

COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2006

COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

Kevin L. Mitchem, Chairperson
Geneva L. Putt, Vice-Chairperson

Charles E. Ingram

C. Gerald Sadler

O.J. Cole

School Board

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

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Virginia Richards

Department of Social Services Board

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

Geneva L. Putt
Mary L. Thomas

Judith Moore-Rowe

Other Officials

County Administrator.....Stephen K. Whiteway
Clerk of the Circuit Court..... E.E. Callis, III
County Attorney.....Richard H. Harfst
Commissioner of the RevenueRaymond 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 CourtIsabel H. Atlee

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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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, 2006, 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, 2006, 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 6, 2006, on our consideration of the County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and the schedule of funding progress 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 other statistical information 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 other statistical information 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 6, 2006

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, 2006.

Financial Highlights

Government-wide Financial Statements

- ▶ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$9,297,477 (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 \$2,178,036 (Exhibit 5) after making contributions totaling \$4,449,847 to the School Board.

- ▶ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$4,921,212, a decrease of \$2,178,036 in comparison with the prior year.
- ▶ At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,798,044 or 21% of total general fund expenditures and other financing uses.
- ▶ The combined long-term obligations decreased \$1,525,832 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 \$9,297,477 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 6,033,870	\$ 8,063,409	\$ 63,311	\$ 60,955	\$ 6,097,181	\$ 8,124,364
Capital assets	21,008,459	21,298,419	-	-	21,008,459	21,298,419
Total assets	\$ 27,042,329	\$ 29,361,828	\$ 63,311	\$ 60,955	\$ 27,105,640	\$ 29,422,783
Current liabilities	\$ 1,088,219	\$ 906,561	\$ -	\$ -	\$ 1,088,219	\$ 906,561
Long-term liabilities outstanding	16,719,944	18,245,776	-	-	16,719,944	18,245,776
Total liabilities	\$ 17,808,163	\$ 19,152,337	\$ -	\$ -	\$ 17,808,163	\$ 19,152,337
Net assets:						
Invested in capital assets, net of related debt	\$ 4,451,825	\$ 3,313,780	\$ -	\$ -	\$ 4,451,825	\$ 3,313,780
Restricted for:						
Construction projects	365,131	2,430,416	-	-	365,131	2,430,416
Revenue maximazation	13,233	12,740	-	-	13,233	12,740
Unrestricted	4,403,977	4,452,555	63,311	60,955	4,467,288	4,513,510
Total net assets	\$ 9,234,166	\$ 10,209,491	\$ 63,311	\$ 60,955	\$ 9,297,477	\$ 10,270,446

Government-wide Financial Analysis (Continued)

Governmental activities decreased the County's net assets by \$972,969 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	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 123,874	\$ 119,789	\$ -	\$ -	\$ 123,874	\$ 119,789
Operating grants and contributions	2,239,770	2,000,683	-	-	2,239,770	2,000,683
Capital grants and contributions			-	-	-	-
General revenues:						
General property taxes	8,304,312	7,806,381	-	-	8,304,312	7,806,381
Other local taxes	1,700,918	1,547,302	-	-	1,700,918	1,547,302
Grants and other contributions not restricted	1,145,551	1,018,466	-	-	1,145,551	1,018,466
Gain on disposal of capital assets	-	329,854	-	-	-	329,854
Other general revenues	358,395	315,685	2,356	1,045	360,751	316,730
Total revenues	\$ 13,872,820	\$ 13,138,160	\$ 2,356	\$ 1,045	\$ 13,875,176	\$ 13,139,205
Expenses:						
General government						
administration	\$ 1,344,050	\$ 1,234,146	\$ -	\$ -	\$ 1,344,050	\$ 1,234,146
Judicial administration	627,926	620,802	-	-	627,926	620,802
Public safety	2,755,851	1,955,278	-	-	2,755,851	1,955,278
Public works	1,015,465	987,030	-	-	1,015,465	987,030
Health and welfare	1,520,044	1,371,881	-	-	1,520,044	1,371,881
Education	5,606,976	5,217,519	-	-	5,606,976	5,217,519
Parks, recreation, and cultural	387,933	379,630	-	-	387,933	379,630
Community development	456,921	279,042	-	-	456,921	279,042
Interest and other fiscal charges	1,132,979	937,969	-	-	1,132,979	937,969
Total expenses	\$ 14,848,145	\$ 12,983,297	\$ -	\$ -	\$ 14,848,145	\$ 12,983,297
Change in net assets	\$ (975,325)	\$ 154,863	\$ 2,356	\$ 1,045	\$ (972,969)	\$ 155,908
Beginning of year	10,209,491	10,054,628	60,955	59,910	10,270,446	10,114,538
End of year	\$ 9,234,166	\$ 10,209,491	\$ 63,311	\$ 60,955	\$ 9,297,477	\$ 10,270,446

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 \$4,921,212, a decrease of \$2,178,036 in comparison with the prior year. Approximately 77% 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 \$256,911.

During the year, revenues and other sources/uses of the General Fund exceeded budgetary estimates by \$540,008. Expenditures were less than budgetary estimates by \$319,105, thus reducing the need to draw upon existing fund balance. The final budget included a decrease to the fund balance of \$854,032. The actual fund balance increased \$5,081, resulting in a positive variance of \$859,113.

Capital Asset and Debt Administration

- ▶ Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2006 amounts to \$21,008,459 (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 \$16,556,634. Of this amount, \$9,386,634 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds).

The County's total debt decreased by \$1,428,005 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

- ▶ The unemployment rate for the County compares favorably to the state's average unemployment rate of 3.1 percent and compares favorably to the national average rate of 4.6 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 2007 fiscal year.

The fiscal year 2007 budget increased by approximately 3.6%, and the real estate tax rate for fiscal year 2007 increased from .51 cents to .53 cents per hundred dollars of assessed value.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

County of Mathews, Virginia
 Statement of Net Assets
 June 30, 2006

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 5,378,025	\$ 63,311	\$ 5,441,336	\$ 293,821	\$ 40,290
Receivables (net of allowance for uncollectibles):					
Taxes receivable	307,480	-	307,480	-	-
Accounts receivable	78,074	-	78,074	-	-
Due from other governmental units	270,291	-	270,291	715,558	-
Capital assets (net of accumulated depreciation):					
Land	1,563,599	-	1,563,599	46,172	-
Buildings and system	18,699,086	-	18,699,086	5,274,007	-
Machinery and equipment	745,774	-	745,774	585,274	-
Total assets	<u>\$ 27,042,329</u>	<u>\$ 63,311</u>	<u>\$ 27,105,640</u>	<u>\$ 6,914,832</u>	<u>\$ 40,290</u>
LIABILITIES					
Accounts payable	\$ 323,756	\$ -	\$ 323,756	\$ -	\$ -
Accrued liabilities	-	-	-	747,786	-
Accrued interest payable	199,258	-	199,258	-	-
Due to other governmental units	487,713	-	487,713	-	-
Deferred revenue	77,492	-	77,492	-	-
Long-term liabilities:					
Due within one year	1,385,626	-	1,385,626	8,173	-
Due in more than one year	15,334,318	-	15,334,318	73,558	-
Total liabilities	<u>\$ 17,808,163</u>	<u>\$ -</u>	<u>\$ 17,808,163</u>	<u>\$ 829,517</u>	<u>\$ -</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 4,451,825	\$ -	\$ 4,451,825	\$ 5,905,453	\$ -
Restricted for:					
Construction	365,131	-	365,131	-	-
Revenue maximization	13,233	-	13,233	-	-
Unrestricted (deficit)	4,403,977	63,311	4,467,288	179,862	40,290
Total net assets	<u>\$ 9,234,166</u>	<u>\$ 63,311</u>	<u>\$ 9,297,477</u>	<u>\$ 6,085,315</u>	<u>\$ 40,290</u>
Total Liabilities and Net Assets	<u>\$ 27,042,329</u>	<u>\$ 63,311</u>	<u>\$ 27,105,640</u>	<u>\$ 6,914,832</u>	<u>\$ 40,290</u>

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

County of Mathews, Virginia
Statement of Activities
For the Year Ended June 30, 2006

