

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED JUNE 30,
2012**

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COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

Janine Burns, Chairperson
Edwina Casey, Vice-
Chairperson

Geneva L. Putt

Charles E. Ingram

O. J. Cole, Jr.

School Board

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

Virginia J. Richards

Lanell W. Jarvis

William E. Johnson

Department of Social Services Board

Janet Dehoux, Chairperson
Margaret Hudgins, Vice-Chairperson

Jeannie Elliott
Helen Casey

Eunice Garrett

Other Officials

County Administrator Melinda Moran
Clerk of the Circuit Court E.E. Callis, III
County Attorney Andrew McRoberts
Commissioner of the Revenue Leslie Hall
Treasurer Wendy Stewart
Sheriff L. Mark Barrick
Superintendent of Schools Dr. David J. Holleran
Director of Social Services Jo Ann Wilson-Harfst
Judge of the Circuit Court R. Bruce Long
Commonwealth's Attorney Thompson C. Bowen, III
Judge of the General District Court Jeffrey W. Shaw
Judge of the Juvenile and Domestic Relations Court Cressondra B. Conyers

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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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Mathews, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012, on our consideration of the County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Mathews, Virginia's financial statements as a whole. The other supplementary information and other statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Richmond, Virginia
December 5, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the County of Mathews, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012.

Financial Highlights

Government-wide Financial Statements

< The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$10,062,101 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$523,721 (Exhibit 5) after making contributions totaling \$5,587,199 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of \$4,615,843, an increase of \$523,721 in comparison with the prior year.

< At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,711,336, or 17% of total general fund expenditures and other financing uses.

< The combined long-term obligations decreased \$1,301,382 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County’s financial position. In the case of the County, assets exceeded liabilities by \$10,062,101 at the close of the most recent fiscal year. The following table summarizes the County’s Statement of Net Assets:

County of Mathews, Virginia's Net Assets						
	Governmental Activities		Business-type		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 10,044,447	\$ 9,501,649	\$ 74,380	\$ 73,736	\$ 10,118,827	\$ 9,575,385
Capital assets	<u>15,273,808</u>	<u>16,695,679</u>	<u>-</u>	<u>-</u>	<u>15,273,808</u>	<u>16,695,679</u>
Total assets	<u>\$ 25,318,255</u>	<u>\$ 26,197,328</u>	<u>\$ 74,380</u>	<u>\$ 73,736</u>	<u>\$ 25,392,635</u>	<u>\$ 26,271,064</u>
Current liabilities	\$ 4,984,790	\$ 5,014,854	\$ -	\$ -	\$ 4,984,790	\$ 5,014,854
Long-term liabilities outstanding	<u>10,345,744</u>	<u>11,647,126</u>	<u>-</u>	<u>-</u>	<u>10,345,744</u>	<u>11,647,126</u>
Total liabilities	<u>\$ 15,330,534</u>	<u>\$ 16,661,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,330,534</u>	<u>\$ 16,661,980</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 5,148,323	\$ 5,299,920	\$ -	\$ -	\$ 5,148,323	\$ 5,299,920
Restricted	70,477	-	-	-	70,477	-
Unrestricted	<u>4,768,921</u>	<u>4,235,428</u>	<u>74,380</u>	<u>73,736</u>	<u>4,843,301</u>	<u>4,309,164</u>
Total net assets	<u>\$ 9,987,721</u>	<u>\$ 9,535,348</u>	<u>\$ 74,380</u>	<u>\$ 73,736</u>	<u>\$ 10,062,101</u>	<u>\$ 9,609,084</u>

Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net assets by \$452,373 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	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 97,920	\$ 101,032	\$ -	\$ -	\$ 97,920	\$ 101,032
Operating grants and contributions	2,629,058	2,639,485	-	-	2,629,058	2,639,485
Capital grants and contributions	189,801	70,517	-	-	189,801	70,517
General revenues:						
General property taxes	10,412,119	10,483,159	-	-	10,412,119	10,483,159
Other local taxes	1,240,714	1,257,210	-	-	1,240,714	1,257,210
Grants and other contributions not restricted	1,475,634	1,486,153	-	-	1,475,634	1,486,153
Other general revenues	231,495	265,561	644	597	232,139	266,158
Total revenues	\$ 16,276,741	\$ 16,303,117	\$ 644	\$ 597	\$ 16,277,385	\$ 16,303,714
Expenses:						
General government						
administration	\$ 1,299,464	\$ 1,376,919	\$ -	\$ -	\$ 1,299,464	\$ 1,376,919
Judicial administration	637,734	650,189	-	-	637,734	650,189
Public safety	2,357,034	2,362,595	-	-	2,357,034	2,362,595
Public works	1,352,826	1,169,512	-	-	1,352,826	1,169,512
Health and welfare	1,691,248	1,909,899	-	-	1,691,248	1,909,899
Education	6,535,760	6,296,291	-	-	6,535,760	6,296,291
Parks, recreation, and cultural	500,977	505,397	-	-	500,977	505,397
Community development	1,027,809	544,077	-	-	1,027,809	544,077
Interest and other fiscal charges	421,516	418,566	-	-	421,516	418,566
Total expenses	\$ 15,824,368	\$ 15,233,445	\$ -	\$ -	\$ 15,824,368	\$ 15,233,445
Change in net assets	\$ 452,373	\$ 1,069,672	\$ 644	\$ 597	\$ 453,017	\$ 1,070,269
Beginning of year	9,535,348	8,465,676	73,736	73,139	9,609,084	8,538,815
End of year	\$ 9,987,721	\$ 9,535,348	\$ 74,380	\$ 73,736	\$ 10,062,101	\$ 9,609,084

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 \$4,615,843, an increase of \$523,721 in comparison with the prior year. Approximately 60% of the reported fund balance constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

Differences between the original and final budgeted expenditures amount to \$1,509,573 and can be briefly summarized as follows:

- < \$ 51,084 increase in general government administration expenditures
- < \$ 25,800 increase in judicial administration expenditures
- < \$ 196,248 increase in public safety expenditures
- < \$ 727 increase in health and welfare expenditures
- < \$ 931,190 increase in debt service expenditures
- < \$ 118,386 increase in public works expenditures
- < \$ 186,138 increase in various other expenditures

During the year, budgetary estimates exceeded revenues and other financing sources by \$612,490 and expenditures and other financing uses were less than budgetary estimates by \$1,467,357, resulting in an overall positive variance of \$854,867.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2012 amounts to \$15,273,808 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$9,845,275. Of this amount, \$4,505,275 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds and notes).

The County's total debt decreased by \$1,208,896 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County was 5.2 percent at June 30, 2012. The Commonwealth of Virginia's unemployment rate was 5.7 percent as of the same date.

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

All of these factors were considered in preparing the County's budget for the 2013 fiscal year.

The fiscal year 2013 budget increased by approximately 8 percent.

All tax rates remained the same except for personal property which decreased from \$3.70 to \$3.65 per \$100 dollars of assessed valuation.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Mathews, Virginia
Statement of Net Assets
June 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 4,975,428	\$ 74,380	\$ 5,049,808	\$ 115,261	\$ 157,693
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,485,067	-	4,485,067	-	-
Accounts receivable	42,075	-	42,075	6,411	-
Due from other governmental units	541,877	-	541,877	910,318	-
Inventories	-	-	-	5,250	-
Prepaid expenses	-	-	-	108,868	-
Capital assets (net of accumulated depreciation):					
Land and improvements	1,721,880	-	1,721,880	46,172	-
Buildings and improvements	12,956,063	-	12,956,063	7,541,301	-
Equipment	595,865	-	595,865	565,186	-
Total assets	<u>\$ 25,318,255</u>	<u>\$ 74,380</u>	<u>\$ 25,392,635</u>	<u>\$ 9,298,767</u>	<u>\$ 157,693</u>
LIABILITIES					
Accounts payable	\$ 301,782	\$ -	\$ 301,782	\$ 31,331	\$ -
Accrued liabilities	-	-	-	1,016,616	-
Accrued interest payable	156,237	-	156,237	-	-
Due to other governmental units	641,325	-	641,325	-	-
Unearned revenue	3,885,446	-	3,885,446	-	-
Long-term liabilities:					
Due within one year	1,135,513	-	1,135,513	17,859	-
Due in more than one year	9,210,231	-	9,210,231	204,728	-
Total liabilities	<u>\$ 15,330,534</u>	<u>\$ -</u>	<u>\$ 15,330,534</u>	<u>\$ 1,270,534</u>	<u>\$ -</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 5,148,323	\$ -	\$ 5,148,323	\$ 8,152,659	\$ -
Restricted	70,477	-	70,477	-	-
Unrestricted (deficit)	4,768,921	74,380	4,843,301	(124,426)	157,693
Total net assets	<u>\$ 9,987,721</u>	<u>\$ 74,380</u>	<u>\$ 10,062,101</u>	<u>\$ 8,028,233</u>	<u>\$ 157,693</u>
Total liabilities and net assets	<u>\$ 25,318,255</u>	<u>\$ 74,380</u>	<u>\$ 25,392,635</u>	<u>\$ 9,298,767</u>	<u>\$ 157,693</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, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,299,464	\$ -	\$ 178,863	\$ -
Judicial administration	637,734	26,552	313,985	-
Public safety	2,357,034	60,777	983,388	-
Public works	1,352,826	-	-	-
Health and welfare	1,691,248	-	1,013,353	-
Education	6,535,760	-	-	-
Parks, recreation, and cultural	500,977	6,697	131,483	-
Community development	1,027,809	3,894	7,986	189,801
Interest on long-term debt	421,516	-	-	-
Total governmental activities	<u>\$ 15,824,368</u>	<u>\$ 97,920</u>	<u>\$ 2,629,058</u>	<u>\$ 189,801</u>
Business-type activities:				
Sanitary District	\$ -	\$ -	\$ -	\$ -
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 15,824,368</u>	<u>\$ 97,920</u>	<u>\$ 2,629,058</u>	<u>\$ 189,801</u>
COMPONENT UNITS:				
School Board	\$ 12,037,904	\$ 401,625	\$ 5,496,430	\$ -
Industrial Development Authority	23,400	28,100	-	-
Total component units	<u>\$ 12,061,304</u>	<u>\$ 429,725</u>	<u>\$ 5,496,430</u>	<u>\$ -</u>

