,125,399	\$ 1,371,926	\$ 190,136	\$ 317,526	\$ 1,042,525	\$ -	\$ 22,537,671	
2003-04	481,357	8,056,885	-	7,339,763	1,428,839	140,899	153,212	1,045,781	-	18,646,736	
2004-05	517,656	8,215,396	-	7,806,381	1,547,302	178,617	180,931	1,018,466	329,854	19,464,749	

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

(2) Excludes contribution from the County.

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
1995-96	\$ 598,166	\$ 239,649	\$ 989,814	\$ 689,791	\$ 592,951	\$ 6,275,523	\$ 176,461	\$ 188,347	\$ 1,066,668	\$ 10,817,370
1996-97	649,968	263,115	1,152,177	833,309	708,132	6,781,125	180,052	215,278	1,026,062	11,809,218
1997-98	795,487	266,306	1,132,445	785,602	802,799	7,229,415	171,282	230,690	1,138,289	12,552,315
1998-99	909,624	390,855	1,351,377	809,999	827,266	7,943,318	198,057	231,846	1,749,329	14,411,671
1999-00	876,696	397,608	1,618,952	888,998	905,997	8,409,132	203,473	300,470	1,173,642	14,774,968
2000-01	880,735	430,666	1,842,814	824,542	987,841	8,811,906	226,076	279,100	1,848,145	16,131,825
2001-02	852,458	447,844	1,826,831	817,700	1,218,181	9,207,830	240,086	303,905	1,975,696	16,890,531
2002-03	997,934	545,728	1,682,403	900,624	1,266,528	9,293,011	252,813	255,336	2,088,743	17,283,120
2003-04	1,323,002	587,125	1,643,851	956,203	1,314,048	9,542,810	317,382	266,448	2,126,198	18,077,067
2004-05	1,168,115	571,021	1,907,258	1,001,052	1,356,816	10,609,394	294,173	275,944	2,145,653	19,329,426

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
1995-96	\$ 5,485,921	\$ 826,682	\$ 54,549	\$ 294	\$ 418,798	\$ 177,925	\$ 128,962	\$ -	\$ 5,004,077	\$ 12,097,208
1996-97	5,681,022	863,324	51,476	284	235,358	186,988	200,299	-	4,983,697	12,202,448
1997-98	6,014,281	908,067	61,192	623	221,362	191,958	209,894	-	5,488,641	13,096,018
1998-99	6,230,763	940,106	58,497	696	194,568	241,561	105,199	15,156	6,190,575	13,977,121
1999-00	6,849,144	1,134,072	68,651	1,963	215,944	253,809	156,802	-	7,241,274	15,921,659
2000-01	6,780,694	1,185,441	73,002	9,143	241,920	292,884	230,045	50,097	8,207,199	17,070,425
2001-02	6,531,220	1,234,222	79,609	14,410	108,453	312,818	554,327	-	8,525,027	17,360,086
2002-03	10,002,922	1,238,383	89,061	15,365	93,785	385,457	317,526	39,681	8,822,195	21,004,375
2003-04	7,416,166	1,428,839	74,186	18,519	95,324	388,652	110,618	11,176	9,102,666	18,646,146
2004-05	7,721,330	1,547,302	89,959	15,620	123,721	412,077	166,108	22,720	9,233,862	19,332,699