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
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,344,050	\$ -	211,900	\$ (1,132,150)	\$ -	(1,132,150)	\$ -
Judicial administration	627,926	18,874	346,263	(262,789)	-	(262,789)	-
Public safety	2,755,851	96,913	730,328	(1,928,610)	-	(1,928,610)	-
Public works	1,015,465	-	-	(1,015,465)	-	(1,015,465)	-
Health and welfare	1,520,044	-	867,867	(652,177)	-	(652,177)	-
Education	5,606,976	-	-	(5,606,976)	-	(5,606,976)	-
Parks, recreation, and cultural	387,933	6,764	50,636	(330,533)	-	(330,533)	-
Community development	456,921	1,323	32,776	(422,822)	-	(422,822)	-
Interest on long-term debt	1,132,979	-	-	(1,132,979)	-	(1,132,979)	-
Total government activities	\$ 14,848,145	\$ 123,874	\$ 2,239,770	\$ (12,484,501)	\$ -	(12,484,501)	\$ -
Business-type activities:							
Sanitary District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 14,848,145	\$ 123,874	\$ 2,239,770	\$ (12,484,501)	\$ -	(12,484,501)	\$ -
COMPONENT UNITS:							
School Board	\$ 11,946,658	\$ 402,152	\$ 6,420,880	\$ -	\$ -	(5,123,626)	\$ -
Industrial Development Authority	\$ 36	\$ 17,980	\$ -	\$ -	\$ -	\$ -	\$ 17,944
Total component units	\$ 11,946,694	\$ 420,132	\$ 6,420,880	\$ -	\$ -	(5,123,626)	\$ 17,944
General revenues:							
General property taxes	\$ 8,304,312	\$ -	\$ -	\$ 8,304,312	\$ -	\$ -	\$ -
Other local taxes	1,700,918	-	-	1,700,918	-	-	-
Unrestricted revenues from use of money and property	252,230	-	2,356	254,586	13,542	268,128	35
Miscellaneous	106,165	-	-	106,165	9,820	115,985	2,000
Grants and contributions not restricted to specific programs	1,145,551	-	-	1,145,551	-	1,145,551	-
Payment from Mathews County	-	-	-	-	5,600,095	5,600,095	-
Total general revenues	\$ 11,509,176	\$ 2,356	\$ 11,511,532	\$ 11,511,532	\$ 5,623,457	\$ 17,134,989	\$ 2,035
Change in net assets	(975,325)	2,356	(972,969)	(972,969)	499,831	(473,138)	19,979
Net assets - beginning	\$ 10,209,491	\$ 60,955	\$ 10,270,446	\$ 10,270,446	\$ 5,585,484	\$ 15,855,930	\$ 20,311
Net assets - ending	\$ 9,234,166	\$ 63,311	\$ 9,297,477	\$ 9,297,477	\$ 6,085,315	\$ 15,372,795	\$ 40,290

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

FUND FINANCIAL STATEMENTS

County of Mathews, Virginia
Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 4,074,916	\$ 729,534	\$ 573,575	\$ 5,378,025
Receivables (net of allowance for uncollectibles):				
Taxes receivable	307,480	-	-	307,480
Accounts receivable	62,104	15,970	-	78,074
Due from other governmental units	270,291	-	-	270,291
Total assets	<u>\$ 4,714,791</u>	<u>\$ 745,504</u>	<u>\$ 573,575</u>	<u>\$ 6,033,870</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 114,612	\$ 700	\$ 208,444	\$ 323,756
Due to other governmental funds	487,713	-	-	487,713
Deferred revenue	301,189	-	-	301,189
Total liabilities	<u>\$ 903,514</u>	<u>\$ 700</u>	<u>\$ 208,444</u>	<u>\$ 1,112,658</u>
Fund balances:				
Reserved for:				
Construction	\$ -	\$ -	\$ 365,131	\$ 365,131
Revenue Maximization	13,233	-	-	13,233
Unreserved, reported in:				
General fund	3,798,044	-	-	3,798,044
Special revenue funds	-	744,804	-	744,804
Total fund balances	<u>\$ 3,811,277</u>	<u>\$ 744,804</u>	<u>\$ 365,131</u>	<u>\$ 4,921,212</u>
Total liabilities and fund balances	<u>\$ 4,714,791</u>	<u>\$ 745,504</u>	<u>\$ 573,575</u>	<u>\$ 6,033,870</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, 2006

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	4,921,212
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,008,459
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	223,697
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(16,919,202)
Net assets of governmental activities	<u>\$ 9,234,166</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, 2006

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 8,383,990	\$ -	\$ -	\$ 8,383,990
Other local taxes	1,525,854	175,064	-	1,700,918
Permits, privilege fees, and regulatory licenses	91,206	-	-	91,206
Fines and forfeitures	14,890	-	-	14,890
Revenue from the use of money and property	165,498	26,256	60,476	252,230
Charges for services	17,778	-	-	17,778
Miscellaneous	94,018	11,782	365	106,165
Recovered costs	46,266	-	-	46,266
Intergovernmental revenues:				
Commonwealth	2,725,884	61,816	-	2,787,700
Federal	520,340	77,281	-	597,621
Total revenues	<u>\$ 13,585,724</u>	<u>\$ 352,199</u>	<u>\$ 60,841</u>	<u>\$ 13,998,764</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,460,454	\$ -	\$ -	\$ 1,460,454
Judicial administration	560,076	-	-	560,076
Public safety	1,950,685	86,022	-	2,036,707
Public works	1,231,451	-	-	1,231,451
Health and welfare	1,492,519	-	-	1,492,519
Education	4,298,036	-	156,740	4,454,776
Parks, recreation, and cultural	303,633	-	-	303,633
Community development	314,276	75	-	314,351
Capital projects	235,902	-	1,473,143	1,709,045
Debt service:				
Principal retirement	1,341,608	-	-	1,341,608
Interest and other fiscal charges	683,925	-	143,587	827,512
Total expenditures	<u>\$ 13,872,565</u>	<u>\$ 86,097</u>	<u>\$ 1,773,470</u>	<u>\$ 15,732,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (286,841)</u>	<u>\$ 266,102</u>	<u>\$ (1,712,629)</u>	<u>\$ (1,733,368)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 736,590	\$ -	\$ -	\$ 736,590
Transfers out	-	(383,934)	(352,656)	(736,590)
Proceeds from refunding of bonds	3,630,527	-	-	3,630,527
Interest on defeased debt	(344,027)	-	-	(344,027)
Refunding of bonds	(3,684,168)	-	-	(3,684,168)
Bond issuance costs	(47,000)	-	-	(47,000)
Total other financing sources (uses)	<u>\$ 291,922</u>	<u>\$ (383,934)</u>	<u>\$ (352,656)</u>	<u>\$ (444,668)</u>
Net change in fund balances	5,081	(117,832)	(2,065,285)	(2,178,036)
Fund balances - beginning	\$ 3,806,196	\$ 862,636	\$ 2,430,416	\$ 7,099,248
Fund balances - ending	<u>\$ 3,811,277</u>	<u>\$ 744,804</u>	<u>\$ 365,131</u>	<u>\$ 4,921,212</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, 2006

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

Net change in fund balances - total governmental funds	\$ (2,178,036)
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.	(289,960)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(79,678)
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.	1,428,005
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.	144,344
Change in net assets of governmental activities	<u>\$ (975,325)</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, 2006**

	Enterprise Fund Sanitary District
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 63,311
Total assets	\$ 63,311
NET ASSETS	
Unrestricted	\$ 63,311
Total net assets	\$ 63,311

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, 2006

	<u>Enterprise Fund Sanitary District</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 2,356
Total nonoperating revenues (expenses)	\$ 2,356
Change in net assets	2,356
Total net assets - beginning	\$ 60,955
Total net assets - ending	<u>\$ 63,311</u>

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, 2006**

	Enterprise Fund Sanitary District
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 2,356
Net cash provided (used) by investing activities	\$ 2,356
Net increase (decrease) in cash and cash equivalents	2,356
Cash and cash equivalents - beginning - including restricted	\$ 60,955
Cash and cash equivalents - ending - including restricted	\$ 63,311

**County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ <u>31,840</u>
LIABILITIES	
Amounts held for social services clients	\$ <u>31,840</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, 2006

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net assets and the statement of 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.

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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

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

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, 2006 (Continued)

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2006.

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, 2006.

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, 2006.

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.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

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

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

The government-wide statement of activities 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, 2006 (Continued)

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

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

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

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 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, 2006 (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 \$78,121 at June 30, 2006 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, 2006 (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, 2006 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, 2006 (Continued)

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

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:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2006.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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, 2006 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>572,554</u>
Total	\$	<u><u>572,554</u></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).

