

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2007

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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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, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Mathews, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of June 30, 2007, 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 January 3, 2008, on our consideration of the County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

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

Robert Fann, COX Associates

Richmond, Virginia

January 3, 2008

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, 2007.

Financial Highlights

Government-wide Financial Statements

- ▶ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$10,222,726 (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 uses of \$340,929 (Exhibit 5) after making contributions totaling \$4,846,243 to the School Board.

- ▶ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$5,263,736, an increase of \$340,929 in comparison with the prior year.
- ▶ At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,603,199 or 31% of total general fund expenditures and other financing uses.
- ▶ The combined long-term obligations decreased \$1,216,852 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$10,222,726 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Mathews, Virginia's Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 6,276,793	\$ 6,035,465	\$ 65,968	\$ 63,311	\$ 6,342,761	\$ 6,098,776
Capital assets	20,679,051	21,893,566	-	-	20,679,051	21,893,566
Total assets	\$ 26,955,844	\$ 27,929,031	\$ 65,968	\$ 63,311	\$ 27,021,812	\$ 27,992,342
Current liabilities	\$ 925,994	\$ 1,088,219	\$ -	\$ -	\$ 925,994	\$ 1,088,219
Long-term liabilities outstanding	15,873,092	17,089,944	-	-	15,873,092	17,089,944
Total liabilities	\$ 16,799,086	\$ 18,178,163	\$ -	\$ -	\$ 16,799,086	\$ 18,178,163
Net assets:						
Invested in capital assets, net of related debt	\$ 5,176,712	\$ 4,966,932	\$ -	\$ -	\$ 5,176,712	\$ 4,966,932
Unrestricted	5,046,014	4,783,936	65,968	63,311	5,111,982	4,847,247
Total net assets	\$ 10,222,726	\$ 9,750,868	\$ 65,968	\$ 63,311	\$ 10,288,694	\$ 9,814,179

Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net assets by \$408,547 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	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 117,129	\$ 123,874	\$ -	\$ -	\$ 117,129	\$ 123,874
Operating grants and contributions	2,507,538	2,239,770	-	-	2,507,538	2,239,770
General revenues:						
General property taxes	9,287,564	8,304,312	-	-	9,287,564	8,304,312
Other local taxes	1,698,362	1,700,918	-	-	1,698,362	1,700,918
Grants and other contributions not restricted	1,112,848	1,145,551	-	-	1,112,848	1,145,551
Other general revenues	1,021,651	358,395	2,657	2,356	1,024,308	360,751
Total revenues	\$ 15,745,092	\$ 13,872,820	\$ 2,657	\$ 2,356	\$ 15,747,749	\$ 13,875,176
Expenses:						
General government						
administration	\$ 1,065,084	\$ 1,344,050	\$ -	\$ -	\$ 1,065,084	\$ 1,344,050
Judicial administration	827,058	627,926	-	-	827,058	627,926
Public safety	2,095,783	2,755,851	-	-	2,095,783	2,755,851
Public works	1,451,355	1,015,465	-	-	1,451,355	1,015,465
Health and welfare	2,005,608	1,520,044	-	-	2,005,608	1,520,044
Education	6,217,103	5,606,976	-	-	6,217,103	5,606,976
Parks, recreation, and cultural	475,630	387,933	-	-	475,630	387,933
Community development	395,061	456,921	-	-	395,061	456,921
Interest and other fiscal charges	806,520	1,132,979	-	-	806,520	1,132,979
Total expenses	\$ 15,339,202	\$ 14,848,145	\$ -	\$ -	\$ 15,339,202	\$ 14,848,145
Change in net assets	\$ 405,890	\$ (975,325)	\$ 2,657	\$ 2,356	\$ 408,547	\$ (972,969)
Beginning of year	9,750,868	10,726,193	63,311	60,955	9,814,179	10,787,148
End of year	<u>\$ 10,156,758</u>	<u>\$ 9,750,868</u>	<u>\$ 65,968</u>	<u>\$ 63,311</u>	<u>\$ 10,222,726</u>	<u>\$ 9,814,179</u>

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

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$5,263,736, an increase of \$340,929 in comparison with the prior year. Approximately 87% of the reported fund balance constitutes unreserved General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$325,535.

During the year, revenues and other sources/uses of the General Fund exceeded budgetary estimates by \$1,009,649. Expenditures were less than budgetary estimates by \$421,390, thus reducing the need to draw upon existing fund balance. The final budget included a decrease to the fund balance of \$631,080. The actual fund balance increased \$799,959, resulting in a positive variance of \$1,431,039.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2007 amounts to \$20,679,051 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$15,502,339. Of this amount, \$8,317,339 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 \$1,424,295 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 of 2.6 percent compares favorable to the state's average unemployment rate of 3.2 percent and compares favorably to the national average rate of 4.5 percent.

- ▶ Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2008fiscal year.

The fiscal year 2008 budget increased by approximately 4.8%.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

County of Mathews, Virginia
Statement of Net Assets
June 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 5,006,753	\$ 65,968	\$ 5,072,721	\$ 290,856	\$ 39,951
Receivables (net of allowance for uncollectibles):					
Taxes receivable	423,151	-	423,151	-	-
Accounts receivable	371,405	-	371,405	581	-
Due from other governmental units	475,484	-	475,484	762,900	-
Capital assets (net of accumulated depreciation):					
Land	1,563,599	-	1,563,599	46,172	-
Buildings and system	18,405,587	-	18,405,587	5,898,437	-
Machinery and equipment	694,865	-	694,865	572,370	-
Construction in progress	15,000	-	15,000	-	-
Total assets	<u>\$ 26,955,844</u>	<u>\$ 65,968</u>	<u>\$ 27,021,812</u>	<u>\$ 7,571,316</u>	<u>\$ 39,951</u>
LIABILITIES					
Accounts payable	\$ 122,817	\$ -	\$ 122,817	\$ -	\$ -
Accrued liabilities	-	-	-	790,643	-
Accrued interest payable	182,199	-	182,199	-	-
Due to other governmental units	531,271	-	531,271	-	-
Deferred revenue	89,707	-	89,707	-	-
Long-term liabilities:					
Due within one year	1,335,329	-	1,335,329	8,637	-
Due in more than one year	14,537,763	-	14,537,763	77,735	-
Total liabilities	<u>\$ 16,799,086</u>	<u>\$ -</u>	<u>\$ 16,799,086</u>	<u>\$ 877,015</u>	<u>\$ -</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 5,176,712	\$ -	\$ 5,176,712	\$ 6,516,979	\$ -
Unrestricted (deficit)	4,980,046	65,968	5,046,014	177,322	39,951
Total net assets	<u>\$ 10,156,758</u>	<u>\$ 65,968</u>	<u>\$ 10,222,726</u>	<u>\$ 6,694,301</u>	<u>\$ 39,951</u>
 Total liabilities and net assets	 <u>\$ 26,955,844</u>	 <u>\$ 65,968</u>	 <u>\$ 27,021,812</u>	 <u>\$ 7,571,316</u>	 <u>\$ 39,951</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, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	School Board	IDA	Total
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 1,065,084	\$ -	\$ 224,306	\$ (840,778)	\$ -	\$ (840,778)	\$ -	\$ -	\$ -
Judicial administration	827,058	20,312	349,761	(456,985)	-	(456,985)	-	-	-
Public safety	2,095,783	90,803	682,805	(1,322,175)	-	(1,322,175)	-	-	-
Public works	1,451,355	-	-	(1,451,355)	-	(1,451,355)	-	-	-
Health and welfare	2,005,608	-	1,164,908	(840,700)	-	(840,700)	-	-	-
Education	6,217,103	-	-	(6,217,103)	-	(6,217,103)	-	-	-
Parks, recreation, and cultural	475,630	6,014	56,920	(412,696)	-	(412,696)	-	-	-
Community development	395,061	-	28,838	(366,223)	-	(366,223)	-	-	-
Interest on long-term debt	806,520	-	-	(806,520)	-	(806,520)	-	-	-
Total governmental activities	\$ 15,339,202	\$ 117,129	\$ 2,507,538	\$ (12,714,535)	\$ -	\$ (12,714,535)	\$ -	\$ -	\$ -
Business-type activities:									
Sanitary District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 15,339,202	\$ 117,129	\$ 2,507,538	\$ (12,714,535)	\$ -	\$ (12,714,535)	\$ -	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 12,531,425	\$ 456,271	\$ 6,739,942	\$ -	\$ -	\$ -	\$ (5,335,212)	\$ -	\$ (7,657)
Industrial Development Authority	8,657	1,000	-	-	-	-	-	-	(7,657)
Total component units	\$ 12,540,082	\$ 457,271	\$ 6,739,942	\$ -	\$ -	\$ -	\$ (5,335,212)	\$ -	\$ (7,657)
General revenues:									
General property taxes	\$ 9,287,564	\$ -	\$ -	\$ 9,287,564	\$ -	\$ 9,287,564	\$ -	\$ -	\$ -
Local sales and use taxes	435,535	-	-	435,535	-	435,535	-	-	-
Consumer's utility tax	287,614	-	-	287,614	-	287,614	-	-	-
Communications tax	220,712	-	-	220,712	-	220,712	-	-	-
Other local taxes	754,501	-	-	754,501	-	754,501	-	-	-
Unrestricted revenues from use of money and property	270,593	-	-	270,593	2,657	273,250	9,405	33	33
Miscellaneous	751,058	-	-	751,058	-	751,058	19,255	7,285	7,285
Grants and contributions not restricted to specific programs	1,112,848	-	-	1,112,848	-	1,112,848	-	-	-
Payment from Mathews County	-	-	-	-	-	-	5,915,538	-	-
Total general revenues	\$ 13,120,425	\$ 2,657	\$ 2,657	\$ 13,123,082	\$ 2,657	\$ 13,123,082	\$ 5,944,198	\$ 7,318	\$ 7,318
Change in net assets	405,890	-	-	405,890	2,657	408,547	608,986	(339)	(339)
Net assets - beginning, as adjusted	9,750,868	-	-	9,750,868	63,311	9,814,179	6,085,315	40,290	40,290
Net assets - ending	\$ 10,156,758	\$ -	\$ 65,968	\$ 10,222,726	\$ 65,968	\$ 10,222,726	\$ 6,694,301	\$ 39,951	\$ 39,951