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)		Current Tax Collections (1,3)		Percent of Levy Collected		Delinquent Tax Collections (1)		Total Tax Collections		Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Tax Levy	
	\$		\$		%		\$		\$		%		\$		%	
1995-96	\$	5,585,317	\$	5,289,259	94.70%	\$	250,407	\$	5,539,666	99.18%	\$	248,375	4.45%			
1996-97		5,714,830		5,342,479	93.48%		102,748		5,445,227	95.28%		374,924	6.56%			
1997-98		5,954,467		5,562,032	93.41%		175,580		5,737,612	96.36%		396,813	6.66%			
1998-99		6,071,940		5,932,796	97.71%		198,042		6,130,838	100.97%		337,306	5.56%			
1999-00		7,101,013		6,930,485	97.60%		144,359		7,074,844	99.63%		221,814	3.12%			
2000-01		7,309,272		7,143,099	97.73%		130,390		7,273,489	99.51%		254,706	3.48%			
2001-02		7,415,586		7,339,959	98.98%		31,424		7,371,383	99.40%		225,248	3.04%			
2002-03 (4)		10,904,894		10,769,849	98.76%		61,823		10,831,672	99.33%		353,703	3.24%			
2003-04		8,420,389		8,244,213	97.91%		18,170		8,262,383	98.12%		385,210	4.57%			
2004-05		8,594,243		8,550,645	99.49%		9,123		8,559,768	99.60%		322,127	3.75%			

(1) Exclusive of penalties and interest.

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

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

(4) First year for half year tax collection on Real Estate.

Table 6

County of Mathews, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (3)	Public Utility (2)			Total
			Real Estate	Real Estate	Personal Property	
1995-96	\$ 579,976,950	\$ 72,161,830	\$ 17,938,813	\$ 56,631	\$ 670,134,224	
1996-97	595,262,800	89,492,978	19,356,741	272,717	704,385,236	
1997-98	606,245,597	67,657,605	19,261,255	29,085	693,193,542	
1998-99	610,535,103	76,515,830	19,081,663	28,134	706,160,730	
1999-00	670,960,882	80,698,674	20,908,123	17,602	772,585,281	
2000-01	675,325,551	88,991,203	20,478,319	-	784,795,073	
2001-02	679,548,744	92,323,727	19,856,314	-	791,728,785	
2002-03 (4)	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	

(1) Real estate is assessed at 100% of fair market value.

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

(3) Personal property is assessed at 100% of fair market value as of January 1, 1995.

(4) First year of half year tax collections for Real Estate

**Table 7****County of Mathews, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years**

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Fiscal Year	Real Estate	Mobile Homes	Personal Property
1995-96	\$ 0.68	\$ 0.68	\$ 1.94
1996-97	0.68	0.68	1.94
1997-98	0.68	0.68	2.90
1998-99	0.68	0.68	2.90
1999-00	0.73	0.73	3.10
2000-01	0.73	0.73	3.10
2001-02	0.73	0.73	3.10
2002-03	0.79	0.79	3.60
2003-04	0.79	0.79	3.60
2004-05 (2)	.51/.79	0.79	3.60

(1) Per \$100 of assessed value.

(2) First half 2005 rate and second half 2004 rate, 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)			
1995-96	9,100	\$ 670,134	\$ 7,889,235	\$ -	\$ -	\$ 7,889,235	1.18%	\$ 867
1996-97	9,100	704,385	8,141,860	-	-	8,141,860	1.16%	895
1997-98	9,100	693,194	7,549,485	-	-	7,549,485	1.09%	830
1998-99	9,100	706,161	9,656,337	-	-	9,656,337	1.37%	1,061
1999-00	9,100	772,585	14,965,259	-	-	14,965,259	1.94%	1,645
2000-01	9,100	784,795	13,978,437	-	-	13,978,437	1.78%	1,536
2001-02	9,100	791,729	13,493,286	-	-	13,493,286	1.70%	1,483
2002-03	9,100	1,506,687	12,510,122	-	-	12,510,122	0.83%	1,375
2003-04	9,100	832,324	11,529,619	-	-	11,529,619	1.39%	1,267
2004-05	9,100	1,078,339	10,523,992	-	-	10,523,992	0.98%	1,156

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

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

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

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.  
 (4) In accordance with the provisions of annexation settlements.

## ***COMPLIANCE***

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**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***

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**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 aggregate 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, 2005, which collectively comprise the County of Mathews, Virginia's basic financial statements and have issued our report thereon dated September 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**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 the Board of Supervisors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Richmond, Virginia", followed by a long horizontal line extending to the right.