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 4—Due from Other Governments:

At June 30, 2006, 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	\$ -	\$ 487,713
Commonwealth of Virginia:		
Local sales tax	80,998	-
Welfare	14,001	-
Rolling stock tax	599	-
State Sales Tax	-	185,178
Constitutional officer reimbursements	87,198	-
Recordation tax	12,203	-
ABC/Wine	11,055	-
Mobile home titling tax	10,385	-
Auto rental tax	58	-
Comprehensive services act	18,049	-
DMV	610	-
Federal Government:		
School fund grants	-	42,667
Welfare	35,135	-
Total due from other governments	\$ <u>270,291</u>	\$ <u>715,558</u>

At June 30, 2006, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>487,713</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2006:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,387,716	\$ 175,883	\$ -	\$ 1,563,599
Capital assets subject to depreciation:				
Buildings and improvements	\$ 9,651,191	\$ 735,337	\$ -	\$ 10,386,528
Equipment	1,134,238	341,661	56,197	1,419,702
Jointly owned assets	<u>12,412,662</u>	<u>-</u>	<u>1,019,482</u>	<u>11,393,180</u>
Total capital assets being depreciated	\$ 23,198,091	\$ 1,076,998	\$ 1,075,679	\$ 23,199,410
Less accumulated depreciation for:				
Buildings and improvements	\$ 814,834	\$ 259,241	\$ -	\$ 1,074,075
Equipment	596,773	133,352	56,197	673,928
Jointly owned assets	<u>1,875,781</u>	<u>284,830</u>	<u>154,064</u>	<u>2,006,547</u>
Total accumulated depreciation	\$ 3,287,388	\$ 677,423	\$ 210,261	\$ 3,754,550
Total capital assets subject to depreciation, net	\$ 19,910,703	\$ 399,575	\$ 865,418	\$ 19,444,860
Net capital assets primary government	<u>\$ 21,298,419</u>	<u>\$ 575,458</u>	<u>\$ 865,418</u>	<u>\$ 21,008,459</u>
Component Unit-School Board:	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Equipment	\$ 1,428,014	\$ 89,656	\$ 41,870	\$ 1,475,800
Jointly owned assets	<u>5,381,931</u>	<u>1,019,482</u>	<u>-</u>	<u>6,401,413</u>
Total capital assets being depreciated	\$ 6,809,945	\$ 1,109,138	\$ 41,870	\$ 7,877,213
Less accumulated depreciation for:				
Equipment	\$ 831,306	\$ 101,090	\$ 41,870	\$ 890,526
Jointly owned assets	<u>813,307</u>	<u>314,099</u>	<u>-</u>	<u>1,127,406</u>
Total accumulated depreciation	\$ 1,644,613	\$ 415,189	\$ 41,870	\$ 2,017,932
Total capital assets subject to depreciation, net	\$ 5,165,332	\$ 693,949	\$ -	\$ 5,859,281
Net capital assets Component Unit-School Board	<u>\$ 5,211,504</u>	<u>\$ 693,949</u>	<u>\$ -</u>	<u>\$ 5,905,453</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 5—Capital Assets: (Continued)

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

Governmental activities:

General government	\$	4,100
Judicial administration		164,841
Public safety		80,742
Public works		28,780
Health and welfare		23,923
Education		132,718
Parks, recreation and cultural		84,300
Community development		<u>3,955</u>
Total Governmental activities	\$	<u>523,359</u>
Component Unit School Board	\$	<u>415,189</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2006, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 736,590	\$ -
County Capital Projects	-	352,656
County Special Revenue	-	<u>383,934</u>
Total	\$ <u>736,590</u>	\$ <u>736,590</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, 2006 (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, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2006</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurring by County:					
Claims, judgments and compensated absences payable	\$ 261,137	\$ -	\$ 97,827	\$ 163,310	\$ 16,331
Lease revenue bonds payable	7,215,000	-	205,000	7,010,000	260,000
Note Payable	200,000	-	40,000	160,000	40,000
Landfill post closure care	<u>32,756</u>	<u>-</u>	<u>32,756</u>	<u>-</u>	<u>-</u>
Total incurred by County	<u>\$ 7,708,893</u>	<u>\$ -</u>	<u>\$ 375,583</u>	<u>\$ 7,333,310</u>	<u>\$ 316,331</u>
Incurring by School Board:					
State Literary Fund Loans	\$ 211,260	\$ -	\$ 105,675	\$ 105,585	\$ 105,585
General obligation bonds	10,312,732	3,630,527	4,662,210	9,281,049	963,710
Capital lease	<u>12,891</u>	<u>-</u>	<u>12,891</u>	<u>-</u>	<u>-</u>
Total incurred by School Board	<u>\$ 10,536,883</u>	<u>\$ 3,630,527</u>	<u>\$ 4,780,776</u>	<u>\$ 9,386,634</u>	<u>\$ 1,069,295</u>
Total Governmental Obligations	<u>\$ 18,245,776</u>	<u>\$ 3,630,527</u>	<u>\$ 5,156,359</u>	<u>\$ 16,719,944</u>	<u>\$ 1,385,626</u>
Total General Obligations, Primary Government	<u>\$ 18,245,776</u>	<u>\$ 3,630,527</u>	<u>\$ 5,156,359</u>	<u>\$ 16,719,944</u>	<u>\$ 1,385,626</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Year Ending June 30	County Obligations			
	Lease Revenue Bonds		Capital Lease	
	Principal	Interest	Principal	Interest
2007	\$ 260,000	\$ 324,650	\$ 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	57,256	-	-
2023	580,000	29,173	-	-
Total	\$ <u>7,010,000</u>	\$ <u>3,407,110</u>	<u>160,000</u>	<u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Year Ending June 30	School Obligations			
	State Literary Fund Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2007	\$ 105,585	\$ 3,168	\$ 963,710	\$ 471,227
2008	-	-	915,288	421,858
2009	-	-	700,044	372,698
2010	-	-	715,783	334,370
2011	-	-	732,034	295,054
2012	-	-	748,819	255,170
2013	-	-	711,167	215,618
2014	-	-	729,105	176,217
2015	-	-	752,663	135,775
2016	-	-	446,873	104,819
2017	-	-	466,767	83,423
2018	-	-	487,380	61,052
2019	-	-	446,884	37,453
2020	-	-	464,532	17,098
Total	\$ 105,585	\$ 3,168	\$ 9,281,049	\$ 2,981,832

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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%	\$	5,905,000
\$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>1,105,000</u>
Total Lease Revenue Bonds	\$	<u>7,010,000</u>

Note Payable:

\$200,000 Capital Lease issued November 2, 2004, due in annual installments of \$40,000 through July 30, 2009, interest payable at 0%.	\$	<u>160,000</u>
Compensated absences (payable from General Fund)	\$	<u>163,310</u>
Total Incurred by County	\$	<u>7,333,310</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%	\$	100,000
\$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>5,585</u>
Total State Literary Fund Loans	\$	<u>105,585</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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%	\$	75,000
\$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.		2,535,000
\$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.		390,000
\$704,227 term loan through Crestar Bank, School Bonds, issued July 30, 1998, maturing annually installments of \$66,864, through July 30, 2017, interest at 6.75%		538,229
\$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%		1,575,000
\$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%		449,208
\$3,630,527 School Bonds dated January 12, 2006 maturing annually in installments of varying amounts through February, 2020, interest payable semi-annually at a rate of 4.19%		3,418,612
\$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>300,000</u>
Total General Obligations Bonds	\$	<u>9,281,049</u>
Total incurred by School Board	\$	<u>9,386,634</u>
Total General obligations, primary government	\$	<u>16,719,944</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 7—Long-Term Obligations: (Continued)

	<u>Amounts Payable at July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2006</u>	<u>Amounts Due Within One Year</u>
Component Unit-School Board:					
Compensated absences	\$ 80,018	\$ 1,713	\$ -	\$ 81,731	\$ 8,173
Total Component Unit-School Board	<u>\$ 80,018</u>	<u>\$ 1,713</u>	<u>\$ -</u>	<u>\$ 81,731</u>	<u>\$ 8,173</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 eight years.

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 \$301,189 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$223,697 at June 30, 2006.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2006 but paid in advance by the taxpayers totaled \$77,492 at June 30, 2006.

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, 2006, 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, 2006 (Continued)

Note 12—Risk Management:

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

The County is a member of the Virginia Association of Counties Risk Management Program for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

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

Note 13—Defined Benefit Pension Plan:

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, firefighters, and sheriffs) or at age 50 with 30 years of service if elected by the employer (age 50 with 25 years of service for participating law enforcement officers, firefighters, and sheriffs) 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 increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/2005AnnuRept.pdf> or obtained by 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, 2006 (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 2006 were 4% and 5% of annual covered payroll, respectively.

The School Board's professional employees contributed \$365,295, \$320,455, and \$437,818 to the teacher cost-sharing pool for the fiscal years ended June 30, 2006, 2005, and 2004 respectively and these contributions represented 6.62% of current covered payroll.