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

FUND FINANCIAL STATEMENTS

County of Mathews, Virginia
Balance Sheet
Governmental Funds
June 30, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 4,640,669	\$ 105,147	\$ 260,937	\$ 5,006,753
Receivables (net of allowance for uncollectibles):				
Taxes receivable	423,151	-	-	423,151
Accounts receivable	86,655	-	284,750	371,405
Due from other governmental units	475,413	71	-	475,484
Total assets	<u>\$ 5,625,888</u>	<u>\$ 105,218</u>	<u>\$ 545,687</u>	<u>\$ 6,276,793</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 122,817	\$ -	\$ -	\$ 122,817
Due to other governmental units	531,271	-	-	531,271
Deferred revenue	358,969	-	-	358,969
Total liabilities	<u>\$ 1,013,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,013,057</u>
Fund balances:				
Reserved for:				
Construction	\$ -	\$ -	\$ 545,687	\$ 545,687
Revenue Maximization	9,632	-	-	9,632
Unreserved, reported in:				
General fund	4,603,199	-	-	4,603,199
Special revenue funds	-	105,218	-	105,218
Total fund balances	<u>\$ 4,612,831</u>	<u>\$ 105,218</u>	<u>\$ 545,687</u>	<u>\$ 5,263,736</u>
Total liabilities and fund balances	<u>\$ 5,625,888</u>	<u>\$ 105,218</u>	<u>\$ 545,687</u>	<u>\$ 6,276,793</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, 2007

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	5,263,736
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		20,679,051
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		269,262
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	(7,065,000)	
Note payable	(120,000)	
General obligation bonds	(8,317,339)	
Compensated absences	(300,406)	
Landfill postclosure care	(70,347)	
Accrued interest payable	<u>(182,199)</u>	(16,055,291)
Net assets of governmental activities		<u>\$ 10,156,758</u>

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

County of Mathews, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 9,241,999	\$ -	\$ -	\$ 9,241,999
Other local taxes	1,603,155	95,207	-	1,698,362
Permits, privilege fees, and regulatory licenses	87,324	-	-	87,324
Fines and forfeitures	11,380	-	-	11,380
Revenue from the use of money and property	221,270	28,098	21,225	270,593
Charges for services	18,425	-	-	18,425
Miscellaneous	112,468	12,977	625,613	751,058
Recovered costs	8,047	-	-	8,047
Intergovernmental revenues:				
Commonwealth	3,012,123	21,884	-	3,034,007
Federal	565,534	20,845	-	586,379
Total revenues	<u>\$ 14,881,725</u>	<u>\$ 179,011</u>	<u>\$ 646,838</u>	<u>\$ 15,707,574</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,035,785	\$ -	\$ -	\$ 1,035,785
Judicial administration	589,759	-	-	589,759
Public safety	2,059,728	6,143	-	2,065,871
Public works	1,327,638	-	-	1,327,638
Health and welfare	1,969,465	-	-	1,969,465
Education	4,851,369	-	-	4,851,369
Parks, recreation, and cultural	390,588	-	-	390,588
Community development	337,223	36,567	-	373,790
Capital projects	69,823	-	444,683	514,506
Debt service:				
Principal retirement	1,424,295	-	-	1,424,295
Interest and other fiscal charges	820,679	-	2,900	823,579
Total expenditures	<u>\$ 14,876,352</u>	<u>\$ 42,710</u>	<u>\$ 447,583</u>	<u>\$ 15,366,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,373</u>	<u>\$ 136,301</u>	<u>\$ 199,255</u>	<u>\$ 340,929</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 797,211	\$ -	\$ 2,625	\$ 799,836
Transfers out	(2,625)	(775,887)	(21,324)	(799,836)
Total other financing sources (uses)	<u>\$ 794,586</u>	<u>\$ (775,887)</u>	<u>\$ (18,699)</u>	<u>\$ -</u>
Net change in fund balances	\$ 799,959	\$ (639,586)	\$ 180,556	\$ 340,929
Fund balances - beginning, as adjusted	3,812,872	744,804	365,131	4,922,807
Fund balances - ending	<u>\$ 4,612,831</u>	<u>\$ 105,218</u>	<u>\$ 545,687</u>	<u>\$ 5,263,736</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, 2007

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

Net change in fund balances - total governmental funds \$ 340,929

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

Capital outlay additions	239,374	
Allocation of School board assets	(981,954)	
Depreciation expense	(471,935)	(1,214,515)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 45,565

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	315,000	
Principal retirement on note payable	40,000	
Principal retirement on general obligation bonds	963,710	
Principal retirement on state literary loan	105,585	
Increase in landfill postclosure liability	(70,347)	1,353,948

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. (120,037)

Change in net assets of governmental activities \$ 405,890

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, 2007

	<u>Enterprise Fund Sanitary District</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 65,968
Total assets	<u>\$ 65,968</u>
NET ASSETS	
Unrestricted	<u>\$ 65,968</u>
Total net assets	<u><u>\$ 65,968</u></u>

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

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	Enterprise Fund Sanitary District
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 2,657
	\$ 2,657
Total nonoperating revenues (expenses)	\$ 2,657
	\$ 2,657
Change in net assets	\$ 2,657
Total net assets - beginning	\$ 63,311
Total net assets - ending	\$ 65,968

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, 2007**

	<u>Enterprise Fund Sanitary District</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 2,657
Net cash provided (used) by investing activities	<u>\$ 2,657</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,657
Cash and cash equivalents - beginning	\$ 63,311
Cash and cash equivalents - ending	<u><u>\$ 65,968</u></u>

**County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ <u>34,387</u>
LIABILITIES	
Amounts held for social services clients	\$ <u>34,387</u>

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

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

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

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

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

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

A. Financial Reporting Entity

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2007.

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, 2007.

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, 2007.

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

None

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

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

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

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

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

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

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

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

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

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

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting 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.

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

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

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

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

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

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

E. Cash and Cash Equivalents

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

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

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

F. Investments

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$114,632 at June 30, 2007 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 beginning in 2003)	December 5th
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized asset as of June 30, 2007 was immaterial.

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

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

I. Compensated Absences

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

J. Retirement Plan

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

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

K. Use of Estimates

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

L. Fund Equity

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

M. Net Assets

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

N. Long-term Obligations

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

Note 2—Stewardship, Compliance, and Accounting:

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

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

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2007.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 3—Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2007 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale. The County’s investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial papers are required to be rated no lower than Standard and Poor’s A-1 and Moody’s Investor Service P-1.