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

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

Net (Expense) Revenue and Changes in Net Assets						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	School Board	IDA		
\$ (1,120,601)	\$ -	\$ (1,120,601)	\$ -	\$ -		
(297,197)	-	(297,197)	-	-		
(1,312,869)	-	(1,312,869)	-	-		
(1,352,826)	-	(1,352,826)	-	-		
(677,895)	-	(677,895)	-	-		
(6,535,760)	-	(6,535,760)	-	-		
(362,797)	-	(362,797)	-	-		
(826,128)	-	(826,128)	-	-		
(421,516)	-	(421,516)	-	-		
<u>\$ (12,907,589)</u>	<u>\$ -</u>	<u>\$ (12,907,589)</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ -	\$ -	\$ -	\$ -	\$ -		
\$ -	\$ -	\$ -	\$ -	\$ -		
<u>\$ (12,907,589)</u>	<u>\$ -</u>	<u>\$ (12,907,589)</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ -	\$ -	\$ -	\$ (6,139,849)	\$ -		
-	-	-	-	4,700		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,139,849)</u>	<u>\$ 4,700</u>		
\$ 10,412,119	\$ -	\$ 10,412,119	\$ -	\$ -		
414,874	-	414,874	-	-		
147,643	-	147,643	-	-		
295,404	-	295,404	-	-		
167,910	-	167,910	-	-		
214,883	-	214,883	-	-		
74,429	644	75,073	1,923	95		
157,066	-	157,066	59,514	-		
1,475,634	-	1,475,634	-	-		
-	-	-	6,336,097	-		
<u>\$ 13,359,962</u>	<u>\$ 644</u>	<u>\$ 13,360,606</u>	<u>\$ 6,397,534</u>	<u>\$ 95</u>		
452,373	644	453,017	257,685	4,795		
9,535,348	73,736	9,609,084	7,770,548	152,898		
<u>\$ 9,987,721</u>	<u>\$ 74,380</u>	<u>\$ 10,062,101</u>	<u>\$ 8,028,233</u>	<u>\$ 157,693</u>		

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FUND FINANCIAL STATEMENTS

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County of Mathews, Virginia
Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,862,556	\$ 112,872	\$ 4,975,428
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,485,067	-	4,485,067
Accounts receivable	42,075	-	42,075
Due from other governmental units	541,877	-	541,877
Total assets	<u>\$ 9,931,575</u>	<u>\$ 112,872</u>	<u>\$ 10,044,447</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 281,665	\$ 20,117	\$ 301,782
Due to other governmental units	641,325	-	641,325
Deferred revenue	4,485,497	-	4,485,497
Total liabilities	<u>\$ 5,408,487</u>	<u>\$ 20,117</u>	<u>\$ 5,428,604</u>
Fund balances:			
Restricted	\$ 2,093	\$ 68,384	\$ 70,477
Committed	1,809,659	31,013	1,840,672
Unassigned	2,711,336	(6,642)	2,704,694
Total fund balances	<u>\$ 4,523,088</u>	<u>\$ 92,755</u>	<u>\$ 4,615,843</u>
Total liabilities and fund balances	<u>\$ 9,931,575</u>	<u>\$ 112,872</u>	<u>\$ 10,044,447</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, 2012

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	4,615,843
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 21,233,639		
Less: accumulated depreciation	<u>(5,959,831)</u>		15,273,808

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		600,051
--	--	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Lease revenue bonds	\$ (5,340,000)		
Issuance premium on refunded bonds	(280,210)		
General obligation bonds	(4,505,275)		
Compensated absences	(193,459)		
OPEB Liability	(26,800)		
Accrued interest payable	<u>(156,237)</u>		(10,501,981)

Net assets of governmental activities	\$	<u><u>9,987,721</u></u>
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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, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 10,359,905	\$ -	\$ -	\$ 10,359,905
Other local taxes	1,240,714	-	-	1,240,714
Permits, privilege fees, and regulatory licenses	57,762	-	-	57,762
Fines and forfeitures	11,596	3,894	-	15,490
Revenue from the use of money and property	73,812	617	-	74,429
Charges for services	24,668	-	-	24,668
Miscellaneous	156,376	690	-	157,066
Recovered costs	11,180	-	-	11,180
Intergovernmental revenues:				
Commonwealth	3,331,658	3,592	-	3,335,250
Federal	883,257	5,986	-	889,243
Total revenues	<u>\$ 16,150,928</u>	<u>\$ 14,779</u>	<u>\$ -</u>	<u>\$ 16,165,707</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,296,075	\$ -	\$ -	\$ 1,296,075
Judicial administration	510,475	-	-	510,475
Public safety	2,450,712	6,529	-	2,457,241
Public works	1,317,282	-	-	1,317,282
Health and welfare	1,765,570	-	-	1,765,570
Education	5,704,779	-	-	5,704,779
Parks, recreation, and cultural	427,708	-	-	427,708
Community development	375,760	13,508	-	389,268
Capital projects	84,871	-	-	84,871
Debt service:				
Principal retirement	1,208,896	-	-	1,208,896
Interest and other fiscal charges	479,821	-	-	479,821
Total expenditures	<u>\$ 15,621,949</u>	<u>\$ 20,037</u>	<u>\$ -</u>	<u>\$ 15,641,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 528,979</u>	<u>\$ (5,258)</u>	<u>\$ -</u>	<u>\$ 523,721</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 636	\$ -	\$ -	\$ 636
Transfers out	-	(180)	(456)	(636)
Total other financing sources (uses)	<u>\$ 636</u>	<u>\$ (180)</u>	<u>\$ (456)</u>	<u>\$ -</u>
Net change in fund balances	\$ 529,615	\$ (5,438)	\$ (456)	\$ 523,721
Fund balances - beginning	3,993,473	98,193	456	4,092,122
Fund balances - ending	<u>\$ 4,523,088</u>	<u>\$ 92,755</u>	<u>\$ -</u>	<u>\$ 4,615,843</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, 2012

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

Net change in fund balances - total governmental funds \$ 523,721

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 depreciation exceeded capital outlay in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 372,561	
Allocation of School board assets	(748,898)	
Depreciation expense	<u>(409,384)</u>	(785,721)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (636,150)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 52,214

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 460,000	
Principal retirement on general obligation bonds	748,896	
(Increase) Decrease in issuance premium	<u>61,378</u>	1,270,274

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) Decrease in compensated absences	\$ 39,708	
(Increase) Decrease in OPEB liability	(8,600)	
(Increase) Decrease in accrued interest	<u>(3,073)</u>	28,035

Change in net assets of governmental activities \$ 452,373

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, 2012

	Enterprise Fund
	Sanitary District
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 74,380
Total assets	\$ 74,380
NET ASSETS	
Unrestricted	\$ 74,380
Total net assets	\$ 74,380

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, 2012

	Enterprise Fund Sanitary District
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 644
Total nonoperating revenues (expenses)	\$ 644
Change in net assets	\$ 644
Total net assets - beginning	\$ 73,736
Total net assets - ending	\$ 74,380

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, 2012**

	Enterprise Fund Sanitary District
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 644
Net cash provided (used) by investing activities	\$ 644
Net increase (decrease) in cash and cash equivalents	\$ 644
Cash and cash equivalents - beginning	\$ 73,736
Cash and cash equivalents - ending	\$ 74,380

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

County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 90,351
Total assets	\$ 90,351
 LIABILITIES	
Amounts held for social services clients	\$ 23,527
Amounts held for others	66,824
Total liabilities	\$ 90,351

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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 GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including a requirement to report the government's original budget with the comparison of final budget and actual results.

A. Financial Reporting Entity

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

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2012.

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, 2012.

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, 2012.

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

None

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

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

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

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

2. 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.

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (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.

F. Investments

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The County has no investments as of June 30, 2012.

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for 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 \$70,103 at June 30, 2012 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

H. Inventories and prepaid items

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

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

I. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized asset as of June 30, 2012 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>
Buildings	40
Building improvements	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of *Governmental Accounting Standards No. 16, Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

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

K. 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.

L. Use of Estimates

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

M. Net Assets

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

N. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Fund Equity

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

O. Fund Equity (Continued)

- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Fund Balances:			
Restricted for:			
Social services revenue maximization	\$ 2,093	\$ -	\$ 2,093
C/V grants	-	35,924	35,924
Wetlands violations	-	17,677	17,677
Wetlands compensation	-	1,647	1,647
Forfeited assets	-	9,561	9,561
Court security	-	3,575	3,575
Total Restricted Fund Balance	<u>\$ 2,093</u>	<u>\$ 68,384</u>	<u>\$ 70,477</u>
Committed to:			
B&G equipment replacement	\$ 8,000	\$ -	\$ 8,000
Green renovations	628,867	-	628,867
Main street improvements	200,000	-	200,000
Public access to waterways	216,000	-	216,000
Sanitary landfill	10,000	-	10,000
Drainage improvements	30,000	-	30,000
NPC light preservation	233,000	-	233,000
Reassessment	80,000	-	80,000
Playground equipment upgrade	25,000	-	25,000
Fort Nonsense preservation	65,000	-	65,000
Vehicle replacement	15,000	-	15,000
School bus replacement	87,000	-	87,000
E911 office machinery	11,792	-	11,792
Mathews memorial library addition	200,000	-	200,000
New Point nature preserve	-	9,658	9,658
New Point comfort lighthouse	-	21,288	21,288
Mathews County Sesquicentennial	-	67	67
Total Committed Fund Balance	<u>\$ 1,809,659</u>	<u>\$ 31,013</u>	<u>\$ 1,840,672</u>
Unassigned Fund Balance	<u>\$ 2,711,336</u>	<u>\$ (6,642)</u>	<u>\$ 2,704,694</u>
Total Fund Balances	<u>\$ 4,523,088</u>	<u>\$ 92,755</u>	<u>\$ 4,615,843</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

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

Expenditures and Appropriations

Expenditures did not exceed appropriations at June 30, 2012.

Note 3—Deposits and Investments:

Deposits

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 4—Due from/Due To Other Governments:

At June 30, 2012, 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	\$ -	\$ 641,325
Commonwealth of Virginia:		
Local sales tax	79,278	-
Welfare	21,833	-
Rolling stock tax	499	-
Wireless service board funds	3,333	-
State Sales Tax	-	198,663
Constitutional officer reimbursements	86,845	-
Recordation tax	7,618	-
Mobile home titling tax	3,084	-
Comprehensive services act	39,682	-
Fire program funds	3,391	-
Victim witness	6,831	-
Communications tax	78,182	-
VRS health adjustment	-	25,358
DMV	933	-
Federal Government:		
School fund grants	-	44,972
VDOT enhancement	26,398	-
Transportation safety	2,107	-
State homeland security program	111,637	-
Welfare	33,935	-
National Fish and Wildlife Foundation	<u>36,291</u>	<u>-</u>
Total due from other governments	\$ <u>541,877</u>	\$ <u>910,318</u>