C. Annual Pension Cost

For fiscal 2006, the County's annual pension cost of \$87,731 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 2006, the County School Board's annual pension cost for the Board's non-professional employees was \$35,821, 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 ¹	8.00%	8.00%
Projected salary increases: ¹		
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%

¹ Includes inflation at 3%

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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, 2006	\$ 87,731	100%	\$ -
June 30, 2005	82,093	100%	-
June 30, 2004	57,705	100%	-
School Board:			
Non-Professional:			
June 30, 2006	\$ 35,821	100%	\$ -
June 30, 2005	33,759	100%	-
June 30, 2004	19,066	100%	-

(1) Employer portion only

Note 14—Surety Bonds:

	Amount
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

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***

COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND SCHEDULES

County of Mathews, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 8,338,600	\$ 8,338,600	\$ 8,383,990	\$ 45,390
Other local taxes	1,418,500	1,418,500	1,525,854	107,354
Permits, privilege fees, and regulatory licenses	77,700	77,700	91,206	13,506
Fines and forfeitures	18,075	18,075	14,890	(3,185)
Revenue from the use of money and property	114,000	114,000	165,498	51,498
Charges for services	11,650	11,650	17,778	6,128
Miscellaneous	46,775	46,775	94,018	47,243
Recovered costs	6,300	6,300	46,266	39,966
Intergovernmental revenues:				
Commonwealth	2,530,440	2,528,180	2,725,884	197,704
Federal	652,858	652,858	520,340	(132,518)
Total revenues	<u>\$ 13,214,898</u>	<u>\$ 13,212,638</u>	<u>\$ 13,585,724</u>	<u>\$ 373,086</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,140,488	\$ 1,466,040	\$ 1,460,454	\$ 5,586
Judicial administration	612,964	573,061	560,076	12,985
Public safety	1,865,646	1,967,637	1,950,685	16,952
Public works	1,188,213	1,279,352	1,231,451	47,901
Health and welfare	1,406,407	1,738,400	1,492,519	245,881
Education	4,307,424	4,307,424	4,298,036	9,388
Parks, recreation, and cultural	305,178	322,293	303,633	18,660
Community development	330,838	329,013	314,276	14,737
Capital projects	612,500	536,971	235,902	301,069
Debt service:				
Principal retirement	1,326,898	1,013,365	1,341,608	(328,243)
Interest and other fiscal charges	838,203	658,114	683,925	(25,811)
Total expenditures	<u>\$ 13,934,759</u>	<u>\$ 14,191,670</u>	<u>\$ 13,872,565</u>	<u>\$ 319,105</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (719,861)</u>	<u>\$ (979,032)</u>	<u>\$ (286,841)</u>	<u>\$ 692,191</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 125,000	\$ 125,000	\$ 736,590	\$ 611,590
Proceeds from refunding of bonds	-	-	3,630,527	3,630,527
Interest paid on defeased debt			(344,027)	(344,027)
Refunding of bonds	-	-	(3,684,168)	(3,684,168)
Bond issuance costs			(47,000)	(47,000)
Total other financing sources and uses	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 291,922</u>	<u>\$ 166,922</u>
Net change in fund balances	(594,861)	(854,032)	5,081	859,113
Fund balances - beginning	594,861	854,032	3,806,196	2,952,164
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,811,277</u>	<u>\$ 3,811,277</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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 125,000	\$ 125,000	\$ 175,064	\$ 50,064
Revenue from the use of money and property	-	-	26,256	26,256
Miscellaneous	-	-	11,782	11,782
Intergovernmental revenues:				
Commonwealth	-	-	61,816	61,816
Federal	-	-	77,281	77,281
Total revenues	\$ 125,000	\$ 125,000	\$ 352,199	\$ 227,199
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 86,022	\$ (86,022)
Community development	-	-	75	(75)
Total expenditures	\$ -	\$ -	\$ 86,097	\$ (86,097)
Excess (deficiency) of revenues over (under) expenditures	\$ 125,000	\$ 125,000	\$ 266,102	\$ 141,102
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (125,000)	\$ (125,000)	\$ (383,934)	\$ (258,934)
Total other financing sources and uses	\$ (125,000)	\$ (125,000)	\$ (383,934)	\$ (258,934)
Net change in fund balances	\$ -	\$ -	\$ (117,832)	\$ (117,832)
Fund balances - beginning	-	-	862,636	862,636
Fund balances - ending	\$ -	\$ -	\$ 744,804	\$ 744,804

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 60,476	\$ 60,476
Miscellaneous	-	-	365	365
Total revenues	\$ -	\$ -	\$ 60,841	\$ 60,841
EXPENDITURES				
Current:				
Education	\$ 140,150	\$ 140,150	\$ 156,740	\$ (16,590)
Capital projects	200,000	200,000	1,473,143	(1,273,143)
Total expenditures	\$ 340,150	\$ 340,150	\$ 1,773,470	\$ (1,433,320)
Excess (deficiency) of revenues over (under) expenditures	\$ (340,150)	\$ (340,150)	\$ (1,712,629)	\$ (1,372,479)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (352,656)	\$ (352,656)
Total other financing sources and uses	\$ -	\$ -	\$ (352,656)	\$ (352,656)
Net change in fund balances	\$ (340,150)	\$ (340,150)	\$ (2,065,285)	\$ (1,725,135)
Fund balances - beginning	340,150	340,150	2,430,416	2,090,266
Fund balances - ending	\$ -	\$ -	\$ 365,131	\$ 365,131

County of Mathews, Virginia
Required Supplementary Information

Schedule of Funding Progress - Virginia Retirement System

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						
6/30/2005	\$ 5,685,578	\$ 6,383,981	\$ 698,403	89.06%	\$ 2,103,904	33.20%
6/30/2004	5,551,937	5,725,284	173,347	96.97%	1,956,442	8.86%
6/30/2003	5,402,505	5,111,042	(291,463)	105.70%	1,863,058	-15.64%
6/30/2002	5,301,318	4,724,967	(576,351)	112.20%	1,862,573	-30.94%
6/30/2001	5,076,605	4,367,181	(709,424)	116.24%	1,844,643	-38.46%
6/30/2000	4,546,854	3,967,601	(579,253)	114.60%	1,687,371	-34.33%
School Board Non-Professionals:						
6/30/2005	\$ 1,723,423	\$ 1,907,633	\$ 184,210	90.34%	\$ 676,332	27.24%
6/30/2004	1,697,074	1,774,591	77,517	95.63%	618,894	12.53%
6/30/2003	1,683,516	1,658,577	(24,939)	101.50%	558,983	-4.46%
6/30/2002	1,672,760	1,593,428	(79,332)	104.98%	611,461	-12.97%
6/30/2001	1,612,596	1,481,816	(130,780)	108.83%	525,342	-24.89%
6/30/2000	1,463,205	1,361,194	(102,011)	107.49%	546,251	-18.67%

OTHER SUPPLEMENTARY INFORMATION

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

**County of Mathews, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2006**

	<u>School Operating Fund</u>	<u>Textbook Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 248,844	\$ 44,977	\$ 293,821
Due from other governmental units	715,558	-	-	715,558
Total assets	\$ 715,558	\$ 248,844	\$ 44,977	\$ 1,009,379
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 715,558	\$ -	\$ 32,228	\$ 747,786
Total liabilities	\$ 715,558	\$ -	\$ 32,228	\$ 747,786
Fund balances:				
Unreserved:				
Undesignated	\$ -	\$ 248,844	\$ 12,749	\$ 261,593
Total fund balances	\$ -	\$ 248,844	\$ 12,749	\$ 261,593
Total liabilities and fund balances	\$ 715,558	\$ 248,844	\$ 44,977	\$ 1,009,379

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

Total fund balances per above	261,593
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,905,453
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(81,731)
Net assets of governmental activities	\$ 6,085,315

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, 2006

	<u>School Operating Fund</u>	<u>School Textbook Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Revenue from the use of money and property	\$ 12,824	\$ 648	\$ 70	\$ 13,542
Charges for services	27,920	4,840	369,392	402,152
Miscellaneous	9,820	-	-	9,820
Intergovernmental revenues:				
Local government	4,449,847	-	-	4,449,847
Commonwealth	5,638,233	-	-	5,638,233
Federal	782,647	-	-	782,647
Total revenues	<u>\$ 10,921,291</u>	<u>\$ 5,488</u>	<u>\$ 369,462</u>	<u>\$ 11,296,241</u>
EXPENDITURES				
Current:				
Education	<u>\$ 10,571,977</u>	<u>\$ 268,492</u>	<u>\$ 648,177</u>	<u>\$ 11,488,646</u>
Total expenditures	<u>\$ 10,571,977</u>	<u>\$ 268,492</u>	<u>\$ 648,177</u>	<u>\$ 11,488,646</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 349,314</u>	<u>\$ (263,004)</u>	<u>\$ (278,715)</u>	<u>\$ (192,405)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 75,000	\$ 274,314	\$ 349,314
Transfers out	(349,314)	-	-	(349,314)
Total other financing sources and uses	<u>\$ (349,314)</u>	<u>\$ 75,000</u>	<u>\$ 274,314</u>	<u>\$ -</u>
Net change in fund balances	-	(188,004)	(4,401)	(192,405)
Fund balances - beginning	\$ -	\$ 436,848	\$ 17,150	\$ 453,998
Fund balances - ending	<u>\$ -</u>	<u>\$ 248,844</u>	<u>\$ 12,749</u>	<u>\$ 261,593</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 \$ (192,405)

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. 693,949

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. (1,713)