Richmond, Virginia  
September 7, 2005

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## ***Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133***

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

### **Compliance**

We have audited the compliance of the County of Mathews, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the fiscal year ended June 30, 2005. 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 requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2005.

### **Internal Control Over Compliance**

The management of the County of Mathews, Virginia is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Supervisors, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

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

Richmond, Virginia  
September 7, 2005

**County of Mathews, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2005**

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 20,084
Temporary Assist to Needy Families (TANF)	93.558	46,009
Refugee and Entrant Assistance - Discretionary Grants	93.566	134
Low Income Home Energy Assistance	93.568	4,009
Payments to States for Child Care Assistance	93.575	70,775
Child Care and Development Fund	93.596	34,179
Foster Care - Title IV-E	93.658	54,659
Adoption Assistance	93.659	24,856
Social Services Block Grant	93.667	61,110
Independent Living	93.674	300
Medical Assistance Program (Title XIX)	93.778	74,650
		<hr/>
Total Department Health and Human Services		\$ 390,765
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Emergency management preparedness grant	97.042	\$ 2,000
		<hr/>
Total U. S. Department of Homeland Security		\$ 2,000
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 38,474
Department of Education:		
National school lunch program	10.555	158,634
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	89,564
		<hr/>
Total Department of Agriculture		\$ 286,672
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Triad funding	16.000	\$ 3,428
Drug control and system improvement grant	16.579	1,053
		<hr/>
Total Department of Justice		\$ 4,481

**County of Mathews, Virginia**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2005**

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	\$ 2,240
Total Department of Transportation		<u>\$ 2,240</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	\$ 15,060
Title I: Educationally deprived children	84.010	178,589
Title VI-B: Handicapped state grants	84.027	244,242
Vocational Education: Basic grants to states	84.048	21,342
Title VI-B: Handicapped preschool incentive grant	84.173	10,113
Drug free schools and communities	84.186	649
Title II, Part A	84.367	57,029
Literacy challenge grant	84.318	11,658
Title VI: Improving school programs state block grant	84.298	8,135
Teacher quality initiative	84.336	59
State assessments	84.369	4,362
Advanced placement classes	84.330	104
Total Department of Education		<u>\$ 551,342</u>
Total Federal Assistance		<u><u>\$ 1,237,500</u></u>

## County of Mathews, Virginia

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2005

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### Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federally assisted programs of the County of Mathews, Virginia. The County's reporting entity is defined in note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

### Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the County's basic financial statements.

### Note 3 - 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	\$ 485,622
Special Revenue Fund	3,428
Total primary government	<u>\$ 489,050</u>
Component Unit Public Schools:	
School Operating Fund	\$ 709,976
Total component unit public schools	<u>\$ 709,976</u>
Total federal expenditures per basic financial statements	<u>\$ 1,199,026</u>
Non-cash expenditures - value of donated commodities	<u>\$ 38,474</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 1,237,500</u></u>

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**County of Mathews, Virginia**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2005**

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**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: unqualified

Internal control over financial reporting:

    a. Material weaknesses identified? \_\_\_ yes      X no

    b. Reportable conditions identified that are not considered to be material weaknesses? \_\_\_ yes      X none reported

Noncompliance material to financial statements noted? \_\_\_ yes      X no

**Federal Awards**

Internal control over major programs

A. Material weaknesses identified? \_\_\_ yes      X no

B. Reportable conditions identified that are not considered to be material weaknesses? \_\_\_ yes      X no

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_ yes      X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555.....	National School Lunch Cluster
84.027/84.173.....	Title VI-B Cluster

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

Auditee qualified as low-risk auditee? X yes      \_\_\_ no

**Section II—Financial Statement Findings**

None

**Section III—Federal Award Findings and Questioned Costs**

None

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