At June 30, 2012, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>641,325</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,665,761	\$ 70,000	\$ 13,881	\$ 1,721,880
Total capital assets not subject to depreciation	\$ 1,665,761	\$ 70,000	\$ 13,881	\$ 1,721,880
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,871,378	\$ 10,584	\$ 843,755	\$ 11,038,207
Equipment	1,509,050	291,977	6,000	1,795,027
Jointly owned assets	7,510,347	-	831,822	6,678,525
Total capital assets being depreciated	\$ 20,890,775	\$ 302,561	\$ 1,681,577	\$ 19,511,759
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,519,211	\$ 289,694	\$ 221,486	\$ 2,587,419
Equipment	1,085,472	119,690	6,000	1,199,162
Jointly owned assets	2,256,174	166,963	249,887	2,173,250
Total accumulated depreciation	\$ 5,860,857	\$ 576,347	\$ 477,373	\$ 5,959,831
Total capital assets subject to depreciation, net	\$ 15,029,918	\$ (273,786)	\$ 1,204,204	\$ 13,551,928
Net capital assets primary government	<u>\$ 16,695,679</u>	<u>\$ (203,786)</u>	<u>\$ 1,218,085</u>	<u>\$ 15,273,808</u>
Component Unit-School Board:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Capital assets subject to depreciation:				
Equipment	\$ 1,940,064	\$ 121,402	\$ -	\$ 2,061,466
Jointly owned assets	10,347,246	-	(831,822)	11,179,068
Total capital assets being depreciated	\$ 12,287,310	\$ 121,402	\$ (831,822)	\$ 13,240,534
Less accumulated depreciation for:				
Equipment	\$ 1,372,486	\$ 123,794	\$ -	\$ 1,496,280
Jointly owned assets	3,108,403	279,477	(249,887)	3,637,767
Total accumulated depreciation	\$ 4,480,889	\$ 403,271	\$ (249,887)	\$ 5,134,047
Total capital assets subject to depreciation, net	\$ 7,806,421	\$ (281,869)	\$ (581,935)	\$ 8,106,487
Net capital assets Component Unit-School Board	<u>\$ 7,852,593</u>	<u>\$ (281,869)</u>	<u>\$ (581,935)</u>	<u>\$ 8,152,659</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Long Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2012:

	<u>Balance at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2012</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurring by County:					
Claims, judgments and compensated absences payable	\$ 233,167	\$ -	\$ 39,708	\$ 193,459	\$ 19,346
Lease revenue bonds payable	5,800,000	-	460,000	5,340,000	405,000
Add deferred amounts:					
For issuance premium	341,588	-	61,378	280,210	-
OPEB Liability	18,200	10,200	1,600	26,800	-
Total incurred by County	<u>\$ 6,392,955</u>	<u>\$ 10,200</u>	<u>\$ 562,686</u>	<u>\$ 5,840,469</u>	<u>\$ 424,346</u>
Incurring by School Board:					
General Obligation Bonds	\$ 5,254,171	\$ -	\$ 748,896	\$ 4,505,275	\$ 711,167
Total incurred by School Board	<u>\$ 5,254,171</u>	<u>\$ -</u>	<u>\$ 748,896</u>	<u>\$ 4,505,275</u>	<u>\$ 711,167</u>
Total Governmental Obligations	<u><u>\$ 11,647,126</u></u>	<u><u>\$ 10,200</u></u>	<u><u>\$ 1,311,582</u></u>	<u><u>\$ 10,345,744</u></u>	<u><u>\$ 1,135,513</u></u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations	
	Lease Revenue Bonds	
	Principal	Interest
2013	\$ 405,000	\$ 211,212
2014	415,000	201,352
2015	425,000	190,727
2016	435,000	175,453
2017	455,000	157,681
2018	475,000	137,365
2019	500,000	114,215
2020	520,000	90,420
2021	545,000	65,304
2022	575,000	40,863
2023	<u>590,000</u>	<u>15,481</u>
Total	\$ <u>5,340,000</u>	\$ <u>1,400,073</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2013	\$ 711,167	\$ 215,618
2014	729,105	176,217
2015	752,663	135,775
2016	446,873	104,819
2017	466,767	83,423
2018	487,361	61,052
2019	446,884	37,453
2020	464,455	17,098
Total	\$ <u>4,505,275</u>	\$ <u>831,455</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds Payable:

\$4,885,000 lease revenue refunding bond issued May 25, 2011, due in annual installments through June 2023, interest payable annually at varying coupon rates between 2.20% and 5.20%. Carrying value includes unamortized issuance premium of \$280,210.	\$ 4,830,210
\$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>790,000</u>
Total Lease Revenue Bonds	\$ <u>5,620,210</u>
Compensated absences (payable from General Fund)	\$ <u>193,459</u>
OPEB Liability	\$ <u>26,800</u>
Total Incurred by County	\$ <u>5,840,469</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

\$4,270,000 School Bonds 1994 B Series, issued November 22, 1994, maturing annually in installments of varying amounts through July 15, 2015; interest payable semi-annually at 6.17%.	\$	960,000
\$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%.		15,000
\$704,227, School Bonds, issued July 30, 1998, maturing annually in installments of \$66,864, through July 30, 2017, interest at 6.75%.		321,088
\$2,000,000 School Bonds, dated May 13, 1999, maturing annually in installments of varying amounts through July 15, 2019, interest payable semi-annually at an effective rate of 4.76%.		1,020,000
\$3,630,527 School Bonds dated January 12, 2006, maturing annually in installments of varying amounts through February 1, 2020, interest payable semi-annually at a rate of 4.19%.		<u>2,189,187</u>
Total General Obligations Bonds	\$	<u>4,505,275</u>
Total incurred by School Board	\$	<u>4,505,275</u>
Total General obligations, primary government	\$	<u>10,345,744</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 7—Long-Term Obligations: (Continued)

	Balance at July 1, 2011	Increases	Decreases	Balance at June 30, 2012	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 169,296	\$ 26,221	\$ 16,930	\$ 178,587	\$ 17,859
OPEB Liability	40,900	61,900	58,800	44,000	-
Total Component Unit-School Board	<u>\$ 210,196</u>	<u>\$ 88,121</u>	<u>\$ 75,730</u>	<u>\$ 222,587</u>	<u>\$ 17,859</u>

Note 8—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue in the funds totaling \$4,485,497 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,333,215 at June 30, 2012.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2012 but paid in advance by the taxpayers totaled \$152,282 at June 30, 2012.

Note 9—Commitments / Contingent Liabilities:

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

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

Note 10—Litigation:

At June 30, 2012, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 11—Risk Management:

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

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

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

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

Note 12—Defined Benefit Pension Plan:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

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

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

Note 12—Defined Benefit Pension Plan (continued):

A. Plan Description (Continued)

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

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

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

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950) as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Website at: <http://varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's contribution rates for the fiscal year ended 2012 were 9.68% and 7.03% of annual covered payroll, respectively.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 12—Defined Benefit Pension Plan (continued):

B. Funding Policy (Continued)

The School Board’s contributions for professional employees were \$423,256, \$242,004, and \$513,705 to the teacher cost-sharing pool for the fiscal years ended June 30, 2012, 2011, and 2010 respectively and these contributions represented 6.33%, 3.93%, and 8.81%, respectively, of current covered payroll.

C. Annual Pension Cost

For the fiscal year 2012, the County’s annual pension cost of \$228,680 (which does not include the portion of the employee share assumed by the employer which was \$118,120) was equal to the County’s required and actual contributions.

For the fiscal year 2012, the County School Board’s annual pension cost for the Board’s non-professional employees was \$52,304 (which does not include the portion of the employee share assumed by the School Board which was \$37,201) which was equal to the Board’s required and actual contributions.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2012	\$ 228,680	100%	\$ -
June 30, 2011	233,602	100%	-
June 30, 2010	186,045	100%	-
School Board:			
Non-Professional:			
June 30, 2012	\$ 52,304	100%	\$ -
June 30, 2011	47,314	100%	-
June 30, 2010	48,217	100%	-

(1) Employer portion only

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 12—Defined Benefit Pension Plan (continued):

C. Annual Pension Cost (continued):

The fiscal year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress:

As of June 30, 2011, the most recent actuarial valuation date, the plan was 86.06% funded. The actuarial accrued liability for benefits was \$9,574,456, and the actuarial value of assets was \$8,239,852, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,334,604. The covered payroll (annual payroll of active employees covered by the plan) was \$2,438,066, and ratio of the UAAL to the covered payroll was 54.74%.

As of June 30, 2011, the most recent actuarial valuation date, the School Board's Non-Professional plan was 72.33% funded. The actuarial accrued liability for benefits was \$3,176,036 and the actuarial value of assets was \$2,297,268, resulting in an unfunded actuarial accrued liability (UAAL) of \$878,768. The covered payroll (annual payroll of active employees covered by the plan) was \$667,764 and ratio of the UAAL to the covered payroll was 131.60%.

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

Note 13—Surety Bonds:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

Note 14–Postemployment Benefits Other Than Pensions:

Plan Description

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

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

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

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

Advantage 65 and Dental/Vision (Medicare)

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

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

Funding Policy

The Schools currently have 11 retirees and 2 spouses on their plan. The County has no retirees on the plan. The County retirees pay 100% of the insurance premium. The schools contribute a monthly benefit of \$50 a month. The \$50 benefit will not increase in the future.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

Annual OPEB Cost and Net OPEB Obligation

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

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

	<u>County</u>	<u>Schools</u>
Annual required contribution	\$ 10,200	\$ 61,900
Interest on net OPEB obligation	728	1,636
Adjustment to annual required contribution	(728)	(1,636)
Annual OPEB cost (expense)	<u>\$ 10,200</u>	<u>\$ 61,900</u>
Estimated Contributions made	<u>(1,600)</u>	<u>(58,800)</u>
Increase in net OPEB obligation	8,600	3,100
Net OPEB obligation-beginning of year	<u>18,200</u>	<u>40,900</u>
Net OPEB obligation-end of year	<u><u>\$ 26,800</u></u>	<u><u>\$ 44,000</u></u>

The County and School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
6/30/2010	\$ 5,300	16.98%	\$ 8,600
6/30/2011	9,600	0.00%	18,200
6/30/2012	10,200	15.69%	26,800
Schools:			
6/30/2010	67,221	75.13%	34,621
6/30/2011	60,542	89.63%	40,900
6/30/2012	61,900	94.99%	44,000

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

Funded Status and Funding Progress

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

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

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

Actuarial Cost Method

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

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

Actuarial Methods and Assumptions (Continued)

Mortality-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2012 using Scale AA.

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

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012 was thirty years.