Change in net assets of governmental activities \$ 499,831

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, 2006

	School Operating Fund				Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ 6,000	\$ 6,000	\$ 12,824	\$ 6,824	\$ -	\$ -	\$ 648	\$ 648
Charges for services	20,600	20,600	27,920	7,320	-	-	4,840	4,840
Miscellaneous	12,400	12,400	9,820	(2,580)	-	-	-	-
Recovered costs	-	-	-	-	-	-	-	-
Intergovernmental revenues:								
Local government	4,442,645	4,442,645	4,449,847	7,202	-	-	-	-
Commonwealth	5,623,544	5,623,544	5,638,233	14,689	-	-	-	-
Federal	725,106	725,106	782,647	57,541	-	-	-	-
Total revenues	\$ 10,830,295	\$ 10,830,295	\$ 10,921,291	\$ 90,996	\$ -	\$ -	\$ 5,488	\$ 5,488
EXPENDITURES								
Current:								
Education	\$ 10,340,145	\$ 10,340,145	\$ 10,571,977	\$ (231,832)	\$ 75,000	\$ 75,000	\$ 268,492	\$ (193,492)
Capital projects	140,150	140,150	-	140,150	-	-	-	-
Total expenditures	\$ 10,480,295	\$ 10,480,295	\$ 10,571,977	\$ (91,682)	\$ 75,000	\$ 75,000	\$ 268,492	\$ (193,492)
Excess (deficiency) of revenues over (under) expenditures	\$ 350,000	\$ 350,000	\$ 349,314	\$ (686)	\$ (75,000)	\$ (75,000)	\$ (263,004)	\$ (188,004)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Transfers out	(350,000)	(350,000)	(349,314)	686	-	-	-	-
Total other financing sources and uses	\$ (350,000)	\$ (350,000)	\$ (349,314)	\$ 686	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Net change in fund balances	-	-	-	-	-	-	(188,004)	(188,004)
Fund balances - beginning	-	-	-	-	-	-	\$ 436,848	\$ 436,848
Fund balances - ending	-	-	-	-	-	-	\$ 248,844	\$ 248,844

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, 2006

	School Cafeteria Food			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 70	\$ 70
Charges for services	350,000	350,000	369,392	19,392
Total revenues	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 369,462</u>	<u>\$ 19,462</u>
EXPENDITURES				
Current:				
Education	\$ 625,000	\$ 625,000	\$ 648,177	\$ (23,177)
Total expenditures	<u>\$ 625,000</u>	<u>\$ 625,000</u>	<u>\$ 648,177</u>	<u>\$ (23,177)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (275,000)</u>	<u>\$ (275,000)</u>	<u>\$ (278,715)</u>	<u>\$ (3,715)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 275,000	\$ 275,000	\$ 274,314	\$ (686)
Total other financing sources and uses	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 274,314</u>	<u>\$ (686)</u>
Net change in fund balances	\$ -	\$ -	\$ (4,401)	\$ (4,401)
Fund balances - beginning	-	-	17,150	17,150
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,749</u>	<u>\$ 12,749</u>

County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2006

	Scholarship Funds
ASSETS	
Cash and cash equivalents	\$ <u>33,767</u>
NET ASSETS	
Held in trust for scholarships	\$ <u>33,767</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, 2006

	Scholarship Funds
ADDITIONS	
Contributions:	
Donations	\$ 32,607
Total contributions	\$ 32,607
Investment earnings:	
Interest	\$ 249
Total investment earnings	\$ 249
Total additions	\$ 32,856
DEDUCTIONS	
Scholarships	\$ 33,289
Total deductions	\$ 33,289
Change in net assets	(433)
Net assets - beginning	\$ 34,200
Net assets - ending	\$ 33,767

***DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY***

County of Mathews, Virginia
Statement of Net Assets
Discretely Presented Component Unit-Industrial Development Authority
June 30, 2006

ASSETS

Current assets:

Cash and cash equivalents	\$ 40,290
Total current assets	<u>\$ 40,290</u>
Total assets	<u>\$ 40,290</u>

NET ASSETS

Unrestricted	\$ 40,290
Total net assets	<u><u>\$ 40,290</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, 2006

OPERATING REVENUES

Charges for services:

Bond fees	\$ 17,980
Miscellaneous	2,000
Total operating revenues	\$ 19,980

OPERATING EXPENSES

Other supplies and expenses	\$ 36
Total operating expenses	\$ 36

Operating income (loss)	\$ 19,944
-------------------------	-----------

NONOPERATING REVENUES (EXPENSES)

Investment earnings	\$ 35
Total nonoperating revenues (expenses)	\$ 35

Change in net assets	\$ 19,979
----------------------	-----------

Total net assets - beginning	20,311
Total net assets - ending	\$ 40,290

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, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 17,980
Receipts for miscellaneous items	2,000
Payments for operating activities	(36)
Net cash provided (used by) operating activities	<u>\$ 19,944</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>\$ 35</u>
Net cash provided (used) by investing activities	<u>\$ 35</u>

Net increase (decrease) in cash and cash equivalents 19,979

Cash and cash equivalents - beginning - including restricted	20,311
Cash and cash equivalents - ending - including restricted	<u><u>\$ 40,290</u></u>

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

Operating income (loss)	\$ 19,944
Net cash provided (used) by operating activities	<u><u>\$ 19,944</u></u>

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

SUPPORTING SCHEDULES

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2006

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,272,100	\$ 6,272,100	\$ 6,420,316	\$ 148,216
Real and personal public service corporation taxes	125,000	125,000	122,797	(2,203)
Personal property taxes	1,770,000	1,770,000	1,378,494	(391,506)
Mobile home taxes	71,500	71,500	360,132	288,632
Machinery and tools taxes	-	-	465	465
Penalties	80,000	80,000	77,913	(2,087)
Interest	20,000	20,000	23,873	3,873
Total general property taxes	<u>\$ 8,338,600</u>	<u>\$ 8,338,600</u>	<u>\$ 8,383,990</u>	<u>\$ 45,390</u>
Other local taxes:				
Local sales and use taxes	\$ 425,000	\$ 425,000	\$ 414,208	\$ (10,792)
Consumers' utility taxes	414,000	414,000	413,823	(177)
Consumption tax	-	-	34,160	34,160
Business license taxes	136,000	136,000	165,938	29,938
Utility license taxes	41,500	41,500	39,511	(1,989)
Motor vehicle licenses	213,000	213,000	217,640	4,640
Bank stock taxes	49,000	49,000	59,311	10,311
Taxes on recordation and wills	140,000	140,000	181,263	41,263
Total other local taxes	<u>\$ 1,418,500</u>	<u>\$ 1,418,500</u>	<u>\$ 1,525,854</u>	<u>\$ 107,354</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,700	\$ 3,700	\$ 3,877	\$ 177
Transfer fees	600	600	670	70
Permits and other licenses	73,400	73,400	86,659	13,259
Total permits, privilege fees, and regulatory licenses	<u>\$ 77,700</u>	<u>\$ 77,700</u>	<u>\$ 91,206</u>	<u>\$ 13,506</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 18,075	\$ 18,075	\$ 14,890	\$ (3,185)
Total fines and forfeitures	<u>\$ 18,075</u>	<u>\$ 18,075</u>	<u>\$ 14,890</u>	<u>\$ (3,185)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 70,000	\$ 70,000	\$ 100,653	\$ 30,653
Revenue from use of property	44,000	44,000	64,845	20,845
Total revenue from use of money and property	<u>\$ 114,000</u>	<u>\$ 114,000</u>	<u>\$ 165,498</u>	<u>\$ 51,498</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 700	\$ 700	\$ 697	\$ (3)
Charges for courthouse maintenance	1,700	1,700	1,749	49
Courthouse security fees	-	-	3,530	3,530
Circuit court- document reproduction	4,000	4,000	1,994	(2,006)
Charges for Commonwealth's Attorney	250	250	241	(9)
Charges for correction and detention	-	-	570	570
Charges for community development	200	200	1,323	1,123
Charges for other protection	500	500	910	410
Charges for library	4,300	4,300	6,764	2,464
Total charges for services	<u>\$ 11,650</u>	<u>\$ 11,650</u>	<u>\$ 17,778</u>	<u>\$ 6,128</u>
Miscellaneous revenue:				
Miscellaneous	\$ 46,775	\$ 46,775	\$ 94,018	\$ 47,243
Total miscellaneous revenue	<u>\$ 46,775</u>	<u>\$ 46,775</u>	<u>\$ 94,018</u>	<u>\$ 47,243</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
DMV License agent	\$ 6,300	\$ 6,300	\$ 7,223	\$ 923
Rescue squad debt service	-	-	39,043	39,043
Total recovered costs	<u>\$ 6,300</u>	<u>\$ 6,300</u>	<u>\$ 46,266</u>	<u>\$ 39,966</u>
 Total revenue from local sources	 <u>\$ 10,031,600</u>	 <u>\$ 10,031,600</u>	 <u>\$ 10,339,500</u>	 <u>\$ 307,900</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 12,000	\$ 12,000	\$ 5,398	\$ (6,602)
Wine taxes	10,000	10,000	5,658	(4,342)
Motor vehicle carriers' tax	5	5	58	53
Mobile home titling tax	10,000	10,000	16,298	6,298
Rolling stock tax	-	-	599	599
State recordation tax	55,000	55,000	80,190	25,190
Personal property tax relief funds	850,000	850,000	1,037,350	187,350
Total noncategorical aid	<u>\$ 937,005</u>	<u>\$ 937,005</u>	<u>\$ 1,145,551</u>	<u>\$ 208,546</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 150,907	\$ 150,907	\$ 151,619	\$ 712
Sheriff	530,565	530,565	535,364	4,799
Commissioner of revenue	80,768	80,768	81,204	436
Treasurer	85,528	85,528	85,539	11
Medical examiner	120	120	150	30
Registrar/electoral board	29,500	29,500	39,800	10,300
Clerk of the Circuit Court	119,691	119,691	159,111	39,420
Total shared expenses	<u>\$ 997,079</u>	<u>\$ 997,079</u>	<u>\$ 1,052,787</u>	<u>\$ 55,708</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 198,829	\$ 198,829	\$ 161,361	\$ (37,468)
Emergency medical services - two for life	4,800	4,800	7,918	3,118
Jurors fees	1,500	1,500	1,350	(150)
Juvenile confinement	35,000	35,000	-	(35,000)
Comprehensive services act	208,392	208,392	249,314	40,922
Litter control	4,500	4,500	6,568	2,068
Library grant	40,636	40,636	40,636	-
Animal friendly plates	-	-	123	123
Victim-witness grant	50,389	50,389	34,183	(16,206)
Fire programs fund	13,500	13,500	20,859	7,359
Other state aid	38,810	36,550	5,234	(31,316)
Total other categorical aid	<u>\$ 596,356</u>	<u>\$ 594,096</u>	<u>\$ 527,546</u>	<u>\$ (66,550)</u>
 Total categorical aid	 <u>\$ 1,593,435</u>	 <u>\$ 1,591,175</u>	 <u>\$ 1,580,333</u>	 <u>\$ (10,842)</u>
 Total revenue from the Commonwealth	 <u>\$ 2,530,440</u>	 <u>\$ 2,528,180</u>	 <u>\$ 2,725,884</u>	 <u>\$ 197,704</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2006