Locality’s Rated Debt Investments’ Values

	Fair Quality Ratings	
	AAAm	Unrated
State Non-Arbitrage Pool	\$ 206,051	\$ -
Corporate Debt	-	500,000
Total	\$ 206,051	\$ 500,000

Interest Rate Risk

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

Investment Maturities (in years)

Investment Type	Fair Value	Less Than
		1 Year
Corporate debt	\$ 500,000	\$ 500,000
Total	\$ 500,000	\$ 500,000

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 3—Deposits and Investments: (Continued)

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC).

Note 4—Due from Other Governments:

At June 30, 2007, 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	\$ -	\$ 531,271
Commonwealth of Virginia:		
Local sales tax	87,218	-
Welfare	20,695	-
Rolling stock tax	535	-
Wireless service board funds	11,951	-
State Sales Tax	-	178,503
Constitutional officer reimbursements	85,730	-
Recordation tax	9,527	-
ABC/Wine	11,055	-
Mobile home titling tax	4,550	-
Auto rental tax	24	-
Comprehensive services act	86,186	-
Health department	2,842	-
Victim witness	12,923	-
Child advocacy center	11,273	-
Communications tax	77,952	-
Asset forfeitures	71	-
DMV	846	-
Federal Government:		
School fund grants	-	53,126
Local law enforcement block grant	885	-
Welfare	51,221	-
	<hr/>	<hr/>
Total due from other governments	\$ <u>475,484</u>	\$ <u>762,900</u>

At June 30, 2007, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>531,271</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2007:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,563,599	\$ -	\$ -	\$ 1,563,599
Construction in progress	<u>994,585</u>	<u>164,930</u>	<u>1,144,515</u>	<u>15,000</u>
Total capital assets not subject to depreciation	<u>\$ 2,558,184</u>	<u>\$ 164,930</u>	<u>\$ 1,144,515</u>	<u>\$ 1,578,599</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 10,277,050	\$ 1,144,515	\$ -	\$ 11,421,565
Equipment	1,419,702	74,444	61,438	1,432,708
Jointly owned assets	<u>11,393,180</u>	<u>-</u>	<u>981,954</u>	<u>10,411,226</u>
Total capital assets being depreciated	<u>\$ 23,089,932</u>	<u>\$ 1,218,959</u>	<u>\$ 1,043,392</u>	<u>\$ 23,265,499</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,074,075	\$ 259,241	\$ -	\$ 1,333,316
Equipment	673,928	125,353	61,438	737,843
Jointly owned assets	<u>2,006,547</u>	<u>260,281</u>	<u>172,940</u>	<u>2,093,888</u>
Total accumulated depreciation	<u>\$ 3,754,550</u>	<u>\$ 644,875</u>	<u>\$ 234,378</u>	<u>\$ 4,165,047</u>
Total capital assets subject to depreciation, net	<u>\$ 19,335,382</u>	<u>\$ 574,084</u>	<u>\$ 809,014</u>	<u>\$ 19,100,452</u>
Net capital assets primary government	<u>\$ 21,893,566</u>	<u>\$ 739,014</u>	<u>\$ 1,953,529</u>	<u>\$ 20,679,051</u>
Component Unit-School Board:	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Capital assets subject to depreciation:				
Equipment	\$ 1,475,800	\$ 96,679	\$ -	\$ 1,572,479
Jointly owned assets	<u>6,401,413</u>	<u>981,954</u>	<u>-</u>	<u>7,383,367</u>
Total capital assets being depreciated	<u>\$ 7,877,213</u>	<u>\$ 1,078,633</u>	<u>\$ -</u>	<u>\$ 8,955,846</u>
Less accumulated depreciation for:				
Equipment	\$ 890,526	\$ 109,583	\$ -	\$ 1,000,109
Jointly owned assets	<u>1,127,406</u>	<u>357,524</u>	<u>-</u>	<u>1,484,930</u>
Total accumulated depreciation	<u>\$ 2,017,932</u>	<u>\$ 467,107</u>	<u>\$ -</u>	<u>\$ 2,485,039</u>
Total capital assets subject to depreciation, net	<u>\$ 5,859,281</u>	<u>\$ 611,526</u>	<u>\$ -</u>	<u>\$ 6,470,807</u>
Net capital assets Component Unit-School Board	<u>\$ 5,905,453</u>	<u>\$ 611,526</u>	<u>\$ -</u>	<u>\$ 6,516,979</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 5—Capital Assets: (Continued)

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

Governmental activities:

General government	\$	4,100
Judicial administration		164,841
Public safety		80,981
Public works		25,479
Health and welfare		20,987
Education		89,292
Parks, recreation and cultural		84,300
Community development		<u>1,955</u>
Total Governmental activities	\$	<u>471,935</u>
Component Unit School Board	\$	<u>467,107</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2007 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 797,211	\$ 2,625
County Capital Projects	2,625	21,324
County Special Revenue	<u>-</u>	<u>775,887</u>
Total	\$ <u>799,836</u>	\$ <u>799,836</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 7—Long Term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2007:

	<u>Amounts Payable at July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2007</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 163,310	\$ 137,096	\$ -	\$ 300,406	\$ 30,041
Lease revenue bonds payable	7,380,000	-	315,000	7,065,000	350,000
Note Payable	160,000	-	40,000	120,000	40,000
Landfill postclosure care	-	70,347	-	70,347	-
Total incurred by County	<u>\$ 7,703,310</u>	<u>\$ 207,443</u>	<u>\$ 355,000</u>	<u>\$ 7,555,753</u>	<u>\$ 420,041</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 105,585	-	\$ 105,585	-	-
General Obligation Bonds	9,281,049	-	963,710	8,317,339	915,288
Total incurred by School Board	<u>\$ 9,386,634</u>	<u>\$ -</u>	<u>\$ 1,069,295</u>	<u>\$ 8,317,339</u>	<u>\$ 915,288</u>
Total Governmental Obligations	<u>\$ 17,089,944</u>	<u>\$ 207,443</u>	<u>\$ 1,424,295</u>	<u>\$ 15,873,092</u>	<u>\$ 1,335,329</u>
Total General Obligations, Primary Government	<u>\$ 17,089,944</u>	<u>\$ 207,443</u>	<u>\$ 1,424,295</u>	<u>\$ 15,873,092</u>	<u>\$ 1,335,329</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (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		Capital Lease	
	Principal	Interest	Principal	Interest
2008	\$ 350,000	\$ 327,785	\$ 40,000	\$ -
2009	365,000	313,838	40,000	-
2010	390,000	299,178	40,000	-
2011	400,000	282,928	-	-
2012	420,000	266,365	-	-
2013	370,000	248,379	-	-
2014	385,000	231,959	-	-
2015	405,000	214,449	-	-
2016	420,000	195,659	-	-
2017	440,000	175,729	-	-
2018	460,000	154,544	-	-
2019	485,000	132,174	-	-
2020	505,000	108,524	-	-
2021	530,000	83,799	-	-
2022	560,000	57,256	-	-
2023	580,000	29,173	-	-
Total	\$ <u>7,065,000</u>	\$ <u>3,121,735</u>	<u>120,000</u>	<u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (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	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2008	\$ 915,288	\$ 421,858
2009	700,044	372,698
2010	715,783	334,370
2011	732,034	295,054
2012	748,819	255,170
2013	711,167	215,618
2014	729,105	176,217
2015	752,663	135,775
2016	446,873	104,819
2017	466,767	83,423
2018	487,380	61,052
2019	446,884	37,453
2020	464,532	17,098
Total	\$ <u>8,317,339</u>	\$ <u>2,510,605</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds Payable:

\$6,250,000 lease revenue bond issued June 1, 2001, due in annual installments through June 2023, interest payable annually at varying rates between 3.56% and 5.125%.	\$ 5,695,000
\$1,195,000 lease revenue bond issued May 21, 2003, due in annual installments through April 2023, interest payable semi-annually at varying rates between 3.10% and 4.475%.	1,055,000
VPPSA lease revenue bond issued May 1, 1993, due in varying annual installments through May 1, 2012, interest payable semi-annually at various rates between 5.10% to 5.50%.	<u>315,000</u>
Total Lease Revenue Bonds	\$ <u>7,065,000</u>
 <u>Note Payable:</u>	
\$200,000 capital lease issued November 2, 2004, due in annual installments of \$40,000 through July 30, 2009, interest payable at 0%.	\$ <u>120,000</u>
Compensated absences (payable from General Fund)	\$ <u>300,406</u>
Landfill postclosure cost	\$ <u>70,347</u>
Total Incurred by County	\$ <u>7,555,753</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 7—Long-Term Obligations: (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%.	\$ 2,305,000
\$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%.	295,000
\$704,227, School Bonds, issued July 30, 1998, maturing annually in installments of \$66,864, through July 30, 2017, interest at 6.75%.	507,695
\$2,000,000 School Bonds, dated May 13, 1999, maturing annually in installments of varying amounts and at various interest rates through July 15, 2019, interest payable semi-annually at an effective rate of 4.76%.	1,495,000
\$1,550,000 School Bonds dated March 1, 2000, maturing annually in installments of varying amounts through February, 2008, interest payable semi-annually at a rate of 5.39%.	230,498
\$3,630,527 School Bonds dated January 12, 2006, maturing annually in installments of varying amounts through February, 2020, interest payable semi-annually at a rate of 4.19%.	3,234,146
\$500,000 School Bonds 2001 B Series, issued November 15, 2001, maturing annually in installments of \$50,000 through July 15, 2011; interest payable semi-annually at rates ranging from 3.10% to 5.35%.	<u>250,000</u>
Total General Obligations Bonds	\$ <u><u>8,317,339</u></u>
Total incurred by School Board	\$ <u><u>8,317,339</u></u>
Total General obligations, primary government	\$ <u><u>15,873,092</u></u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 7—Long-Term Obligations: (Continued)

	Amounts Payable at July 1, 2006	Increases	Decreases	Amounts Payable at June 30, 2007	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 81,731	\$ 4,641	\$ -	\$ 86,372	\$ 8,637
Total Component Unit-School Board	<u>\$ 81,731</u>	<u>\$ 4,641</u>	<u>\$ -</u>	<u>\$ 86,372</u>	<u>\$ 8,637</u>

Note 8—Closure and Postclosure Costs:

The County closed its landfill prior to the date mandated by State and Federal laws and regulations; so as to be liable for postclosure monitoring for a period of only four years. The amount reported as landfill postclosure liability at June 30, 2007 represents the estimated liability for postclosure monitoring of \$70,347 over a period of three years. These amounts are based on what it would cost to perform all postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$358,969 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$269,262 at June 30, 2007.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2007 but paid in advance by the taxpayers totaled \$89,707 at June 30, 2007.

Note 10—Commitments / Contingent Liabilities:

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

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

Note 11—Litigation:

At June 30, 2007, 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, 2007 (Continued)

Note 12—Risk Management:

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

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

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

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

Note 13—Defined Benefit Pension Plan:

A. Plan Description

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

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/2006AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 13—Defined Benefit Pension Plan (continued):

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2007 were 5.02% and 6.63% of annual covered payroll, respectively.

The School Board's professional employees contributed \$539,850, \$332,739, and \$320,455 to the teacher cost-sharing pool for the fiscal years ended June 30, 2007, 2006, and 2005 respectively and these contributions represented 14.20%, 11.20%, and 11.03% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal 2007, the County's annual pension cost of \$232,332 (which includes the portion of the employees share assumed by the County which was \$115,934) was equal to the County's required and actual contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2007, the County School Board's annual pension cost for the Board's non-professional employees was \$86,749 (which includes the portion of the employees share assumed by the school board which was \$37,295), which was equal to the Board's required and actual contributions. The required contributions were determined as a part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

	<u>County</u>	<u>Non-Professional School Board Employees</u>
Valuation date	June 30, 2005	June 30, 2005
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	21 years	21 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return ¹	7.50%	7.50%
Projected salary increases: ¹		
Non LEO Employees	3.50% to 5.73%	3.50% to 5.73%
LEO Employees	3.50% to 4.71%	3.50% to 4.71%
Cost-of-living adjustments	2.50%	2.50%

¹ Includes inflation at 2.50%

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 13—Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost (Continued)

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2007	\$ 116,398	100%	\$ -
June 30, 2006	87,731	100%	-
June 30, 2005	82,093	100%	-
School Board:			
Non-Professional:			
June 30, 2007	\$ 49,454	100%	\$ -
June 30, 2006	35,821	100%	-
June 30, 2005	33,759	100%	-

(1) Employer portion only

Note 14—Surety Bonds:

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

Note 15—Changes to Beginning Net Assets/Fund Balances:

The following changes were made to beginning net assets/fund balances at June 30, 2007:

	Primary Government	General Fund
Net assets as previously reported	\$ 9,234,166	\$ -
Fund balances as previously reported	-	3,811,277
Add: VPPSA debt service not previously recorded	(370,000)	-
Changes due to corrections to capital assets	885,107	-
Add: VPPSA loan fund	1,595	1,595
Totals as adjusted	<u>\$ 9,750,868</u>	<u>\$ 3,812,872</u>

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

County of Mathews, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 8,662,200	\$ 8,662,200	\$ 9,241,999	\$ 579,799
Other local taxes	1,518,000	1,518,000	1,603,155	85,155
Permits, privilege fees, and regulatory licenses	87,750	87,750	87,324	(426)
Fines and forfeitures	12,075	12,075	11,380	(695)
Revenue from the use of money and property	155,164	155,164	221,270	66,106
Charges for services	14,650	14,650	18,425	3,775
Miscellaneous	111,875	111,875	112,468	593
Recovered costs	7,000	7,000	8,047	1,047
Intergovernmental revenues:				
Commonwealth	2,794,684	2,810,571	3,012,123	201,552
Federal	580,977	580,977	565,534	(15,443)
Total revenues	<u>\$ 13,944,375</u>	<u>\$ 13,960,262</u>	<u>\$ 14,881,725</u>	<u>\$ 921,463</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,116,546	\$ 1,073,668	\$ 1,035,785	\$ 37,883
Judicial administration	632,235	622,976	589,759	33,217
Public safety	1,913,813	1,931,227	2,059,728	(128,501)
Public works	1,212,605	1,510,702	1,327,638	183,064
Health and welfare	1,550,602	2,341,460	1,969,465	371,995
Education	5,069,582	5,210,899	4,851,369	359,530
Parks, recreation, and cultural	351,006	385,594	390,588	(4,994)
Community development	418,266	428,877	337,223	91,654
Capital projects	533,000	533,000	69,823	463,177
Debt service:				
Principal retirement	2,172,052	1,256,839	1,424,295	(167,456)
Interest and other fiscal charges	2,500	2,500	820,679	(818,179)
Total expenditures	<u>\$ 14,972,207</u>	<u>\$ 15,297,742</u>	<u>\$ 14,876,352</u>	<u>\$ 421,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,027,832)</u>	<u>\$ (1,337,480)</u>	<u>\$ 5,373</u>	<u>\$ 1,342,853</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 706,400	\$ 706,400	\$ 797,211	\$ 90,811
Transfers out	-	-	(2,625)	(2,625)
Total other financing sources (uses)	<u>\$ 706,400</u>	<u>\$ 706,400</u>	<u>\$ 794,586</u>	<u>\$ 88,186</u>
Net change in fund balances	\$ (321,432)	\$ (631,080)	\$ 799,959	\$ 1,431,039
Fund balances - beginning, as adjusted	321,432	631,080	3,812,872	3,181,792
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,612,831</u>	<u>\$ 4,612,831</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 180,000	\$ 18,000	\$ 95,207	\$ 77,207
Revenue from the use of money and property	-	-	28,098	28,098
Miscellaneous	-	-	12,977	12,977
Intergovernmental revenues:				
Commonwealth	-	-	21,884	21,884
Federal	-	-	20,845	20,845
Total revenues	<u>\$ 180,000</u>	<u>\$ 18,000</u>	<u>\$ 179,011</u>	<u>\$ 161,011</u>
EXPENDITURES				
Current:				
Public safety	-	-	6,143	(6,143)
Community development	-	34,900	36,567	(1,667)
Total expenditures	<u>\$ -</u>	<u>\$ 34,900</u>	<u>\$ 42,710</u>	<u>\$ (7,810)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 180,000</u>	<u>\$ (16,900)</u>	<u>\$ 136,301</u>	<u>\$ 153,201</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (706,400)	\$ (706,400)	\$ (775,887)	\$ (69,487)
Total other financing sources (uses)	<u>\$ (706,400)</u>	<u>\$ (706,400)</u>	<u>\$ (775,887)</u>	<u>\$ (69,487)</u>
Net change in fund balances	\$ (526,400)	\$ (723,300)	\$ (639,586)	\$ 83,714
Fund balances - beginning	526,400	723,300	744,804	21,504
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,218</u>	<u>\$ 105,218</u>