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

A. Plan Description

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2012 (Continued)

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

A. Plan Description (Continued)

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 12.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is .60% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2012, 2011, and 2010 were \$40,119, \$36,947, and \$42,039, respectively and equaled the required contributions for each year.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

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

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County of Mathews, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2012

	<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	\$ 10,034,500	\$ 10,034,500	\$ 10,359,905	\$ 325,405
Other local taxes	1,216,000	1,216,000	1,240,714	24,714
Permits, privilege fees, and regulatory licenses	59,550	59,550	57,762	(1,788)
Fines and forfeitures	12,850	12,850	11,596	(1,254)
Revenue from the use of money and property	54,225	54,225	73,812	19,587
Charges for services	26,875	26,875	24,668	(2,207)
Miscellaneous	130,298	141,115	156,376	15,261
Recovered costs	10,000	10,000	11,180	1,180
Intergovernmental revenues:				
Commonwealth	3,379,737	3,671,997	3,331,658	(340,339)
Federal	1,312,342	1,536,942	883,257	(653,685)
Total revenues	<u>\$ 16,236,377</u>	<u>\$ 16,764,054</u>	<u>\$ 16,150,928</u>	<u>\$ (613,126)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,242,919	\$ 1,294,003	\$ 1,296,075	\$ (2,072)
Judicial administration	497,653	523,453	510,475	12,978
Public safety	2,380,711	2,576,959	2,450,712	126,247
Public works	1,233,746	1,352,132	1,317,282	34,850
Health and welfare	1,919,285	1,920,012	1,765,570	154,442
Education	5,804,794	5,922,352	5,704,779	217,573
Parks, recreation, and cultural	394,440	456,749	427,708	29,041
Community development	386,081	392,352	375,760	16,592
Nondepartmental	8,750	8,750	-	8,750
Capital projects	1,002,000	1,002,000	84,871	917,129
Debt service:				
Principal retirement	480,000	1,158,819	1,208,896	(50,077)
Interest and other fiscal charges	229,354	481,725	479,821	1,904
Total expenditures	<u>\$ 15,579,733</u>	<u>\$ 17,089,306</u>	<u>\$ 15,621,949</u>	<u>\$ 1,467,357</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 656,644</u>	<u>\$ (325,252)</u>	<u>\$ 528,979</u>	<u>\$ 854,231</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 636	\$ 636
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 636</u>	<u>\$ 636</u>
Net change in fund balances	\$ 656,644	\$ (325,252)	\$ 529,615	\$ 854,867
Fund balances - beginning	347,345	424,831	3,993,473	3,568,642
Fund balances - ending	<u>\$ 1,003,989</u>	<u>\$ 99,579</u>	<u>\$ 4,523,088</u>	<u>\$ 4,423,509</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 3,894	\$ 3,894
Revenue from the use of money and property	-	-	617	617
Miscellaneous	-	325	690	365
Intergovernmental revenues:				
Commonwealth	-	-	3,592	3,592
Federal	-	-	5,986	5,986
Total revenues	\$ -	\$ 325	\$ 14,779	\$ 14,454
EXPENDITURES				
Current:				
Public safety	\$ 12,384	\$ 12,384	\$ 6,529	\$ 5,855
Community development	-	17,559	13,508	4,051
Total expenditures	\$ 12,384	\$ 29,943	\$ 20,037	\$ 9,906
Excess (deficiency) of revenues over (under) expenditures	\$ (12,384)	\$ (29,618)	\$ (5,258)	\$ 24,360
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (180)	\$ (180)
Total other financing sources (uses)	\$ -	\$ -	\$ (180)	\$ (180)
Net change in fund balances	\$ (12,384)	\$ (29,618)	\$ (5,438)	\$ 24,180
Fund balances - beginning	12,384	29,618	98,193	68,575
Fund balances - ending	\$ -	\$ -	\$ 92,755	\$ 92,755

County of Mathews, Virginia
 Schedule of Pension Funding Progress
 For the Fiscal Year Ended June 30, 2012

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
6/30/2011	\$ 8,239,852	\$ 9,574,456	\$ 1,334,604	86.06%	\$ 2,438,066	54.74%
6/30/2010	7,949,294	8,966,564	1,017,270	88.65%	2,345,674	43.37%
6/30/2009	7,834,363	8,611,303	776,940	90.98%	2,576,400	30.16%
6/30/2008	7,653,311	8,101,377	448,066	94.47%	2,528,733	17.72%
6/30/2007	6,968,769	7,088,156	119,387	98.32%	2,364,561	5.05%
6/30/2006	6,117,776	6,259,852	142,076	97.73%	2,210,076	6.43%
6/30/2005	5,685,578	6,383,981	698,403	89.06%	2,103,904	33.20%
6/30/2004	5,551,937	5,725,284	173,347	96.97%	1,956,442	8.86%
6/30/2003	5,402,505	5,111,042	(291,463)	105.70%	1,863,058	-15.64%
6/30/2002	5,301,318	4,724,967	(576,351)	112.20%	1,862,573	-30.94%
School Board Non-Professionals:						
6/30/2011	\$ 2,297,268	\$ 3,176,036	\$ 878,768	72.33%	\$ 667,764	131.60%
6/30/2010	2,277,643	3,035,818	758,175	75.03%	683,069	111.00%
6/30/2009	2,293,775	2,543,178	249,403	90.19%	646,389	38.58%
6/30/2008	2,271,976	2,383,701	111,725	95.31%	825,125	13.54%
6/30/2007	2,062,175	2,322,128	259,953	88.81%	753,123	34.52%
6/30/2006	1,837,924	2,092,232	254,308	87.85%	726,106	35.02%
6/30/2005	1,723,423	1,907,633	184,210	90.34%	676,332	27.24%
6/30/2004	1,697,074	1,774,591	77,517	95.63%	618,894	12.53%
6/30/2003	1,683,516	1,658,577	(24,939)	101.50%	558,983	-4.46%
6/30/2002	1,672,760	1,593,428	(79,332)	104.98%	611,461	-12.97%

County of Mathews, Virginia

Schedule of Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2012

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded (Excess Funded) Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
1/1/2011	\$ -	\$ 82,900	\$ 82,900	0.00%	\$ 2,027,800	4.09%
1/1/2009	-	34,300	34,300	0.00%	2,027,000	1.69%
School Board:						
1/1/2011	\$ -	\$ 760,800	\$ 760,800	0.00%	\$ 7,098,400	10.72%
1/1/2009	-	652,700	652,700	0.00%	7,663,700	8.52%

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND
SCHEDULES*

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**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (456)	\$ (456)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (456)</u>	<u>\$ (456)</u>
Net change in fund balances	\$ -	\$ -	\$ (456)	\$ (456)
Fund balances - beginning	-	-	456	456
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Mathews, Virginia

Fiduciary Funds

Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2012

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 45,217	\$ 15,250	\$ 36,940	\$ 23,527
Liabilities:				
Amounts held for social services clients	\$ 45,217	\$ 15,250	\$ 36,940	\$ 23,527
Tour de Chesapeake Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 29,364	\$ 24,246	\$ 5,118
Total assets	\$ -	\$ 29,364	\$ 24,246	\$ 5,118
Liabilities:				
Amounts held for others	\$ -	\$ 29,364	\$ 24,246	\$ 5,118
Total liabilities	\$ -	\$ 29,364	\$ 24,246	\$ 5,118
Market Days Fund:				
Assets:				
Cash and cash equivalents	\$ 25,380	\$ 13,989	\$ 17,739	\$ 21,630
Liabilities:				
Accounts payable	\$ 90	\$ -	\$ 90	\$ -
Amounts held for others	25,290	13,989	17,649	21,630
Total liabilities	\$ 25,380	\$ 13,989	\$ 17,739	\$ 21,630
Courthouse Square Basket Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 40,076	\$ -	\$ 40,076
Liabilities:				
Amounts held for others	\$ -	\$ 40,076	\$ -	\$ 40,076
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 70,597	\$ 98,679	\$ 78,925	\$ 90,351
Total assets	\$ 70,597	\$ 98,679	\$ 78,925	\$ 90,351
Liabilities:				
Accounts payable	\$ 90	\$ -	\$ 90	\$ -
Amounts held for others	25,290	83,429	41,895	66,824
Amounts held for social services clients	45,217	15,250	36,940	23,527
Total liabilities	\$ 70,597	\$ 98,679	\$ 78,925	\$ 90,351

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Mathews, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2012

	<u>School Operating Fund</u>	<u>Textbook Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 99,447	\$ 15,814	\$ 115,261
Accounts receivable	5,861	550	-	6,411
Due from other governmental units	898,065	-	12,253	910,318
Inventories	-	-	5,250	5,250
Prepaid items	108,868	-	-	108,868
Total assets	<u>\$ 1,012,794</u>	<u>\$ 99,997</u>	<u>\$ 33,317</u>	<u>\$ 1,146,108</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 31,331	\$ -	\$ -	\$ 31,331
Accrued liabilities	981,463	-	35,153	1,016,616
Total liabilities	<u>\$ 1,012,794</u>	<u>\$ -</u>	<u>\$ 35,153</u>	<u>\$ 1,047,947</u>

Fund balances:

Nonspendable for:

Prepaid items	\$ 108,868	\$ -	\$ -	\$ 108,868
Inventories	-	-	5,250	5,250
Committed	-	99,997	-	99,997
Unassigned	(108,868)	-	(7,086)	(115,954)

Total fund balances	<u>\$ -</u>	<u>\$ 99,997</u>	<u>\$ (1,836)</u>	<u>\$ 98,161</u>
Total liabilities and fund balances	<u>\$ 1,012,794</u>	<u>\$ 99,997</u>	<u>\$ 33,317</u>	<u>\$ 1,146,108</u>

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

Total fund balances per above	\$ 98,161
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 13,286,706	
Less: accumulated depreciation	(5,134,047)	8,152,659

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:

Compensated absences	\$ (178,587)	
OPEB Liability	(44,000)	(222,587)

Net assets of governmental activities	\$ 8,028,233
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County of Mathews, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2012

	<u>School Operating Fund</u>	<u>Textbook Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ 1,891	\$ 32	\$ 1,923
Charges for services	30,813	-	370,812	401,625
Miscellaneous	59,514	-	-	59,514
Recovered costs	96,537	-	-	96,537
Intergovernmental revenues:				
Local government	5,587,199	-	-	5,587,199
Commonwealth	4,398,671	-	7,147	4,405,818
Federal	780,253	-	310,359	1,090,612
Total revenues	<u>\$ 10,952,987</u>	<u>\$ 1,891</u>	<u>\$ 688,350</u>	<u>\$ 11,643,228</u>
EXPENDITURES				
Current:				
Education	\$ 10,844,223	\$ 46,113	\$ 782,882	\$ 11,673,218
Total expenditures	<u>\$ 10,844,223</u>	<u>\$ 46,113</u>	<u>\$ 782,882</u>	<u>\$ 11,673,218</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 108,764</u>	<u>\$ (44,222)</u>	<u>\$ (94,532)</u>	<u>\$ (29,990)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 34,792	\$ 73,972	\$ 108,764
Transfers out	(108,764)	-	-	(108,764)
Total other financing sources (uses)	<u>\$ (108,764)</u>	<u>\$ 34,792</u>	<u>\$ 73,972</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (9,430)	\$ (20,560)	\$ (29,990)
Fund balances - beginning	-	109,427	18,724	128,151
Fund balances - ending	<u>\$ -</u>	<u>\$ 99,997</u>	<u>\$ (1,836)</u>	<u>\$ 98,161</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 \$ (29,990)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 121,402	
Allocation of School board assets	831,822	
Depreciation expense	<u>(653,158)</u>	300,066

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

(Increase) Decrease in compensated absences	\$ (9,291)	
(Increase) Decrease in OPEB liability	<u>(3,100)</u>	(12,391)

Change in net assets of governmental activities \$ 257,685

County of Mathews, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2012

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 32,000	\$ 32,000	\$ 30,813	\$ (1,187)
Miscellaneous	13,400	143,051	59,514	(83,537)
Recovered costs	40,000	76,000	96,537	20,537
Intergovernmental revenues:				
Local government	5,798,851	5,804,409	5,587,199	(217,210)
Commonwealth	4,475,840	4,475,840	4,398,671	(77,169)
Federal	755,686	719,686	780,253	60,567
Total revenues	<u>\$ 11,115,777</u>	<u>\$ 11,250,986</u>	<u>\$ 10,952,987</u>	<u>\$ (297,999)</u>
EXPENDITURES				
Current:				
Education	\$ 11,018,466	\$ 11,153,675	\$ 10,844,223	\$ 309,452
Total expenditures	<u>\$ 11,018,466</u>	<u>\$ 11,153,675</u>	<u>\$ 10,844,223</u>	<u>\$ 309,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 97,311</u>	<u>\$ 97,311</u>	<u>\$ 108,764</u>	<u>\$ 11,453</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (97,311)	\$ (97,311)	\$ (108,764)	\$ (11,453)
Total other financing sources (uses)	<u>\$ (97,311)</u>	<u>\$ (97,311)</u>	<u>\$ (108,764)</u>	<u>\$ (11,453)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Mathews, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2012