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 563,353	\$ 563,353	\$ 457,192	\$ (106,161)
Local law enforcement block grant	-	-	500	500
ISTEA grant	50,000	50,000	26,208	(23,792)
Cops grant	39,505	39,505	-	(39,505)
Disaster relief	-	-	19,649	19,649
Transportation safety	-	-	6,791	6,791
Library grant	-	-	10,000	10,000
Total categorical aid	<u>\$ 652,858</u>	<u>\$ 652,858</u>	<u>\$ 520,340</u>	<u>\$ (132,518)</u>
Total revenue from the federal government	<u>\$ 652,858</u>	<u>\$ 652,858</u>	<u>\$ 520,340</u>	<u>\$ (132,518)</u>
Total General Fund	<u>\$ 13,214,898</u>	<u>\$ 13,212,638</u>	<u>\$ 13,585,724</u>	<u>\$ 373,086</u>
Special Revenue Fund:				
County Special Revenue Fund				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 125,000	\$ 125,000	\$ 175,064	\$ 50,064
Total other local taxes	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 175,064</u>	<u>\$ 50,064</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 26,256	\$ 26,256
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,256</u>	<u>\$ 26,256</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 11,782	\$ 11,782
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,782</u>	<u>\$ 11,782</u>
Total revenue from local sources	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 213,102</u>	<u>\$ 88,102</u>
Revenue from the Commonwealth:				
Categorical aid:				
Triad funding	\$ -	\$ -	\$ 1,891	\$ 1,891
Wireless grant	-	-	59,925	59,925
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,816</u>	<u>\$ 61,816</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,816</u>	<u>\$ 61,816</u>
Revenue from the federal government:				
Categorical aid:				
Office of justice programs	\$ -	\$ -	\$ 215	\$ 215
State homeland security program	-	-	77,066	77,066
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,281</u>	<u>\$ 77,281</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,281</u>	<u>\$ 77,281</u>
Total County Special Revenue Fund	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 352,199</u>	<u>\$ 227,199</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 60,476	\$ 60,476
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 365	\$ 365
Total miscellaneous revenue	\$ -	\$ -	\$ 365	\$ 365
Total revenue from local sources	\$ -	\$ -	\$ 60,841	\$ 60,841
Total Courthouse Construction Fund	\$ -	\$ -	\$ 60,841	\$ 60,841
Total Primary Government	\$ 13,339,898	\$ 13,337,638	\$ 13,998,764	\$ 661,126
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 6,000	\$ 6,000	\$ 12,824	\$ 6,824
Charges for services:				
Charges for education	\$ -	\$ -	\$ 1,250	\$ 1,250
Tuition and payments from other divisions	20,600	20,600	26,670	6,070
Total charges for services	\$ 20,600	\$ 20,600	\$ 27,920	\$ 7,320
Miscellaneous revenue:				
Miscellaneous	\$ 12,400	\$ 12,400	\$ 9,820	\$ (2,580)
Total revenue from local sources	\$ 39,000	\$ 39,000	\$ 50,564	\$ 11,564
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 4,442,645	\$ 4,442,645	\$ 4,449,847	\$ 7,202
Total revenues from local governments	\$ 4,442,645	\$ 4,442,645	\$ 4,449,847	\$ 7,202
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,163,566	\$ 1,163,566	\$ 1,088,074	\$ (75,492)
Basic school aid	2,863,260	2,863,260	2,878,202	14,942
Remedial summer education	21,629	21,629	11,129	(10,500)
Regular foster care	23,695	23,695	23,310	(385)
Adult secondary education	2,118	2,118	-	(2,118)
Gifted and talented	26,249	26,249	26,278	29
Remedial education	42,827	42,827	42,874	47
Enrollment loss	30,929	30,929	14,078	(16,851)
Special education	462,803	462,803	463,317	514
Textbook payment	43,600	43,600	43,649	49
Vocational education	142,756	142,756	141,070	(1,686)
School fringes	334,373	334,373	310,491	(23,882)

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
ISAEP	\$ 7,859	\$ 7,859	\$ 7,859	\$ -
State lottery payments	169,400	169,400	166,601	(2,799)
Early reading intervention	5,741	5,741	8,612	2,871
Mentor teacher program	-	-	1,042	1,042
School food program	11,629	11,629	8,238	(3,391)
Homebound	4,567	4,567	8,134	3,567
School construction	114,494	114,494	114,598	104
Salary supplement	59,405	59,405	59,471	66
Other state funds	-	-	574	574
At risk payments	27,886	27,886	29,098	1,212
Primary class size	58,856	58,856	57,632	(1,224)
Technology	-	-	128,000	128,000
Standards of Learning algebra readiness	5,902	5,902	5,902	-
Total categorical aid	<u>\$ 5,623,544</u>	<u>\$ 5,623,544</u>	<u>\$ 5,638,233</u>	<u>\$ 14,689</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 170,000	\$ 170,000	\$ 169,193	\$ (807)
Adult literacy	9,000	9,000	-	(9,000)
Title I	210,000	210,000	197,993	(12,007)
Title VI-B, special education flow-through	209,976	209,976	293,761	83,785
Vocational education	15,000	15,000	18,889	3,889
Title VI-B, special education pre-school	25,660	25,660	17,633	(8,027)
Drug free schools	-	-	12,546	12,546
Title II - A	60,000	60,000	60,773	773
Title IV	7,500	7,500	-	(7,500)
State assessments	-	-	1,659	1,659
Title V	11,970	11,970	6,284	(5,686)
Title II - B	6,000	6,000	-	(6,000)
Title II - D	-	-	3,916	3,916
Total categorical aid	<u>\$ 725,106</u>	<u>\$ 725,106</u>	<u>\$ 782,647</u>	<u>\$ 57,541</u>
Total School Operating Fund	<u>\$ 10,830,295</u>	<u>\$ 10,830,295</u>	<u>\$ 10,921,291</u>	<u>\$ 90,996</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 70	\$ 70
Charges for services:				
Cafeteria sales	\$ 350,000	\$ 350,000	\$ 369,392	\$ 19,392
Total charges for services	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 369,392</u>	<u>\$ 19,392</u>
Total revenue from local sources	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 369,462</u>	<u>\$ 19,462</u>
Total School Cafeteria Fund	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 369,462</u>	<u>\$ 19,462</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 648	\$ 648
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648</u>	<u>\$ 648</u>
Charges for services:				
Textbook fees	\$ -	\$ -	\$ 4,840	\$ 4,840
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,488</u>	<u>\$ 5,488</u>
Total Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,488</u>	<u>\$ 5,488</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,180,295</u>	<u>\$ 11,180,295</u>	<u>\$ 11,296,241</u>	<u>\$ 115,946</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2006