County of Mathews, Virginia
Required Supplementary Information

Schedule of Funding Progress - Virginia Retirement System

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
County						
6/30/2006	\$ 6,117,776	\$ 6,259,852	\$ 142,076	97.73%	\$ 2,210,076	6.43%
6/30/2005	5,685,578	6,383,981	698,403	89.06%	2,103,904	33.20%
6/30/2004	5,551,937	5,725,284	173,347	96.97%	1,956,442	8.86%
6/30/2003	5,402,505	5,111,042	(291,463)	105.70%	1,863,058	-15.64%
6/30/2002	5,301,318	4,724,967	(576,351)	112.20%	1,862,573	-30.94%
6/30/2001	5,076,605	4,367,181	(709,424)	116.24%	1,844,643	-38.46%
6/30/2000	4,546,854	3,967,601	(579,253)	114.60%	1,687,371	-34.33%
School Board Non-Professionals:						
6/30/2006	\$ 1,837,924	\$ 2,092,232	\$ 254,308	87.85%	\$ 726,106	35.02%
6/30/2005	1,723,423	1,907,633	184,210	90.34%	676,332	27.24%
6/30/2004	1,697,074	1,774,591	77,517	95.63%	618,894	12.53%
6/30/2003	1,683,516	1,658,577	(24,939)	101.50%	558,983	-4.46%
6/30/2002	1,672,760	1,593,428	(79,332)	104.98%	611,461	-12.97%
6/30/2001	1,612,596	1,481,816	(130,780)	108.83%	525,342	-24.89%
6/30/2000	1,463,205	1,361,194	(102,011)	107.49%	546,251	-18.67%

OTHER SUPPLEMENTARY INFORMATION

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 21,225	\$ 21,225
Miscellaneous	-	-	625,613	625,613
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 646,838</u>	<u>\$ 646,838</u>
EXPENDITURES				
Capital projects	\$ -	\$ 554,848	\$ 444,683	\$ 110,165
Debt service:				
Interest and other fiscal charges	-	-	2,900	(2,900)
Total expenditures	<u>\$ -</u>	<u>\$ 554,848</u>	<u>\$ 447,583</u>	<u>\$ 107,265</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (554,848)</u>	<u>\$ 199,255</u>	<u>\$ 754,103</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 2,625	\$ 2,625
Transfers out	-	-	(21,324)	(21,324)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,699)</u>	<u>\$ (18,699)</u>
Net change in fund balances	\$ -	\$ (554,848)	\$ 180,556	\$ 735,404
Fund balances - beginning	-	554,848	365,131	(189,717)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,687</u>	<u>\$ 545,687</u>

County of Mathews, Virginia

Fiduciary Funds
 Statement of Changes in Fiduciary Net Assets - Agency Funds
 Year Ended June 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash	\$ 31,840	\$ 27,012	\$ 24,465	\$ 34,387
Total assets	<u>\$ 31,840</u>	<u>\$ 27,012</u>	<u>\$ 24,465</u>	<u>\$ 34,387</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 31,840</u>	<u>\$ 27,012</u>	<u>\$ 24,465</u>	<u>\$ 34,387</u>

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

County of Mathews, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2007

	<u>School Operating Fund</u>	<u>Textbook Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 260,821	\$ 30,035	\$ 290,856
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	581	-	581
Due from other governmental units	762,900	-	-	762,900
Total assets	<u>\$ 762,900</u>	<u>\$ 261,402</u>	<u>\$ 30,035</u>	<u>\$ 1,054,337</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 762,900	\$ -	\$ 27,743	\$ 790,643
Total liabilities	<u>\$ 762,900</u>	<u>\$ -</u>	<u>\$ 27,743</u>	<u>\$ 790,643</u>
Fund balances:				
Unreserved:				
Undesignated	\$ -	\$ 261,402	\$ 2,292	\$ 263,694
Total fund balances	<u>\$ -</u>	<u>\$ 261,402</u>	<u>\$ 2,292</u>	<u>\$ 263,694</u>
Total liabilities and fund balances	<u>\$ 762,900</u>	<u>\$ 261,402</u>	<u>\$ 30,035</u>	<u>\$ 1,054,337</u>

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

Total fund balances per above	\$ 263,694
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,516,979
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(86,372)
Net assets of governmental activities	<u>\$ 6,694,301</u>

County of Mathews, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2007

	<u>School Operating Fund</u>	<u>Textbook Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Revenue from the use of money and property	\$ 7,719	\$ 1,634	\$ 52	\$ 9,405
Charges for services	50,647	84	405,540	456,271
Miscellaneous	19,255	-	-	19,255
Intergovernmental revenues:				
Local government	4,846,243	-	-	4,846,243
Commonwealth	5,994,960	-	-	5,994,960
Federal	744,982	-	-	744,982
Total revenues	<u>\$ 11,663,806</u>	<u>\$ 1,718</u>	<u>\$ 405,592</u>	<u>\$ 12,071,116</u>
EXPENDITURES				
Current:				
Education	<u>\$ 11,283,475</u>	<u>\$ 64,160</u>	<u>\$ 721,380</u>	<u>\$ 12,069,015</u>
Total expenditures	<u>\$ 11,283,475</u>	<u>\$ 64,160</u>	<u>\$ 721,380</u>	<u>\$ 12,069,015</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 380,331</u>	<u>\$ (62,442)</u>	<u>\$ (315,788)</u>	<u>\$ 2,101</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 75,000	\$ 305,331	\$ 380,331
Transfers out	(380,331)	-	-	(380,331)
Total other financing sources (uses)	<u>\$ (380,331)</u>	<u>\$ 75,000</u>	<u>\$ 305,331</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 12,558	\$ (10,457)	\$ 2,101
Fund balances - beginning	-	248,844	12,749	261,593
Fund balances - ending	<u>\$ -</u>	<u>\$ 261,402</u>	<u>\$ 2,292</u>	<u>\$ 263,694</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 \$ 2,101

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. 611,526

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. (4,641)

Change in net assets of governmental activities \$ 608,986

County of Mathews, Virginia
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2007

	School Operating Fund				Textbook Fund		Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	Budgeted Amounts		Actual	
	Original	Final		Original	Final		
REVENUES							
Revenue from the use of money and property	\$ 6,000	\$ 6,000	\$ 7,719	\$ 1,719	\$ -	\$ 1,634	\$ 1,634
Charges for services	20,600	20,600	50,647	30,047	-	84	84
Miscellaneous	12,800	12,800	19,255	6,455	-	-	-
Intergovernmental revenues:							
Local government	5,064,456	5,205,773	4,846,243	(359,530)	-	-	-
Commonwealth	5,739,783	5,739,783	5,994,960	255,177	-	-	-
Federal	706,506	706,506	744,982	38,476	-	-	-
Total revenues	\$ 11,550,145	\$ 11,691,462	\$ 11,663,806	\$ (27,656)	\$ -	\$ 1,718	\$ 1,718
EXPENDITURES							
Current:							
Education	\$ 11,140,145	\$ 11,281,462	\$ 11,283,475	\$ (2,013)	\$ 75,000	\$ 64,160	\$ 10,840
Total expenditures	\$ 11,140,145	\$ 11,281,462	\$ 11,283,475	\$ (2,013)	\$ 75,000	\$ 64,160	\$ 10,840
Excess (deficiency) of revenues over (under) expenditures	\$ 410,000	\$ 410,000	\$ 380,331	\$ (29,669)	\$ (75,000)	\$ (62,442)	\$ 12,558
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000	\$ -
Transfers out	(410,000)	(410,000)	(380,331)	29,669	-	-	-
Total other financing sources (uses)	\$ (410,000)	\$ (410,000)	\$ (380,331)	\$ 29,669	\$ 75,000	\$ 75,000	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,558	\$ 12,558
Fund balances - beginning	-	-	-	-	-	248,844	248,844
Fund balances - ending	-	-	-	-	-	261,402	261,402

County of Mathews, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2007

	<u>School Cafeteria Food</u>			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 52	\$ 52
Charges for services	345,000	345,000	405,540	60,540
Total revenues	<u>\$ 345,000</u>	<u>\$ 345,000</u>	<u>\$ 405,592</u>	<u>\$ 60,592</u>
EXPENDITURES				
Current:				
Education	\$ 680,000	\$ 680,000	\$ 721,380	\$ (41,380)
Total expenditures	<u>\$ 680,000</u>	<u>\$ 680,000</u>	<u>\$ 721,380</u>	<u>\$ (41,380)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (335,000)</u>	<u>\$ (335,000)</u>	<u>\$ (315,788)</u>	<u>\$ 19,212</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 335,000	\$ 335,000	\$ 305,331	\$ (29,669)
Total other financing sources (uses)	<u>\$ 335,000</u>	<u>\$ 335,000</u>	<u>\$ 305,331</u>	<u>\$ (29,669)</u>
Net change in fund balances	\$ -	\$ -	\$ (10,457)	\$ (10,457)
Fund balances - beginning	-	-	12,749	12,749
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,292</u>	<u>\$ 2,292</u>