	School Cafeteria 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	\$ -	\$ -	\$ 32	\$ 32	\$ -	\$ -	\$ 1,891	\$ 1,891
Charges for services	446,603	446,603	370,812	(75,791)	-	-	-	-
Intergovernmental revenues:								
Commonwealth	8,304	8,304	7,147	(1,157)	-	-	-	-
Federal	220,000	257,939	310,359	52,420	-	-	-	-
Total revenues	\$ 674,907	\$ 712,846	\$ 688,350	\$ (24,496)	\$ -	\$ -	\$ 1,891	\$ 1,891
EXPENDITURES								
Current:								
Education	\$ 747,722	\$ 785,661	\$ 782,882	\$ 2,779	\$ 35,000	\$ 50,208	\$ 46,113	\$ 4,095
Total expenditures	\$ 747,722	\$ 785,661	\$ 782,882	\$ 2,779	\$ 35,000	\$ 50,208	\$ 46,113	\$ 4,095
Excess (deficiency) of revenues over (under) expenditures	\$ (72,815)	\$ (72,815)	\$ (94,532)	\$ (21,717)	\$ (35,000)	\$ (50,208)	\$ (44,222)	\$ 5,986
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 77,519	\$ 77,519	\$ 73,972	\$ (3,547)	\$ 19,792	\$ 19,792	\$ 34,792	\$ 15,000
Total other financing sources (uses)	\$ 77,519	\$ 77,519	\$ 73,972	\$ (3,547)	\$ 19,792	\$ 19,792	\$ 34,792	\$ 15,000
Net change in fund balances	\$ 4,704	\$ 4,704	\$ (20,560)	\$ (25,264)	\$ (15,208)	\$ (30,416)	\$ (9,430)	\$ 20,986
Fund balances - beginning	-	-	18,724	18,724	15,208	30,416	109,427	79,011
Fund balances - ending	\$ 4,704	\$ 4,704	\$ (1,836)	\$ (6,540)	\$ -	\$ -	\$ 99,997	\$ 99,997

County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2012

	Scholarship Funds
ASSETS	
Cash and cash equivalents	<u>\$ 35,690</u>
NET ASSETS	
Held in trust for scholarships	<u><u>\$ 35,690</u></u>

County of Mathews, Virginia
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2012

	Scholarship Funds
ADDITIONS	
Contributions:	
Donations	\$ 53,409
Total contributions	\$ 53,409
Investment earnings:	
Interest	\$ 65
Total investment earnings	\$ 65
Total additions	\$ 53,474
DEDUCTIONS	
Scholarships	\$ 53,021
Total deductions	\$ 53,021
Change in net assets	\$ 453
Net assets - beginning	35,237
Net assets - ending	\$ 35,690

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Mathews, Virginia
Statement of Net Assets
Discretely Presented Component Unit-Industrial Development Authority
June 30, 2012

ASSETS

Current assets:

Cash and cash equivalents	\$ 157,693
Total current assets	<u>\$ 157,693</u>
Total assets	<u>\$ 157,693</u>

NET ASSETS

Unrestricted	\$ 157,693
Total net assets	<u><u>\$ 157,693</u></u>

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2012

OPERATING REVENUES

Miscellaneous	\$ 28,100
Total operating revenues	<u>\$ 28,100</u>

OPERATING EXPENSES

Other supplies and expenses	\$ 23,400
Total operating expenses	<u>\$ 23,400</u>

Operating income (loss)	<u>\$ 4,700</u>
-------------------------	-----------------

NONOPERATING REVENUES (EXPENSES)

Investment earnings	\$ 95
Total nonoperating revenues (expenses)	<u>\$ 95</u>

Change in net assets	\$ 4,795
----------------------	----------

Total net assets - beginning	152,898
Total net assets - ending	<u><u>\$ 157,693</u></u>

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 28,100
Payments for operating activities	(23,400)
Net cash provided (used) by operating activities	<u>\$ 4,700</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>\$ 95</u>
Net cash provided (used) by investing activities	<u>\$ 95</u>

Net increase (decrease) in cash and cash equivalents	\$ 4,795
--	----------

Cash and cash equivalents - beginning	152,898
Cash and cash equivalents - ending	<u><u>\$ 157,693</u></u>

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

Operating income (loss)	\$ 4,700
Net cash provided (used) by operating activities	<u><u>\$ 4,700</u></u>

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SUPPORTING SCHEDULES

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County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 1 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,778,500	\$ 7,778,500	\$ 7,807,364	\$ 28,864
Real and personal public service corporation taxes	79,000	79,000	91,838	12,838
Personal property taxes	1,750,000	1,750,000	1,968,818	218,818
Mobile home taxes	37,000	37,000	32,521	(4,479)
Boat taxes	290,000	290,000	311,329	21,329
Penalties	65,000	65,000	92,547	27,547
Interest	35,000	35,000	55,488	20,488
Total general property taxes	<u>\$ 10,034,500</u>	<u>\$ 10,034,500</u>	<u>\$ 10,359,905</u>	<u>\$ 325,405</u>
Other local taxes:				
Local sales and use taxes	\$ 435,000	\$ 435,000	\$ 414,874	\$ (20,126)
Consumers' utility taxes	146,000	146,000	147,643	1,643
Consumption tax	33,000	33,000	32,978	(22)
Business license taxes	140,000	140,000	167,910	27,910
Motor vehicle licenses	270,000	270,000	295,404	25,404
Bank stock taxes	87,000	87,000	92,601	5,601
Taxes on recordation and wills	105,000	105,000	89,304	(15,696)
Total other local taxes	<u>\$ 1,216,000</u>	<u>\$ 1,216,000</u>	<u>\$ 1,240,714</u>	<u>\$ 24,714</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 5,490	\$ (510)
Transfer fees	450	450	458	8
Permits and other licenses	53,100	53,100	51,814	(1,286)
Total permits, privilege fees, and regulatory licenses	<u>\$ 59,550</u>	<u>\$ 59,550</u>	<u>\$ 57,762</u>	<u>\$ (1,788)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 12,850	\$ 12,850	\$ 11,596	\$ (1,254)
Total fines and forfeitures	<u>\$ 12,850</u>	<u>\$ 12,850</u>	<u>\$ 11,596</u>	<u>\$ (1,254)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 12,700	\$ 12,700	\$ 23,557	\$ 10,857
Revenue from use of property	41,525	41,525	50,255	8,730
Total revenue from use of money and property	<u>\$ 54,225</u>	<u>\$ 54,225</u>	<u>\$ 73,812</u>	<u>\$ 19,587</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,500	\$ 1,500	\$ 708	\$ (792)
Charges for courthouse maintenance	1,675	1,675	1,581	(94)
Charges for court costs	2,500	2,500	4,755	2,255
Courthouse security fees	7,500	7,500	5,504	(1,996)
Circuit court- document reproduction	3,500	3,500	2,488	(1,012)
Charges for Commonwealth's Attorney	400	400	628	228
Charges for other protection	2,300	2,300	2,307	7
Charges for library	7,500	7,500	6,697	(803)
Total charges for services	<u>\$ 26,875</u>	<u>\$ 26,875</u>	<u>\$ 24,668</u>	<u>\$ (2,207)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 130,298	\$ 141,115	\$ 156,376	\$ 15,261
Total miscellaneous revenue	<u>\$ 130,298</u>	<u>\$ 141,115</u>	<u>\$ 156,376</u>	<u>\$ 15,261</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
DMV License agent	\$ 10,000	\$ 10,000	\$ 11,180	\$ 1,180
Total recovered costs	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 11,180</u>	<u>\$ 1,180</u>
Total revenue from local sources	<u>\$ 11,544,298</u>	<u>\$ 11,555,115</u>	<u>\$ 11,936,013</u>	<u>\$ 380,898</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ -	\$ -	\$ 499	\$ 499
Mobile home titling tax	6,500	6,500	4,676	(1,824)
Motor vehicle rental tax	300	300	83	(217)
State recordation tax	58,000	58,000	61,641	3,641
State technology trust fund	628	628	-	(628)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	460,000	460,000	457,782	(2,218)
Reduction in state aid to local governments	(49,130)	49,130	(49,130)	(98,260)
Total noncategorical aid	<u>\$ 1,476,381</u>	<u>\$ 1,574,641</u>	<u>\$ 1,475,634</u>	<u>\$ (99,007)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 157,976	\$ 157,976	\$ 156,941	\$ (1,035)
Sheriff	556,256	556,256	563,583	7,327
Commissioner of revenue	72,950	72,950	70,737	(2,213)
Treasurer	73,121	73,121	70,467	(2,654)
Medical examiner	150	150	-	(150)
Registrar/electoral board	25,000	28,648	37,561	8,913
Clerk of the Circuit Court	133,429	133,429	131,577	(1,852)
Total shared expenses	<u>\$ 1,018,882</u>	<u>\$ 1,022,530</u>	<u>\$ 1,030,866</u>	<u>\$ 8,336</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 380,468	\$ 380,468	\$ 279,204	\$ (101,264)
Emergency medical services - two for life	7,000	9,693	9,693	-
Jurors fees	1,500	1,500	-	(1,500)
Comprehensive services act	297,250	297,250	214,594	(82,656)
Litter control	5,900	5,900	5,000	(900)
Library grant	72,163	72,163	72,102	(61)
Wireless board funds	33,000	183,000	190,000	7,000
Commission for the arts grant	5,000	5,000	5,000	-
Victim-witness grant	25,193	25,699	25,467	(232)
Fire programs fund	23,000	23,000	24,000	1,000
Other state aid	34,000	71,153	98	(71,055)
Total other categorical aid	<u>\$ 884,474</u>	<u>\$ 1,074,826</u>	<u>\$ 825,158</u>	<u>\$ (249,668)</u>
Total categorical aid	<u>\$ 1,903,356</u>	<u>\$ 2,097,356</u>	<u>\$ 1,856,024</u>	<u>\$ (241,332)</u>
Total revenue from the Commonwealth	<u>\$ 3,379,737</u>	<u>\$ 3,671,997</u>	<u>\$ 3,331,658</u>	<u>\$ (340,339)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 504,342	\$ 504,342	\$ 519,555	\$ 15,213
Highway planning and construction (ISTEA)	580,000	580,000	-	(580,000)
Local law enforcement block grant	-	-	1,895	1,895
VDOT enhancement grant	224,000	262,437	116,801	(145,636)
Homeland security grant	-	112,000	46,911	(65,089)