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 74,208	\$ 79,163	\$ 79,081	\$ 82
General and financial administration:				
County administrator	\$ 228,623	\$ 241,208	\$ 241,208	\$ -
Storm prep/recovery	-	(12,950)	(12,950)	-
Information Technology	107,936	87,787	84,635	3,152
Legal services	86,536	87,536	90,640	(3,104)
Commissioner of revenue	188,884	196,018	196,018	-
Independent Auditor	21,000	21,200	21,200	-
Treasurer	214,792	213,626	213,061	565
Central accounting	-	3,708	3,708	-
Other general and financial administration	138,122	468,807	464,731	4,076
Total general and financial administration	<u>\$ 985,893</u>	<u>\$ 1,306,940</u>	<u>\$ 1,302,251</u>	<u>\$ 4,689</u>
Board of elections:				
Electoral board and officials	\$ 17,739	\$ 17,041	\$ 16,226	\$ 815
Registrar	62,648	62,896	62,896	-
Total board of elections	<u>\$ 80,387</u>	<u>\$ 79,937</u>	<u>\$ 79,122</u>	<u>\$ 815</u>
Total general government administration	<u>\$ 1,140,488</u>	<u>\$ 1,466,040</u>	<u>\$ 1,460,454</u>	<u>\$ 5,586</u>
Judicial administration:				
Courts:				
Circuit court	\$ 18,500	\$ 5,104	\$ 5,104	\$ -
General district court	9,050	9,538	9,538	-
Special magistrates	715	7,838	7,838	-
Juvenile and domestic relations court	111,874	77,039	66,616	10,423
Victim witness	50,160	50,160	48,620	1,540
Clerk of the circuit court	192,958	200,935	200,935	-
Total courts	<u>\$ 383,257</u>	<u>\$ 350,614</u>	<u>\$ 338,651</u>	<u>\$ 11,963</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 229,707	\$ 222,447	\$ 221,425	\$ 1,022
Total commonwealth's attorney	<u>\$ 229,707</u>	<u>\$ 222,447</u>	<u>\$ 221,425</u>	<u>\$ 1,022</u>
Total judicial administration	<u>\$ 612,964</u>	<u>\$ 573,061</u>	<u>\$ 560,076</u>	<u>\$ 12,985</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 960,804	\$ 976,608	\$ 977,756	\$ (1,148)
School resource officer	41,188	41,553	41,553	-
E-911	208,127	374,802	373,653	1,149
Total law enforcement and traffic control	<u>\$ 1,210,119</u>	<u>\$ 1,392,963</u>	<u>\$ 1,392,962</u>	<u>\$ 1</u>
Fire and rescue services:				
Fire department	\$ 111,300	\$ 121,587	\$ 121,587	\$ -
Ambulance and rescue services	69,610	65,130	65,000	130
Total fire and rescue services	<u>\$ 180,910</u>	<u>\$ 186,717</u>	<u>\$ 186,587</u>	<u>\$ 130</u>
Correction and detention:				
Regional jail	\$ 305,000	\$ 213,861	\$ 203,775	\$ 10,086
Total correction and detention	<u>\$ 305,000</u>	<u>\$ 213,861</u>	<u>\$ 203,775</u>	<u>\$ 10,086</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

Schedule 2
 Page 2 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>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 98,585	\$ 103,064	\$ 103,064	\$ -
Total inspections	<u>\$ 98,585</u>	<u>\$ 103,064</u>	<u>\$ 103,064</u>	<u>\$ -</u>
Other protection:				
Animal control	\$ 63,365	\$ 63,285	\$ 57,891	\$ 5,394
Emergency services	7,547	7,547	6,206	1,341
Medical examiner	120	200	200	-
Total other protection	<u>\$ 71,032</u>	<u>\$ 71,032</u>	<u>\$ 64,297</u>	<u>\$ 6,735</u>
Total public safety	<u>\$ 1,865,646</u>	<u>\$ 1,967,637</u>	<u>\$ 1,950,685</u>	<u>\$ 16,952</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 3,500	\$ 3,500	\$ -	\$ 3,500
Parking meters and lots	1,500	1,500	-	1,500
Streetlights	8,000	8,000	5,948	2,052
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 5,948</u>	<u>\$ 7,052</u>
Sanitation and waste removal:				
Refuse disposal	\$ 745,063	\$ 745,063	\$ 704,214	\$ 40,849
Total sanitation and waste removal	<u>\$ 745,063</u>	<u>\$ 745,063</u>	<u>\$ 704,214</u>	<u>\$ 40,849</u>
Maintenance of general buildings and grounds:				
General properties	\$ 430,150	\$ 521,289	\$ 521,289	\$ -
Total maintenance of general buildings and grounds	<u>\$ 430,150</u>	<u>\$ 521,289</u>	<u>\$ 521,289</u>	<u>\$ -</u>
Total public works	<u>\$ 1,188,213</u>	<u>\$ 1,279,352</u>	<u>\$ 1,231,451</u>	<u>\$ 47,901</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 111,600	\$ 119,398	\$ 119,398	\$ -
Total health	<u>\$ 111,600</u>	<u>\$ 119,398</u>	<u>\$ 119,398</u>	<u>\$ -</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 3,605	\$ 3,605	\$ 3,605	\$ -
Disability services board	2,000	2,000	2,000	-
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller center	32,024	26,520	24,322	2,198
Total mental health and mental retardation	<u>\$ 40,129</u>	<u>\$ 34,625</u>	<u>\$ 32,427</u>	<u>\$ 2,198</u>
Welfare:				
Public assistance and welfare administration	\$ 851,406	\$ 1,178,353	\$ 843,686	\$ 334,667
Area agency on aging	37,672	40,424	40,424	-
Comprehensive services act	365,600	365,600	456,584	(90,984)
Total welfare	<u>\$ 1,254,678</u>	<u>\$ 1,584,377</u>	<u>\$ 1,340,694</u>	<u>\$ 243,683</u>
Total health and welfare	<u>\$ 1,406,407</u>	<u>\$ 1,738,400</u>	<u>\$ 1,492,519</u>	<u>\$ 245,881</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 4,929	\$ 4,929	\$ 4,929	\$ -
Contribution to County School Board	4,302,495	4,302,495	4,293,107	9,388
Total education	<u>\$ 4,307,424</u>	<u>\$ 4,307,424</u>	<u>\$ 4,298,036</u>	<u>\$ 9,388</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 69,941	\$ 69,941	\$ 59,865	\$ 10,076
Tourism development and travel councils	24,000	24,000	24,000	-
Total parks and recreation	<u>\$ 93,941</u>	<u>\$ 93,941</u>	<u>\$ 83,865</u>	<u>\$ 10,076</u>
Library:				
Contribution to county library	\$ 211,237	\$ 228,352	\$ 219,768	\$ 8,584
Total library	<u>\$ 211,237</u>	<u>\$ 228,352</u>	<u>\$ 219,768</u>	<u>\$ 8,584</u>
Total parks, recreation, and cultural	<u>\$ 305,178</u>	<u>\$ 322,293</u>	<u>\$ 303,633</u>	<u>\$ 18,660</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 206,707	\$ 207,571	\$ 204,907	\$ 2,664
Wetlands board	2,778	2,778	2,557	221
Wetlands administration	37,522	37,522	36,418	1,104
Middle Peninsula planning district commission	10,000	10,000	10,000	-
Economic development	12,000	12,000	12,000	-
Transportation safety commission	3,214	2,614	2,062	552
Housing assistance and other	3,200	3,578	3,578	-
Total planning and community development	<u>\$ 275,421</u>	<u>\$ 276,063</u>	<u>\$ 271,522</u>	<u>\$ 4,541</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Litter control program	4,450	4,450	4,375	75
Other environmental management	600	1,200	1,200	-
Total environmental management	<u>\$ 9,550</u>	<u>\$ 10,150</u>	<u>\$ 10,075</u>	<u>\$ 75</u>
Cooperative extension program:				
Extension office	\$ 45,867	\$ 42,800	\$ 32,679	\$ 10,121
Total cooperative extension program	<u>\$ 45,867</u>	<u>\$ 42,800</u>	<u>\$ 32,679</u>	<u>\$ 10,121</u>
Total community development	<u>\$ 330,838</u>	<u>\$ 329,013</u>	<u>\$ 314,276</u>	<u>\$ 14,737</u>
Capital projects:				
Festival beach restoration	\$ 250,000	\$ 250,000	\$ 108,885	\$ 141,115
Williams wharf landing	50,000	50,000	26,208	23,792
Court green buildings renovations	150,000	150,000	-	150,000
School bus replacement	55,000	55,000	-	55,000
Vehicle purchase	20,000	20,000	26,992	(6,992)
Shoreline access development program	10,000	13,067	13,067	-
Other capital projects	77,500	(1,096)	60,750	(61,846)
Total capital projects	<u>\$ 612,500</u>	<u>\$ 536,971</u>	<u>\$ 235,902</u>	<u>\$ 301,069</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 1,326,898	\$ 1,013,365	\$ 1,341,608	\$ (328,243)
Interest and other fiscal charges	838,203	658,114	683,925	(25,811)
Total debt service	<u>\$ 2,165,101</u>	<u>\$ 1,671,479</u>	<u>\$ 2,025,533</u>	<u>\$ (354,054)</u>
Total General Fund	<u>\$ 13,934,759</u>	<u>\$ 14,191,670</u>	<u>\$ 13,872,565</u>	<u>\$ 319,105</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other Protection:				
Forfeited assets	\$ -	\$ -	\$ 151	\$ (151)
Triad funds	-	-	8,805	(8,805)
Emergency management	-	-	77,066	(77,066)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,022</u>	<u>\$ (86,022)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,022</u>	<u>\$ (86,022)</u>
Community Development:				
New Point Lighthouse	\$ -	\$ -	\$ 75	\$ (75)
Total Community Development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ (75)</u>
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,097</u>	<u>\$ (86,097)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 140,150	\$ 140,150	\$ 156,740	\$ (16,590)
Total education	<u>\$ 140,150</u>	<u>\$ 140,150</u>	<u>\$ 156,740</u>	<u>\$ (16,590)</u>
Capital projects expenditures:				
Courthouse construction	\$ 200,000	\$ 200,000	\$ 588,036	\$ (388,036)
Rescue squad building	-	-	885,107	(885,107)
Total capital projects	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 1,473,143</u>	<u>\$ (1,273,143)</u>
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 143,587	\$ (143,587)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,587</u>	<u>\$ (143,587)</u>
Total County Capital Projects Fund	<u>\$ 340,150</u>	<u>\$ 340,150</u>	<u>\$ 1,773,470</u>	<u>\$ (1,433,320)</u>
Total Primary Government	<u>\$ 14,274,909</u>	<u>\$ 14,531,820</u>	<u>\$ 15,732,132</u>	<u>\$ (1,200,312)</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 641,796	\$ 641,796	\$ 745,550	\$ (103,754)
Instruction costs	8,098,818	8,098,818	7,809,712	289,106
Pupil transportation	581,526	581,526	646,604	(65,078)
Operation and maintenance of school plant	1,018,005	1,018,005	1,370,111	(352,106)
Capital projects:				
School capital projects	\$ 140,150	\$ 140,150	\$ -	\$ 140,150
Total capital projects	<u>\$ 140,150</u>	<u>\$ 140,150</u>	<u>\$ -</u>	<u>\$ 140,150</u>
Total School Fund	<u>\$ 10,480,295</u>	<u>\$ 10,480,295</u>	<u>\$ 10,571,977</u>	<u>\$ (91,682)</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 625,000	\$ 625,000	\$ 648,177	\$ (23,177)
Total Cafeteria Fund	<u>\$ 625,000</u>	<u>\$ 625,000</u>	<u>\$ 648,177</u>	<u>\$ (23,177)</u>
Textbook Fund				
Education:				
Purchase of textbooks	\$ 75,000	\$ 75,000	\$ 268,492	\$ (193,492)
Total education	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 268,492</u>	<u>\$ (193,492)</u>
Total Textbook Fund	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 268,492</u>	<u>\$ (193,492)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,180,295</u>	<u>\$ 11,180,295</u>	<u>\$ 11,488,646</u>	<u>\$ (308,351)</u>