County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2007

	Scholarship Funds
ASSETS	
Cash and cash equivalents	<u>\$ 61,035</u>
NET ASSETS	
Held in trust for scholarships	<u>\$ 61,035</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, 2007

	Scholarship Funds
ADDITIONS	
Contributions:	
Donations	\$ 83,257
Total contributions	\$ 83,257
Investment earnings:	
Interest	\$ 279
Total investment earnings	\$ 279
Total additions	\$ 83,536
DEDUCTIONS	
Scholarships	\$ 56,268
Total deductions	\$ 56,268
Change in net assets	\$ 27,268
Net assets - beginning	33,767
Net assets - ending	\$ 61,035

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

County of Mathews, Virginia
Statement of Net Assets
Discretely Presented Component Unit-Industrial Development Authority
June 30, 2007

ASSETS

Current assets:	
Cash and cash equivalents	\$ 39,951
Total current assets	<u>\$ 39,951</u>
Total assets	<u>\$ 39,951</u>

NET ASSETS

Unrestricted	\$ 39,951
Total net assets	<u><u>\$ 39,951</u></u>

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

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2007

OPERATING REVENUES

Charges for services:

Bond fees	\$ 1,000
Miscellaneous	7,285
Total operating revenues	\$ 8,285

OPERATING EXPENSES

Other supplies and expenses
Total operating expenses

\$ 8,657
\$ 8,657

Operating income (loss)

\$ (372)

NONOPERATING REVENUES (EXPENSES)

Investment earnings
Total nonoperating revenues (expenses)

\$ 33
\$ 33

Change in net assets

\$ (339)

Total net assets - beginning

40,290

Total net assets - ending

\$ 39,951

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

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$	1,000
Receipts for miscellaneous items		7,285
Payments for operating activities		<u>(8,657)</u>
Net cash provided (used) by operating activities	\$	<u>(372)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	\$	<u>33</u>
Net cash provided (used) by investing activities	\$	<u>33</u>

Net increase (decrease) in cash and cash equivalents (339)

Cash and cash equivalents - beginning		40,290
Cash and cash equivalents - ending	\$	<u><u>39,951</u></u>

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

Operating income (loss)	\$	<u>(372)</u>
Net cash provided (used) by operating activities	\$	<u><u>(372)</u></u>

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

SUPPORTING SCHEDULES

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,606,000	\$ 6,606,000	\$ 6,729,724	\$ 123,724
Real and personal public service corporation taxes	122,700	122,700	121,764	(936)
Personal property taxes	1,807,500	1,807,500	1,927,385	119,885
Mobile home taxes	36,000	36,000	346,074	310,074
Penalties	70,000	70,000	91,182	21,182
Interest	20,000	20,000	25,870	5,870
Total general property taxes	<u>\$ 8,662,200</u>	<u>\$ 8,662,200</u>	<u>\$ 9,241,999</u>	<u>\$ 579,799</u>
Other local taxes:				
Local sales and use taxes	\$ 430,000	\$ 430,000	\$ 435,535	\$ 5,535
Consumers' utility taxes	234,244	234,244	287,614	53,370
Consumption tax	31,000	31,000	32,450	1,450
Communications tax	179,756	179,756	220,712	40,956
Business license taxes	166,000	166,000	167,980	1,980
Utility license taxes	38,000	38,000	41,092	3,092
Motor vehicle licenses	217,000	217,000	191,163	(25,837)
Bank stock taxes	52,000	52,000	57,122	5,122
Taxes on recordation and wills	170,000	170,000	169,487	(513)
Total other local taxes	<u>\$ 1,518,000</u>	<u>\$ 1,518,000</u>	<u>\$ 1,603,155</u>	<u>\$ 85,155</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,400	\$ 4,400	\$ 3,552	\$ (848)
Transfer fees	700	700	506	(194)
Permits and other licenses	82,650	82,650	83,266	616
Total permits, privilege fees, and regulatory licenses	<u>\$ 87,750</u>	<u>\$ 87,750</u>	<u>\$ 87,324</u>	<u>\$ (426)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 12,075	\$ 12,075	\$ 11,380	\$ (695)
Total fines and forfeitures	<u>\$ 12,075</u>	<u>\$ 12,075</u>	<u>\$ 11,380</u>	<u>\$ (695)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 98,000	\$ 98,000	\$ 162,356	\$ 64,356
Revenue from use of property	57,164	57,164	58,914	1,750
Total revenue from use of money and property	<u>\$ 155,164</u>	<u>\$ 155,164</u>	<u>\$ 221,270</u>	<u>\$ 66,106</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,300	\$ 1,300	\$ 734	\$ (566)
Charges for courthouse maintenance	3,500	3,500	1,730	(1,770)
Courthouse security fees	-	-	3,245	3,245
Circuit court- document reproduction	2,500	2,500	3,557	1,057
Charges for Commonwealth's Attorney	250	250	400	150
Charges for correction and detention	-	-	363	363
Charges for community development	200	200	-	(200)
Charges for other protection	900	900	2,382	1,482
Charges for library	6,000	6,000	6,014	14
Total charges for services	<u>\$ 14,650</u>	<u>\$ 14,650</u>	<u>\$ 18,425</u>	<u>\$ 3,775</u>
Miscellaneous revenue:				
Miscellaneous	\$ 111,875	\$ 111,875	\$ 112,468	\$ 593
Total miscellaneous revenue	<u>\$ 111,875</u>	<u>\$ 111,875</u>	<u>\$ 112,468</u>	<u>\$ 593</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
DMV License agent	\$ 7,000	\$ 7,000	\$ 8,047	\$ 1,047
Total recovered costs	\$ 7,000	\$ 7,000	\$ 8,047	\$ 1,047
Total revenue from local sources	\$ 10,568,714	\$ 10,568,714	\$ 11,304,068	\$ 735,354
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 10,500	\$ 10,500	\$ 5,397	\$ (5,103)
Wine taxes	10,500	10,500	5,658	(4,842)
Motor vehicle carriers' tax	40	40	535	495
Mobile home titling tax	8,000	8,000	9,769	1,769
Motor vehicle rental tax	-	-	282	282
State recordation tax	81,000	81,000	81,057	57
Personal property tax relief funds	1,000,083	1,000,083	1,010,150	10,067
Total noncategorical aid	\$ 1,110,123	\$ 1,110,123	\$ 1,112,848	\$ 2,725
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 155,000	\$ 155,000	\$ 159,190	\$ 4,190
Sheriff	550,000	550,000	553,940	3,940
Commissioner of revenue	85,000	85,000	88,466	3,466
Treasurer	90,000	90,000	92,315	2,315
Medical examiner	120	120	-	(120)
Registrar/electoral board	30,500	30,500	35,432	4,932
Clerk of the Circuit Court	125,000	125,000	125,585	585
Total shared expenses	\$ 1,035,620	\$ 1,035,620	\$ 1,054,928	\$ 19,308
Other categorical aid:				
Public assistance and welfare administration	\$ 188,584	\$ 188,584	\$ 192,337	\$ 3,753
Emergency medical services - four for life	4,800	4,800	8,308	3,508
Jurors fees	1,500	1,500	2,100	600
Juvenile confinement	31,849	31,849	-	(31,849)
Comprehensive services act	235,125	235,125	419,483	184,358
Litter control	6,500	6,500	5,307	(1,193)
Library grant	41,000	56,887	56,920	33
Wireless board funds	45,592	45,592	23,018	(22,574)
Child advocacy center	25,000	25,000	42,515	17,515
Victim-witness grant	47,821	47,821	62,886	15,065
Fire programs fund	20,000	20,000	22,332	2,332
Local law enforcement block grant	1,170	1,170	1,048	(122)
Other state aid	-	-	8,093	8,093
Total other categorical aid	\$ 648,941	\$ 664,828	\$ 844,347	\$ 179,519
Total categorical aid	\$ 1,684,561	\$ 1,700,448	\$ 1,899,275	\$ 198,827
Total revenue from the Commonwealth	\$ 2,794,684	\$ 2,810,571	\$ 3,012,123	\$ 201,552