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012

<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: (Continued)				
Categorical aid: (Continued)				
Mitigation grant	\$ -	\$ -	\$ 111,637	\$ 111,637
Transportation safety	4,000	4,000	4,047	47
Bavon beach	-	40,270	54,381	14,111
Disaster recovery	-	33,893	28,030	(5,863)
Total categorical aid	<u>\$ 1,312,342</u>	<u>\$ 1,536,942</u>	<u>\$ 883,257</u>	<u>\$ (653,685)</u>
Total revenue from the federal government	<u>\$ 1,312,342</u>	<u>\$ 1,536,942</u>	<u>\$ 883,257</u>	<u>\$ (653,685)</u>
Total General Fund	<u>\$ 16,236,377</u>	<u>\$ 16,764,054</u>	<u>\$ 16,150,928</u>	<u>\$ (613,126)</u>
Special Revenue Fund:				
County Special Revenue Fund				
Revenue from local sources:				
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 3,894	\$ 3,894
Total fines and forfeitures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,894</u>	<u>\$ 3,894</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 617	\$ 617
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617</u>	<u>\$ 617</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 325	\$ 690	\$ 365
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 325</u>	<u>\$ 690</u>	<u>\$ 365</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 325</u>	<u>\$ 5,201</u>	<u>\$ 4,876</u>
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 3,592	\$ 3,592
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,592</u>	<u>\$ 3,592</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,592</u>	<u>\$ 3,592</u>
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ -	\$ -	\$ 3,000	\$ 3,000
SRL grant	-	-	2,986	2,986
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,986</u>	<u>\$ 5,986</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,986</u>	<u>\$ 5,986</u>
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ 325</u>	<u>\$ 14,779</u>	<u>\$ 14,454</u>
Total Primary Government	<u>\$ 16,236,377</u>	<u>\$ 16,764,379</u>	<u>\$ 16,165,707</u>	<u>\$ (598,672)</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 1
Page 4 of 5

<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:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition and payments from other divisions	\$ 32,000	\$ 32,000	\$ 30,813	\$ (1,187)
Total charges for services	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 30,813</u>	<u>\$ (1,187)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 13,400	\$ 143,051	\$ 59,514	\$ (83,537)
Recovered costs:				
Other recovered costs	\$ 40,000	\$ 76,000	\$ 96,537	\$ 20,537
Total recovered costs	<u>\$ 40,000</u>	<u>\$ 76,000</u>	<u>\$ 96,537</u>	<u>\$ 20,537</u>
Total revenue from local sources	<u>\$ 85,400</u>	<u>\$ 251,051</u>	<u>\$ 186,864</u>	<u>\$ (64,187)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 5,798,851	\$ 5,804,409	\$ 5,587,199	\$ (217,210)
Total revenues from local governments	<u>\$ 5,798,851</u>	<u>\$ 5,804,409</u>	<u>\$ 5,587,199</u>	<u>\$ (217,210)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,212,099	\$ 1,212,099	\$ 1,211,978	\$ (121)
Basic school aid	2,155,484	2,155,484	2,112,862	(42,622)
Remedial summer education	30,177	30,177	14,145	(16,032)
Regular foster care	5,997	5,997	-	(5,997)
Gifted and talented	21,959	21,959	21,624	(335)
Hold harmless incentive	129,385	129,385	129,385	-
Special education	270,343	270,343	275,777	5,434
Textbook payment	19,792	19,792	19,490	(302)
Vocational education	79,053	79,053	77,846	(1,207)
School fringes	253,263	253,263	249,394	(3,869)
ISAEF	9,977	9,977	7,859	(2,118)
Early reading intervention	7,507	7,507	5,005	(2,502)
Mentor teacher program	269	269	1,970	1,701
Homebound	2,807	2,807	574	(2,233)
At risk payments	27,836	27,836	27,437	(399)
Career and technical education	3,703	3,703	3,830	127
Remediation assistance - SOL	37,087	37,087	36,520	(567)
Technology	190,681	190,681	129,501	(61,180)
Standards of Learning algebra readiness	5,129	5,129	5,129	-
English as a second language	4,988	4,988	4,308	(680)
Other state funds	8,304	8,304	64,037	55,733
Total categorical aid	<u>\$ 4,475,840</u>	<u>\$ 4,475,840</u>	<u>\$ 4,398,671</u>	<u>\$ (77,169)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 162,942	\$ 162,942	\$ 168,112	\$ 5,170
Title VI-B, special education flow-through	249,857	249,857	297,821	47,964
Title VI-B, special education flow-through - ARRA	-	-	3,091	3,091
Vocational education	15,000	15,000	23,565	8,565
Title VI-B, special education pre-school	10,000	10,000	11,233	1,233

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Title II - A	\$ 59,452	\$ 59,452	\$ 53,652	\$ (5,800)
Title IV	3,697	3,697	-	(3,697)
Title II - D	-	-	1,051	1,051
Education jobs - ARRA	-	-	221,728	221,728
E-rate	36,000	-	-	-
Other federal funds	218,738	218,738	-	(218,738)
Total categorical aid	<u>\$ 755,686</u>	<u>\$ 719,686</u>	<u>\$ 780,253</u>	<u>\$ 60,567</u>
Total School Operating Fund	<u>\$ 11,115,777</u>	<u>\$ 11,250,986</u>	<u>\$ 10,952,987</u>	<u>\$ (297,999)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 32	\$ 32
Charges for services:				
Cafeteria sales	\$ 446,603	\$ 446,603	\$ 370,812	\$ (75,791)
Total charges for services	<u>\$ 446,603</u>	<u>\$ 446,603</u>	<u>\$ 370,812</u>	<u>\$ (75,791)</u>
Total revenue from local sources	<u>\$ 446,603</u>	<u>\$ 446,603</u>	<u>\$ 370,844</u>	<u>\$ (75,759)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 8,304	\$ 8,304	\$ 7,147	\$ (1,157)
Total categorical aid	<u>\$ 8,304</u>	<u>\$ 8,304</u>	<u>\$ 7,147</u>	<u>\$ (1,157)</u>
Total revenue from the Commonwealth	<u>\$ 8,304</u>	<u>\$ 8,304</u>	<u>\$ 7,147</u>	<u>\$ (1,157)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 220,000	\$ 220,000	\$ 272,420	\$ 52,420
Commodities	-	37,939	37,939	-
Total categorical aid	<u>\$ 220,000</u>	<u>\$ 257,939</u>	<u>\$ 310,359</u>	<u>\$ 52,420</u>
Total revenue from the federal government	<u>\$ 220,000</u>	<u>\$ 257,939</u>	<u>\$ 310,359</u>	<u>\$ 52,420</u>
Total School Cafeteria Fund	<u>\$ 674,907</u>	<u>\$ 712,846</u>	<u>\$ 688,350</u>	<u>\$ (24,496)</u>
Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,891	\$ 1,891
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,891</u>	<u>\$ 1,891</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,891</u>	<u>\$ 1,891</u>
Total Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,891</u>	<u>\$ 1,891</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,790,684</u>	<u>\$ 11,963,832</u>	<u>\$ 11,643,228</u>	<u>\$ (320,604)</u>

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County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 62,889	\$ 62,889	\$ 61,393	\$ 1,496
General and financial administration:				
County administrator	\$ 322,905	\$ 299,122	\$ 316,317	\$ (17,195)
Legal services	146,586	160,488	160,488	-
Commissioner of revenue	201,647	228,915	229,008	(93)
Independent Auditor	39,000	39,000	38,527	473
Treasurer	235,972	249,111	237,084	12,027
Information Technology	154,011	164,127	164,127	-
Other general and financial administration	-	450	450	-
Total general and financial administration	<u>\$ 1,100,121</u>	<u>\$ 1,141,213</u>	<u>\$ 1,146,001</u>	<u>\$ (4,788)</u>
Board of elections:				
Electoral board and officials	\$ 21,284	\$ 24,932	\$ 23,809	\$ 1,123
Registrar	58,625	64,969	64,872	97
Total board of elections	<u>\$ 79,909</u>	<u>\$ 89,901</u>	<u>\$ 88,681</u>	<u>\$ 1,220</u>
Total general government administration	<u>\$ 1,242,919</u>	<u>\$ 1,294,003</u>	<u>\$ 1,296,075</u>	<u>\$ (2,072)</u>
Judicial administration:				
Courts:				
Circuit court	\$ 21,910	\$ 22,402	\$ 22,402	\$ -
General district court	4,000	4,083	4,083	-
Special magistrates	1,706	1,706	458	1,248
Juvenile and domestic relations court	7,536	7,536	1,181	6,355
J&DR court services unit	10,268	10,268	9,376	892
Victim witness	25,193	25,699	25,467	232
Clerk of the circuit court	208,655	208,655	208,302	353
Total courts	<u>\$ 279,268</u>	<u>\$ 280,349</u>	<u>\$ 271,269</u>	<u>\$ 9,080</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 218,385	\$ 243,104	\$ 239,206	\$ 3,898
Total commonwealth's attorney	<u>\$ 218,385</u>	<u>\$ 243,104</u>	<u>\$ 239,206</u>	<u>\$ 3,898</u>
Total judicial administration	<u>\$ 497,653</u>	<u>\$ 523,453</u>	<u>\$ 510,475</u>	<u>\$ 12,978</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,363,195	\$ 1,387,477	\$ 1,328,113	\$ 59,364
E-911	100,845	277,053	257,216	19,837
Total law enforcement and traffic control	<u>\$ 1,464,040</u>	<u>\$ 1,664,530</u>	<u>\$ 1,585,329</u>	<u>\$ 79,201</u>
Fire and rescue services:				
Fire department	\$ 136,300	\$ 136,300	\$ 138,269	\$ (1,969)
Ambulance and rescue services	102,800	173,008	171,736	1,272
Total fire and rescue services	<u>\$ 239,100</u>	<u>\$ 309,308</u>	<u>\$ 310,005</u>	<u>\$ (697)</u>
Correction and detention:				
Regional jail	\$ 514,825	\$ 437,677	\$ 413,920	\$ 23,757
Juvenile probation and detention	60,385	60,385	36,479	23,906
Total correction and detention	<u>\$ 575,210</u>	<u>\$ 498,062</u>	<u>\$ 450,399</u>	<u>\$ 47,663</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012