OTHER STATISTICAL INFORMATION

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
2005-06	1,344,050	627,926	2,755,851	1,015,465	1,520,044	11,953,539	387,933	456,921	1,132,979	-	21,194,708

(1) Information has only been available for four 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	
2005-06	544,006	8,660,650	-	8,304,312	1,700,918	268,128	115,985	1,145,551	-	20,739,550	

(1) Information has only been available for four 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
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
2005-06	1,460,454	560,076	2,036,707	1,231,451	1,492,519	11,493,575	303,633	314,351	2,169,120	21,061,886

(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
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
2005-06	8,383,990	1,700,918	91,206	14,890	205,296	419,930	115,620	46,266	9,806,201	20,784,317

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(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	
	\$		\$		%		\$	%	\$	%	\$	%	\$	%	\$	%
1996-97	\$ 5,714,830		\$ 5,342,479		93.48%		\$ 102,748	1.81%	\$ 5,445,227	95.28%	\$ 374,924	6.56%				
1997-98	5,954,467		5,562,032		93.41%		175,580	2.95%	5,737,612	96.36%	396,813	6.66%				
1998-99	6,071,940		5,932,796		97.71%		198,042	3.26%	6,130,838	100.97%	337,306	5.56%				
1999-00	7,101,013		6,930,485		97.60%		144,359	2.03%	7,074,844	99.63%	221,814	3.12%				
2000-01	7,309,272		7,143,099		97.73%		130,390	1.78%	7,273,489	99.51%	254,706	3.48%				
2001-02	7,415,586		7,339,959		98.98%		31,424	0.42%	7,371,383	99.40%	225,248	3.04%				
2002-03 (4)	10,904,894		10,769,849		98.76%		61,823	0.57%	10,831,672	99.33%	353,703	3.24%				
2003-04	8,420,389		8,244,213		97.91%		18,170	0.22%	8,262,383	98.12%	385,210	4.57%				
2004-05	8,594,243		8,550,645		99.49%		9,123	0.11%	8,559,768	99.60%	322,127	3.75%				
2005-06	9,396,373		9,304,937		99.03%		14,616	0.16%	9,319,553	99.18%	301,819	3.21%				

(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)	Machinery and Tools	Public Utility (2)		Total
				Real Estate	Personal Property	
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
2005-06	1,240,094,987	94,296,230	11,732,849	23,520,759	-	1,369,644,825

(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**

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
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	-
2005-06(3)	.53/.51	0.51	3.60	2.14

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

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	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)				
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	
2005-06	9,100	1,369,645	9,386,634	-	-	9,386,634	0.69%	1,031	

(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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2006, which collectively comprise the County of Mathews, Virginia's basic financial statements and have issued our report thereon dated September 6, 2006. 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*.

However, we noted certain matters that we reported to management of the County of Mathews, Virginia, in a separate letter dated September 6, 2006.

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 "Tim Foley", followed by a horizontal line extending to the right.

Richmond, Virginia
September 6, 2006

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited 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, 2006. 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.

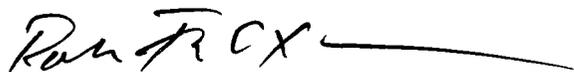
In our opinion, the County of Mathews, Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2006.

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 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 "Paul R. Cox", followed by a long horizontal line extending to the right.

Richmond, Virginia
September 6, 2006

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

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	\$ 3,404
Temporary Assist to Needy Families (TANF)	93.558	47,877
Refugee and Entrant Assistance - Discretionary Grants	93.566	102
Low Income Home Energy Assistance	93.568	5,020
Payments to States for Child Care Assistance	93.575	60,794
Child Care and Development Fund	93.596	40,061
Statewide fraud program	93.xxx	250
Foster Care - Title IV-E	93.658	57,876
Adoption Assistance	93.659	13,345
Social Services Block Grant	93.667	62,299
Independent Living	93.674	1,680
State Children's Insurance Program	93.767	75
Medical Assistance Program (Title XIX)	93.778	<u>76,817</u>
Total Department Health and Human Services		\$ <u>369,600</u>
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Disaster relief	97.036	\$ 19,649
State homeland security	97.004	<u>77,066</u>
Total U. S. Department of Homeland Security		\$ <u>96,715</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 33,002
Department of Education:		
National school lunch program	10.555	169,193
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>87,592</u>
Total Department of Agriculture		\$ <u>289,787</u>
Department of Justice:		
Direct Payments:		
Law enforcement grant	16.xxx	\$ 215
Pass Through Payments:		
Department of Criminal Justice Service:		
Local law enforcement block grant	16.592	<u>\$ 500</u>
Total Department of Justice		\$ <u>715</u>

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2006

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	\$ 6,791
Department of Transportation:		
Highway and planning construction	20.205	26,208
Total Department of Transportation		\$ 32,999
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	\$ 197,993
Title VI-B: Handicapped state grants	84.027	293,761
Vocational Education: Basic grants to states	84.048	18,889
Title VI-B: Handicapped preschool incentive grant	84.173	17,633
Drug free schools and communities	84.186	12,546
Title II, Part A	84.367	60,773
Literacy challenge grant	84.318	3,916
Title VI: Improving school programs state block grant	84.298	6,284
State assessments	84.369	1,659
Total Department of Education		\$ 613,454
Institute of Museum and Library Services:		
Direct Payments:		
2005 National Award for Library Services	45.xxx	\$ 10,000
Total Federal Assistance		\$ 1,413,270

County of Mathews, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2006

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	\$ 520,340
Special Revenue Fund	77,281
Total primary government	<u>\$ 597,621</u>
Component Unit Public Schools:	
School Operating Fund	\$ 782,647
Total component unit public schools	<u>\$ 782,647</u>
Total federal expenditures per basic financial statements	<u>\$ 1,380,268</u>
Non-cash expenditures - value of donated commodities	<u>\$ 33,002</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 1,413,270</u></u>

County of Mathews, Virginia
Schedule of Findings and Questioned Costs
For the year ended June 30, 2006

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>
84.010	Title I
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