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 500,612	\$ 500,612	\$ 510,573	\$ 9,961
Local law enforcement block grant	860	860	885	25
ISTEA grant	40,000	40,000	23,531	(16,469)
Cops grant	39,505	39,505	-	(39,505)
Selective enforcement	-	-	11,683	11,683
Disaster recovery	-	-	18,862	18,862
Total categorical aid	<u>\$ 580,977</u>	<u>\$ 580,977</u>	<u>\$ 565,534</u>	<u>\$ (15,443)</u>
Total revenue from the federal government	<u>\$ 580,977</u>	<u>\$ 580,977</u>	<u>\$ 565,534</u>	<u>\$ (15,443)</u>
Total General Fund	<u>\$ 13,944,375</u>	<u>\$ 13,960,262</u>	<u>\$ 14,881,725</u>	<u>\$ 921,463</u>
Special Revenue Fund:				
County Special Revenue Fund				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 180,000	\$ 18,000	\$ 95,207	\$ 77,207
Total other local taxes	<u>\$ 180,000</u>	<u>\$ 18,000</u>	<u>\$ 95,207</u>	<u>\$ 77,207</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 28,098	\$ 28,098
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,098</u>	<u>\$ 28,098</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 12,977	\$ 12,977
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,977</u>	<u>\$ 12,977</u>
Total revenue from local sources	<u>\$ 180,000</u>	<u>\$ 18,000</u>	<u>\$ 136,282</u>	<u>\$ 118,282</u>
Revenue from the Commonwealth:				
Categorical aid:				
Forefeited assets	\$ -	\$ -	\$ 71	\$ 71
Wireless grant	-	-	21,813	21,813
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,884</u>	<u>\$ 21,884</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,884</u>	<u>\$ 21,884</u>
Revenue from the federal government:				
Categorical aid:				
Office of justice programs	\$ -	\$ -	\$ 20,845	\$ 20,845
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,845</u>	<u>\$ 20,845</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,845</u>	<u>\$ 20,845</u>
Total County Special Revenue Fund	<u>\$ 180,000</u>	<u>\$ 18,000</u>	<u>\$ 179,011</u>	<u>\$ 161,011</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 21,225	\$ 21,225
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 625,613	\$ 625,613
Total miscellaneous revenue	\$ -	\$ -	\$ 625,613	\$ 625,613
Total revenue from local sources	\$ -	\$ -	\$ 646,838	\$ 646,838
Total County Capital Projects Fund	\$ -	\$ -	\$ 646,838	\$ 646,838
Total Primary Government	\$ 14,124,375	\$ 13,978,262	\$ 15,707,574	\$ 1,729,312
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 6,000	\$ 6,000	\$ 7,719	\$ 1,719
Charges for services:				
Charges for education	\$ -	\$ -	\$ 9,255	\$ 9,255
Tuition and payments from other divisions	20,600	20,600	41,392	20,792
Total charges for services	\$ 20,600	\$ 20,600	\$ 50,647	\$ 30,047
Miscellaneous revenue:				
Miscellaneous	\$ 12,800	\$ 12,800	\$ 19,255	\$ 6,455
Total revenue from local sources	\$ 39,400	\$ 39,400	\$ 77,621	\$ 38,221
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 5,064,456	\$ 5,205,773	\$ 4,846,243	\$ (359,530)
Total revenues from local governments	\$ 5,064,456	\$ 5,205,773	\$ 4,846,243	\$ (359,530)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,203,392	\$ 1,203,392	\$ 1,117,897	\$ (85,495)
Basic school aid	3,037,348	3,037,348	3,207,150	169,802
Remedial summer education	10,992	10,992	6,331	(4,661)
Regular foster care	17,440	17,440	3,298	(14,142)
Adult secondary education	2,118	2,118	-	(2,118)
Gifted and talented	26,940	26,940	27,852	912
Remedial education	37,453	37,453	38,721	1,268
Enrollment loss	9,753	9,753	-	(9,753)
Special education	373,876	373,876	399,624	25,748
Textbook payment	66,897	66,897	68,121	1,224
Vocational education	116,302	116,302	120,395	4,093
School fringes	381,104	381,104	398,781	17,677

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
ISAFP	\$ 7,859	\$ 7,859	\$ 7,859	\$ -
State lottery payments	152,987	152,987	171,504	18,517
Early reading intervention	8,730	8,730	8,730	-
School food program	9,590	9,590	9,080	(510)
Homebound	3,758	3,758	-	(3,758)
School construction	113,654	113,654	113,685	31
Salary supplement	63,079	63,079	73,341	10,262
At risk payments	23,052	23,052	23,734	682
Primary class size	63,695	63,695	64,721	1,026
Technology	-	-	128,000	128,000
Standards of Learning algebra readiness	9,764	9,764	4,507	(5,257)
Other state funds	-	-	1,629	1,629
Total categorical aid	<u>\$ 5,739,783</u>	<u>\$ 5,739,783</u>	<u>\$ 5,994,960</u>	<u>\$ 255,177</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 170,000	\$ 170,000	\$ 192,474	\$ 22,474
Adult literacy	9,000	9,000	-	(9,000)
Title I	210,000	210,000	186,861	(23,139)
Title VI-B, special education flow-through	191,376	191,376	272,450	81,074
Vocational education	15,000	15,000	16,664	1,664
Title VI-B, special education pre-school	25,660	25,660	12,762	(12,898)
Drug free schools	-	-	4,501	4,501
Title II - A	60,000	60,000	53,491	(6,509)
Title IV	7,500	7,500	-	(7,500)
Title V	11,970	11,970	3,830	(8,140)
Title II - B	6,000	6,000	1,533	(4,467)
AP Test fee	-	-	416	416
Total categorical aid	<u>\$ 706,506</u>	<u>\$ 706,506</u>	<u>\$ 744,982</u>	<u>\$ 38,476</u>
Total School Operating Fund	<u>\$ 11,550,145</u>	<u>\$ 11,691,462</u>	<u>\$ 11,663,806</u>	<u>\$ (27,656)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 52	\$ 52
Charges for services:				
Cafeteria sales	\$ 345,000	\$ 345,000	\$ 405,540	\$ 60,540
Total charges for services	<u>\$ 345,000</u>	<u>\$ 345,000</u>	<u>\$ 405,540</u>	<u>\$ 60,540</u>
Total revenue from local sources	<u>\$ 345,000</u>	<u>\$ 345,000</u>	<u>\$ 405,592</u>	<u>\$ 60,592</u>
Total School Cafeteria Fund	<u>\$ 345,000</u>	<u>\$ 345,000</u>	<u>\$ 405,592</u>	<u>\$ 60,592</u>

County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
Textbook Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,634	\$ 1,634
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,634</u>	<u>\$ 1,634</u>
Charges for services:				
Textbook fees	\$ -	\$ -	\$ 84	\$ 84
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,718</u>	<u>\$ 1,718</u>
Total Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,718</u>	<u>\$ 1,718</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,895,145</u>	<u>\$ 12,036,462</u>	<u>\$ 12,071,116</u>	<u>\$ 34,654</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