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: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 102,261	\$ 104,959	\$ 104,959	\$ -
Total inspections	<u>\$ 102,261</u>	<u>\$ 104,959</u>	<u>\$ 104,959</u>	<u>\$ -</u>
Other protection:				
Medical examiner	\$ 100	\$ 100	\$ 20	\$ 80
Total other protection	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 20</u>	<u>\$ 80</u>
Total public safety	<u>\$ 2,380,711</u>	<u>\$ 2,576,959</u>	<u>\$ 2,450,712</u>	<u>\$ 126,247</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 500	\$ 500	\$ -	\$ 500
Main street VDOT enhancement	80,000	118,437	120,236	(1,799)
Streetlights	11,000	16,393	16,393	-
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 91,500</u>	<u>\$ 135,330</u>	<u>\$ 136,629</u>	<u>\$ (1,299)</u>
Sanitation and waste removal:				
Refuse disposal	\$ 623,863	\$ 543,349	\$ 543,349	\$ -
Total sanitation and waste removal	<u>\$ 623,863</u>	<u>\$ 543,349</u>	<u>\$ 543,349</u>	<u>\$ -</u>
Maintenance of general buildings and grounds:				
General properties	\$ 518,383	\$ 673,453	\$ 637,304	\$ 36,149
Total maintenance of general buildings and grounds	<u>\$ 518,383</u>	<u>\$ 673,453</u>	<u>\$ 637,304</u>	<u>\$ 36,149</u>
Total public works	<u>\$ 1,233,746</u>	<u>\$ 1,352,132</u>	<u>\$ 1,317,282</u>	<u>\$ 34,850</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 120,451	\$ 120,451	\$ 118,751	\$ 1,700
Total health	<u>\$ 120,451</u>	<u>\$ 120,451</u>	<u>\$ 118,751</u>	<u>\$ 1,700</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller Center	35,475	35,475	35,475	-
Total mental health and mental retardation	<u>\$ 42,975</u>	<u>\$ 42,975</u>	<u>\$ 42,975</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 1,189,035	\$ 1,189,762	\$ 1,030,829	\$ 158,933
Area agency on aging	54,324	54,324	54,324	-
Comprehensive services act	512,500	512,500	440,662	71,838
Tax relief for the elderly	-	-	78,029	(78,029)
Total welfare	<u>\$ 1,755,859</u>	<u>\$ 1,756,586</u>	<u>\$ 1,603,844</u>	<u>\$ 152,742</u>
Total health and welfare	<u>\$ 1,919,285</u>	<u>\$ 1,920,012</u>	<u>\$ 1,765,570</u>	<u>\$ 154,442</u>
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 5,943	\$ 117,943	\$ 117,580	\$ 363
Contribution to County School Board	5,798,851	5,804,409	5,587,199	217,210
Total education	<u>\$ 5,804,794</u>	<u>\$ 5,922,352</u>	<u>\$ 5,704,779</u>	<u>\$ 217,573</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2012

Schedule 2
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 77,000	\$ 77,000	\$ 75,417	\$ 1,583
Newpoint Comfort lighthouse	25,000	25,000	14,766	10,234
Bavon beach	-	54,381	54,381	-
Total parks and recreation	<u>\$ 102,000</u>	<u>\$ 156,381</u>	<u>\$ 144,564</u>	<u>\$ 11,817</u>
Library:				
Contribution to county library	\$ 292,440	\$ 300,368	\$ 283,144	\$ 17,224
Total library	<u>\$ 292,440</u>	<u>\$ 300,368</u>	<u>\$ 283,144</u>	<u>\$ 17,224</u>
Total parks, recreation, and cultural	<u>\$ 394,440</u>	<u>\$ 456,749</u>	<u>\$ 427,708</u>	<u>\$ 29,041</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 272,156	\$ 272,156	\$ 248,336	\$ 23,820
Planning and zoning boards	6,321	6,321	2,755	3,566
Middle Peninsula planning district commission	5,000	5,000	5,000	-
Wetlands board	2,428	2,428	1,765	663
Economic development	39,000	39,799	39,799	-
Housing assistance and other	850	6,322	5,615	707
Total planning and community development	<u>\$ 325,755</u>	<u>\$ 332,026</u>	<u>\$ 303,270</u>	<u>\$ 28,756</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	5,000	5,000	5,000	-
Other environmental management	10,000	10,000	35,307	(25,307)
Total environmental management	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 46,307</u>	<u>\$ (25,307)</u>
Cooperative extension program:				
Extension office	\$ 39,326	\$ 39,326	\$ 26,183	\$ 13,143
Total cooperative extension program	<u>\$ 39,326</u>	<u>\$ 39,326</u>	<u>\$ 26,183</u>	<u>\$ 13,143</u>
Total community development	<u>\$ 386,081</u>	<u>\$ 392,352</u>	<u>\$ 375,760</u>	<u>\$ 16,592</u>
Nondepartmental:				
Contingencies	\$ 8,750	\$ 8,750	\$ -	\$ 8,750
Total nondepartmental	<u>\$ 8,750</u>	<u>\$ 8,750</u>	<u>\$ -</u>	<u>\$ 8,750</u>
Capital projects:				
Fort Nonsense VDOT enhancement	\$ 10,000	\$ 10,000	\$ 4,740	\$ 5,260
School bus replacement	87,000	87,000	80,131	6,869
Other capital projects	905,000	905,000	-	905,000
Total capital projects	<u>\$ 1,002,000</u>	<u>\$ 1,002,000</u>	<u>\$ 84,871</u>	<u>\$ 917,129</u>
Debt service:				
Principal retirement	\$ 480,000	\$ 1,158,819	\$ 1,208,896	\$ (50,077)
Interest and other fiscal charges	229,354	481,725	479,821	1,904
Total debt service	<u>\$ 709,354</u>	<u>\$ 1,640,544</u>	<u>\$ 1,688,717</u>	<u>\$ (48,173)</u>
Total General Fund	<u><u>\$ 15,579,733</u></u>	<u><u>\$ 17,089,306</u></u>	<u><u>\$ 15,621,949</u></u>	<u><u>\$ 1,467,357</u></u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2012

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other Protection:				
Forfeited assets	\$ 12,384	\$ 12,384	\$ 6,529	\$ 5,855
Total other protection	<u>\$ 12,384</u>	<u>\$ 12,384</u>	<u>\$ 6,529</u>	<u>\$ 5,855</u>
Total public safety	<u>\$ 12,384</u>	<u>\$ 12,384</u>	<u>\$ 6,529</u>	<u>\$ 5,855</u>
Community Development:				
Planning grant	\$ -	\$ 8,935	\$ 8,935	\$ -
Library construction	-	325	-	325
Home mitigation grant program	-	707	707	-
Severe repetitive loss	-	7,592	3,866	3,726
Total Community Development	<u>\$ -</u>	<u>\$ 17,559</u>	<u>\$ 13,508</u>	<u>\$ 4,051</u>
Total County Special Revenue Fund	<u>\$ 12,384</u>	<u>\$ 29,943</u>	<u>\$ 20,037</u>	<u>\$ 9,906</u>
Total Primary Government	<u>\$ 15,592,117</u>	<u>\$ 17,119,249</u>	<u>\$ 15,641,986</u>	<u>\$ 1,477,263</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 779,704	\$ 779,704	\$ 765,910	\$ 13,794
Instruction costs	8,290,427	8,380,427	8,084,024	296,403
Pupil transportation	803,845	815,566	766,546	49,020
Operation and maintenance of school plant	1,144,490	1,177,978	1,227,743	(49,765)
Total School Operating Fund	<u>\$ 11,018,466</u>	<u>\$ 11,153,675</u>	<u>\$ 10,844,223</u>	<u>\$ 309,452</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 747,722	\$ 747,722	\$ 744,943	\$ 2,779
Commodities	-	37,939	37,939	-
Total school food services	<u>\$ 747,722</u>	<u>\$ 785,661</u>	<u>\$ 782,882</u>	<u>\$ 2,779</u>
Total School Cafeteria Fund	<u>\$ 747,722</u>	<u>\$ 785,661</u>	<u>\$ 782,882</u>	<u>\$ 2,779</u>
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 35,000	\$ 50,208	\$ 46,113	\$ 4,095
Total education	<u>\$ 35,000</u>	<u>\$ 50,208</u>	<u>\$ 46,113</u>	<u>\$ 4,095</u>
Total Textbook Fund	<u>\$ 35,000</u>	<u>\$ 50,208</u>	<u>\$ 46,113</u>	<u>\$ 4,095</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,801,188</u>	<u>\$ 11,989,544</u>	<u>\$ 11,673,218</u>	<u>\$ 316,326</u>

OTHER STATISTICAL INFORMATION

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Table 1

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

Fiscal Year	General Government Administration		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total										
2002-03	\$	1,039,167	\$	545,728	\$	1,708,462	\$	822,573	\$	1,293,019	\$	4,635,518	\$	257,374	\$	300,189	\$	1,034,606	\$	-	\$	11,636,636
2003-04		1,386,324		601,070		1,703,916		940,124		1,322,388		4,838,854		373,908		293,177		1,031,027		261,803		12,752,591
2004-05		1,234,146		620,802		1,955,278		987,030		1,371,881		5,217,519		379,630		279,042		937,969		-		12,983,297
2005-06		1,344,050		627,926		2,755,851		1,015,465		1,520,044		5,606,976		387,933		456,921		1,132,979		-		14,848,145
2006-07		1,065,084		827,058		2,095,783		1,451,355		2,005,608		6,217,103		475,630		395,061		806,520		-		15,339,202
2007-08		1,231,935		1,026,178		2,143,896		1,408,691		1,458,890		6,817,663		427,514		641,590		733,013		-		15,889,370
2008-09		1,095,634		700,239		2,351,796		1,663,793		1,416,104		6,632,069		460,944		578,584		654,967		-		15,554,130
2009-10		1,303,675		685,093		2,440,580		1,330,254		1,768,312		6,434,299		475,858		638,063		1,029,985		-		16,106,119
2010-11		1,376,919		650,189		2,362,595		1,169,512		1,909,899		6,296,291		505,397		544,077		418,566		-		15,233,445
2011-12		1,299,464		637,734		2,357,034		1,352,826		1,691,248		6,535,760		500,977		1,027,809		421,516		-		15,824,368

Table 2

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

Fiscal Year	PROGRAM REVENUES				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	\$ 145,159	\$ 2,318,289	\$ 6,705	\$ 10,125,399	\$ 1,371,926	\$ 179,995	\$ 291,318	\$ 1,042,525	\$ -	\$ 15,481,316		
2003-04	116,565	2,495,970	-	7,339,763	1,428,839	130,686	105,064	1,045,781	-	12,662,668		
2004-05	119,789	2,000,683	-	7,806,381	1,547,302	166,619	150,111	1,018,466	329,854	13,139,205		
2005-06	123,874	2,239,770	-	8,304,312	1,700,918	254,586	106,165	1,145,551	-	13,875,176		
2006-07	117,129	2,507,538	-	9,287,564	1,698,362	273,250	751,058	1,112,848	-	15,747,749		
2007-08	132,487	2,367,614	-	9,338,793	1,751,251	242,986	161,089	1,097,430	-	15,091,650		
2008-09	116,638	2,219,755	98,793	9,686,696	1,677,012	123,641	192,558	1,011,095	-	15,126,188		
2009-10	103,859	2,714,665	-	9,849,635	1,236,738	79,923	102,650	1,480,737	-	15,568,207		
2010-11	101,032	2,639,485	70,517	10,483,159	1,257,210	61,410	204,748	1,486,153	-	16,303,714		
2011-12	97,920	2,629,058	189,801	10,412,119	1,240,714	75,073	157,066	1,475,634	-	16,277,385		

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2002-03	\$ 997,934	\$ 545,728	\$ 1,682,403	\$ 900,624	\$ 1,266,528	\$ 9,293,011	\$ 252,813	\$ 255,336	-	\$ 2,088,743	\$ 17,283,120
2003-04	1,323,002	587,125	1,643,851	956,203	1,314,048	9,542,810	317,382	266,448	-	2,126,198	18,077,067
2004-05	1,168,115	571,021	1,907,258	1,001,052	1,356,816	10,609,394	294,173	275,944	-	2,145,653	19,329,426
2005-06	1,460,454	560,076	2,036,707	1,231,451	1,492,519	11,493,575	303,633	314,351	-	2,169,120	21,061,886
2006-07	1,035,785	589,759	2,065,871	1,327,638	1,969,465	12,074,141	390,588	373,790	-	2,247,874	22,074,911
2007-08	1,188,725	600,779	2,125,713	1,388,897	1,444,261	12,840,186	343,956	534,686	-	2,058,428	22,525,631
2008-09	1,201,206	537,074	2,290,536	1,637,813	1,529,173	13,094,022	376,457	573,907	-	1,773,181	23,013,369
2009-10	1,308,574	526,665	2,345,394	1,324,257	1,785,690	12,751,860	358,094	632,375	-	1,902,243	22,935,152
2010-11	1,325,878	488,183	2,317,126	1,159,235	1,919,658	11,678,792	357,877	458,078	7,668	1,358,872	21,071,367
2011-12	1,296,075	510,475	2,457,241	1,317,282	1,765,570	11,790,798	427,708	389,268	-	1,688,717	21,643,134

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2002-03	\$ 10,002,922	\$ 1,238,383	\$ 89,061	\$ 15,365	\$ 93,785	\$ 385,457	\$ 317,526	\$ 39,681	\$ 8,822,195	\$ 21,004,375
2003-04	7,416,166	1,428,839	74,186	18,519	95,324	388,652	110,618	11,176	9,102,666	18,646,146
2004-05	7,721,330	1,547,302	89,959	15,620	123,721	412,077	166,108	22,720	9,233,862	19,332,699
2005-06	8,383,990	1,700,918	91,206	14,890	205,296	419,930	115,620	46,266	9,806,201	20,784,317
2006-07	9,241,999	1,698,362	87,324	11,380	258,773	474,696	144,700	8,047	10,360,328	22,285,609
2007-08	9,334,647	1,751,251	85,662	18,319	226,046	512,593	208,600	22,879	10,339,446	22,499,443
2008-09	9,531,774	1,677,012	65,635	24,870	121,594	472,235	304,168	14,602	9,857,471	22,069,361
2009-10	9,835,627	1,236,738	62,856	14,899	85,190	441,423	189,174	52,447	10,658,575	22,576,929
2010-11	10,377,660	1,257,210	61,501	12,241	59,458	444,016	278,368	82,985	9,776,395	22,349,834
2011-12	10,359,905	1,240,714	57,762	15,490	76,352	426,293	216,580	107,717	9,720,923	22,221,736

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Total Tax Collections to Tax Levy		
2002-03 (3)	\$ 10,904,894	\$ 10,769,849	98.76%	\$ 61,823	\$ 10,831,672	99.33%	\$ 353,703	3.24%	
2003-04	8,420,389	8,244,213	97.91%	18,170	8,262,383	98.12%	385,210	4.57%	
2004-05	8,594,243	8,550,645	99.49%	9,123	8,559,768	99.60%	322,127	3.75%	
2005-06	9,396,373	9,304,937	99.03%	14,616	9,319,553	99.18%	301,819	3.21%	
2006-07	10,052,394	10,092,508	100.40%	42,588	10,135,096	100.82%	440,139	4.38%	
2007-08	10,263,755	10,027,288	97.70%	187,104	10,214,392	99.52%	455,935	4.44%	
2008-09	10,952,299	10,427,724	95.21%	8,455	10,436,179	95.29%	590,247	5.39%	
2009-10	10,989,815	10,720,806	97.55%	5,851	10,726,657	97.61%	688,793	6.27%	
2010-11	11,482,310	10,972,532	95.56%	283,517	11,256,049	98.03%	776,874	6.77%	
2011-12	10,880,993	10,964,212	100.76%	247,741	11,211,953	103.04%	745,683	6.85%	

(1) Exclusive of penalties and interest.

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

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Public Utility (2)		Total
				Real Estate	Personal Property	
2002-03 (3)	\$ 1,393,251,620	\$ 94,035,963	\$ -	\$ 19,399,790	\$ -	\$ 1,506,687,373
2003-04	716,955,314	95,576,276	-	19,792,155	-	832,323,745
2004-05	964,695,075	97,459,683	-	16,183,972	-	1,078,338,730
2005-06	1,240,094,987	94,296,230	11,732,849	23,520,759	-	1,369,644,825
2006-07	1,270,237,929	100,764,835	16,895,940	21,331,137	-	1,409,229,841
2007-08	1,289,544,418	99,648,503	16,635,103	15,264,589	-	1,421,092,613
2008-09	1,309,625,538	109,396,890	18,074,493	13,353,782	-	1,450,450,703
2009-10	1,319,914,661	118,005,040	10,374,005	13,896,370	-	1,462,190,076
2010-11	1,641,431,416	100,040,632	16,977,516	14,710,448	-	1,773,160,012
2011-12	1,640,724,165	100,150,365	15,810,352	19,419,122	26,572	1,776,130,576

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

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
2002-03	\$ 0.79	\$ 0.79	\$ 3.60	\$ -
2003-04	0.79	0.79	3.60	-
2004-05 (2)	.51/.79	0.79	3.60	-
2005-06(3)	.53/.51	0.51	3.60	2.14
2006-07	0.53	0.53	3.60	2.14
2007-08(4)	.56/.53	0.53	3.60	2.14
2008-09	0.56	0.56	3.60	2.14
2009-10	0.56	0.56	4.53	2.14
2010-11(5)	.56/.47	0.56	4.53	2.14
2011-12	0.47	0.47	3.70	2.14

- (1) Per \$100 of assessed value.
- (2) First half 2005 and second half 2004, respectively
- (3) First half 2006 and second half 2005, respectively
- (4) First half 2008 and second half 2007, respectively
- (5) First half 2011 and second half 2010, respectively

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
2002-03	9,100	\$ 1,506,687	\$ 12,510,122	\$ -	\$ -	\$ 12,510,122	0.83%	\$ 1,375
2003-04	9,100	832,324	11,529,619	-	-	11,529,619	1.39%	1,267
2004-05	9,100	1,078,339	10,523,992	-	-	10,523,992	0.98%	1,156
2005-06	9,100	1,369,645	9,386,634	-	-	9,386,634	0.69%	1,031
2006-07	9,100	1,409,230	8,437,339	-	-	8,437,339	0.60%	927
2007-08	9,100	1,421,093	7,482,051	-	-	7,482,051	0.53%	822
2008-09	9,100	1,450,451	6,742,007	-	-	6,742,007	0.46%	741
2009-10	9,100	1,462,190	5,986,205	-	-	5,986,205	0.41%	658
2010-11	8,978	1,773,160	5,254,171	-	-	5,254,171	0.30%	585
2011-12	8,978	1,776,131	4,505,275	-	-	4,505,275	0.25%	502

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

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

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

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

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

COMPLIANCE

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

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, 2012, which collectively comprise the County of Mathews, Virginia's basic financial statements and have issued our report thereon dated December 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

Richmond, Virginia
December 5, 2012

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

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

Compliance

We have audited County of Mathews, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Mathews, Virginia's major federal programs for the year ended June 30, 2012. The County of Mathews, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Mathews, Virginia's management. Our responsibility is to express an opinion on the County of Mathews, Virginia's compliance based on our audit.

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

In our opinion, the County of Mathews, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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



Richmond, Virginia
December 5, 2012

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950109/0950110	\$ 11,940
Temporary assistance for needy families	93.558	0400109/0400110	80,197
Refugee and entrant assistance - state administered programs	93.566	0500109/0500110	180
Low income home energy assistance	93.568	0600409/00600410	7,276
Child care cluster:			
Child care and development block grant	93.575	0770109/0770110	35,909
Child care mandatory and matching funds of the child care and development fund	93.596	0760109/0760110	18,792
Stephanie Tubbs Jones Child welfare services	93.645	0900109/090110	273
Foster care - Title IV-E	93.658	1100109/1100110	58,811
Adoption assistance	93.659	1120109/1120110	23,170
Social services block grant	93.667	1000109/1000110	58,700
Chafee foster care independence program	93.674	9150109/9150110	582
Children's health insurance program	93.767	0540109/0540110	3,427
Medical Assistance Program	93.778	1200109/1200110	<u>82,581</u>
Total Department of Health and Human Services			<u>\$ 381,838</u>
U. S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency management performance grants	97.042	77501-52740	\$ 37,153
Disaster grants - public assistance (Presidentially Declared Disasters)	97.036	77602-155	28,030
Severe repetitive loss program	97.110	77602-52349	2,986
State homeland security program	97.073	77501-52700	<u>121,395</u>
Total U. S. Department of Homeland Security			<u>\$ 189,564</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child nutrition cluster:			
Food Distribution	10.555	17901-45707	\$ 37,939
Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	17901-45707	196,244
Sub-total CFDA 10.555			<u>\$ 234,183</u>
Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	17901-40591	76,176
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010109/0010100	<u>137,717</u>
Total Department of Agriculture			<u>\$ 448,076</u>

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2012

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne memorial justice assistance grant program	16.738	3900100-81100	\$ <u>1,895</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway planning and construction (ISTEA)	20.205	60302-0	\$ 116,801
State and community highway safety program	20.600	60507-50287	<u>4,047</u>
Total Department of Transportation			<u>\$ 120,848</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community development block grants/State's program and non-entitlement grants in Hawaii	14.228	53305-50791	\$ <u>3,000</u>
Environmental Protection Agency:			
Pass Through Payments:			
National Fish and Wildlife Foundation:			
Shoreline management plan	66.606	2007-0081-014	\$ <u>54,381</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I grants to local educational agencies	84.010	17901-42901-42999	\$ 168,112
Special education cluster:			
Special education grants to states	84.027	17901-43071-61234	297,821
ARRA-Special education grants to states	84.391	17901-61245	3,091
Special education - preschool grants	84.173	17901-62521	11,233
Career and technical education - basic grants to states	84.048	17901-61095	23,565
Improving teacher quality state grants	84.367	17901-61480	53,652
Educational technology state grants	84.318	17901-61600	1,051
ARRA - Education jobs fund	84.410	17901-62700	<u>221,728</u>
Total Department of Education			<u>\$ 780,253</u>
Total Expenditures of Federal Awards			<u>\$ 1,979,855</u>

See accompanying notes to schedule of expenditures of federal awards.

County of Mathews, Virginia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Mathews, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County of Mathews, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 883,257
Special Revenue Fund	5,986
Total primary government	<u>\$ 889,243</u>
Component Unit Public Schools:	
School Operating Fund	\$ 780,253
School Cafeteria Fund	310,359
Total component unit public schools	<u>\$ 1,090,612</u>
Total federal expenditures per basic financial statements	<u>\$ 1,979,855</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 1,979,855</u>

County of Mathews, Virginia

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2012**

There were no prior year findings and questioned costs.

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