<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	\$ 67,103	\$ 81,247	\$ 81,247	\$ -
General and financial administration:				
County administrator	\$ 232,507	\$ 232,507	\$ 223,383	\$ 9,124
Information Technology	126,388	130,827	130,827	-
Legal services	89,296	89,543	86,439	3,104
Commissioner of revenue	215,105	199,540	199,023	517
Independent Auditor	22,000	20,315	19,750	565
Treasurer	226,466	225,653	224,560	1,093
Other general and financial administration	50,768	7,123	(2,108)	9,231
Total general and financial administration	<u>\$ 962,530</u>	<u>\$ 905,508</u>	<u>\$ 881,874</u>	<u>\$ 23,634</u>
Board of elections:				
Electoral board and officials	\$ 23,279	\$ 23,279	\$ 14,348	\$ 8,931
Registrar	63,634	63,634	58,316	5,318
Total board of elections	<u>\$ 86,913</u>	<u>\$ 86,913</u>	<u>\$ 72,664</u>	<u>\$ 14,249</u>
Total general government administration	<u>\$ 1,116,546</u>	<u>\$ 1,073,668</u>	<u>\$ 1,035,785</u>	<u>\$ 37,883</u>
Judicial administration:				
Courts:				
Circuit court	\$ 19,000	\$ 9,741	\$ 4,880	\$ 4,861
General district court	11,767	11,767	9,651	2,116
Special magistrates	3,265	3,265	1,605	1,660
Juvenile and domestic relations court	109,373	109,373	104,725	4,648
Victim witness	51,527	51,527	49,649	1,878
Clerk of the circuit court	202,545	202,545	195,191	7,354
Total courts	<u>\$ 397,477</u>	<u>\$ 388,218</u>	<u>\$ 365,701</u>	<u>\$ 22,517</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 234,758	\$ 234,758	\$ 224,058	\$ 10,700
Total commonwealth's attorney	<u>\$ 234,758</u>	<u>\$ 234,758</u>	<u>\$ 224,058</u>	<u>\$ 10,700</u>
Total judicial administration	<u>\$ 632,235</u>	<u>\$ 622,976</u>	<u>\$ 589,759</u>	<u>\$ 33,217</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,024,763	\$ 1,035,388	\$ 1,038,848	\$ (3,460)
School resource officer	44,936	34,418	25,628	8,790
E-911	131,424	121,626	271,098	(149,472)
Total law enforcement and traffic control	<u>\$ 1,201,123</u>	<u>\$ 1,191,432</u>	<u>\$ 1,335,574</u>	<u>\$ (144,142)</u>
Fire and rescue services:				
Fire department	\$ 131,528	\$ 133,060	\$ 133,060	\$ -
Ambulance and rescue services	99,700	103,308	103,308	-
Total fire and rescue services	<u>\$ 231,228</u>	<u>\$ 236,368</u>	<u>\$ 236,368</u>	<u>\$ -</u>
Correction and detention:				
Regional jail	\$ 290,000	\$ 296,400	\$ 296,400	\$ -
Total correction and detention	<u>\$ 290,000</u>	<u>\$ 296,400</u>	<u>\$ 296,400</u>	<u>\$ -</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

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	\$ 107,564	\$ 107,564	\$ 106,205	\$ 1,359
Total inspections	<u>\$ 107,564</u>	<u>\$ 107,564</u>	<u>\$ 106,205</u>	<u>\$ 1,359</u>
Other protection:				
Animal control	\$ 66,840	\$ 82,405	\$ 78,440	\$ 3,965
Emergency services	16,938	16,938	6,681	10,257
Medical examiner	120	120	60	60
Total other protection	<u>\$ 83,898</u>	<u>\$ 99,463</u>	<u>\$ 85,181</u>	<u>\$ 14,282</u>
Total public safety	<u>\$ 1,913,813</u>	<u>\$ 1,931,227</u>	<u>\$ 2,059,728</u>	<u>\$ (128,501)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 2,500	\$ 2,500	\$ -	\$ 2,500
Parking meters and lots	1,500	1,500	-	1,500
Streetlights	8,000	12,617	12,617	-
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 12,000</u>	<u>\$ 16,617</u>	<u>\$ 12,617</u>	<u>\$ 4,000</u>
Sanitation and waste removal:				
Refuse disposal	\$ 698,960	\$ 708,219	\$ 706,541	\$ 1,678
Total sanitation and waste removal	<u>\$ 698,960</u>	<u>\$ 708,219</u>	<u>\$ 706,541</u>	<u>\$ 1,678</u>
Maintenance of general buildings and grounds:				
General properties	\$ 501,645	\$ 785,866	\$ 608,480	\$ 177,386
Total maintenance of general buildings and grounds	<u>\$ 501,645</u>	<u>\$ 785,866</u>	<u>\$ 608,480</u>	<u>\$ 177,386</u>
Total public works	<u>\$ 1,212,605</u>	<u>\$ 1,510,702</u>	<u>\$ 1,327,638</u>	<u>\$ 183,064</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 114,651	\$ 125,169	\$ 125,169	\$ -
Total health	<u>\$ 114,651</u>	<u>\$ 125,169</u>	<u>\$ 125,169</u>	<u>\$ -</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Disability services board	2,000	2,000	2,000	-
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller center	35,214	35,214	35,214	-
Total mental health and mental retardation	<u>\$ 44,714</u>	<u>\$ 44,714</u>	<u>\$ 44,714</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 930,237	\$ 1,670,526	\$ 984,743	\$ 685,783
Area agency on aging	48,500	48,500	48,500	-
Comprehensive services act	412,500	452,551	736,837	(284,286)
Revenue maximization	-	-	5,000	(5,000)
Tax relief for the elderly	-	-	24,502	(24,502)
Total welfare	<u>\$ 1,391,237</u>	<u>\$ 2,171,577</u>	<u>\$ 1,799,582</u>	<u>\$ 371,995</u>
Total health and welfare	<u>\$ 1,550,602</u>	<u>\$ 2,341,460</u>	<u>\$ 1,969,465</u>	<u>\$ 371,995</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

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)				
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 5,126	\$ 5,126	\$ 5,126	\$ -
Contribution to County School Board	5,064,456	5,205,773	4,846,243	359,530
Total education	<u>\$ 5,069,582</u>	<u>\$ 5,210,899</u>	<u>\$ 4,851,369</u>	<u>\$ 359,530</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 79,941	\$ 79,941	\$ 75,768	\$ 4,173
Tourism development and travel councils	29,000	33,500	32,487	1,013
Total parks and recreation	<u>\$ 108,941</u>	<u>\$ 113,441</u>	<u>\$ 108,255</u>	<u>\$ 5,186</u>
Library:				
Contribution to county library	\$ 242,065	\$ 272,153	\$ 282,333	\$ (10,180)
Total library	<u>\$ 242,065</u>	<u>\$ 272,153</u>	<u>\$ 282,333</u>	<u>\$ (10,180)</u>
Total parks, recreation, and cultural	<u>\$ 351,006</u>	<u>\$ 385,594</u>	<u>\$ 390,588</u>	<u>\$ (4,994)</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 273,694	\$ 273,694	\$ 190,722	\$ 82,972
Planning and zoning boards	6,044	6,044	3,133	2,911
Wetlands administration	43,913	43,913	42,402	1,511
Middle Peninsula planning district commission	10,000	10,000	10,000	-
Wetlands board	3,401	3,401	2,674	727
Gloucester-Mathews job referral	700	700	700	-
Economic development	11,000	11,000	11,000	-
Transportation safety commission	3,214	3,214	1,974	1,240
Housing assistance and other	2,500	3,313	3,313	-
Total planning and community development	<u>\$ 354,466</u>	<u>\$ 355,279</u>	<u>\$ 265,918</u>	<u>\$ 89,361</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 5,100	\$ 5,100	\$ 4,500	\$ 600
Litter control program	4,500	11,875	11,875	-
Other environmental management	10,000	19,798	19,798	-
Total environmental management	<u>\$ 19,600</u>	<u>\$ 36,773</u>	<u>\$ 36,173</u>	<u>\$ 600</u>
Cooperative extension program:				
Extension office	\$ 44,200	\$ 36,825	\$ 35,132	\$ 1,693
Total cooperative extension program	<u>\$ 44,200</u>	<u>\$ 36,825</u>	<u>\$ 35,132</u>	<u>\$ 1,693</u>
Total community development	<u>\$ 418,266</u>	<u>\$ 428,877</u>	<u>\$ 337,223</u>	<u>\$ 91,654</u>
Capital projects:				
Court facility project	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Williams Wharf	-	-	23,531	(23,531)
Public access improvement and lighthouse improvement	75,000	75,000	1,684	73,316
Court green buildings renovations	300,000	300,000	25,335	274,665
Stormwater drainage improvements	50,000	50,000	-	50,000
Vehicle purchase	23,000	23,000	19,273	3,727
School bus replacement	60,000	60,000	-	60,000
Total capital projects	<u>\$ 533,000</u>	<u>\$ 533,000</u>	<u>\$ 69,823</u>	<u>\$ 463,177</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

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)				
Debt service:				
Principal retirement	\$ 2,172,052	\$ 1,256,839	\$ 1,424,295	\$ (167,456)
Interest and other fiscal charges	2,500	2,500	820,679	(818,179)
Total debt service	<u>\$ 2,174,552</u>	<u>\$ 1,259,339</u>	<u>\$ 2,244,974</u>	<u>\$ (985,635)</u>
 Total General Fund	 <u>\$ 14,972,207</u>	 <u>\$ 15,297,742</u>	 <u>\$ 14,876,352</u>	 <u>\$ 421,390</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other Protection:				
Forfeited assets	\$ -	\$ -	\$ 4,699	\$ (4,699)
Triad funds	-	-	1,444	(1,444)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,143</u>	<u>\$ (6,143)</u>
 Total public safety	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 6,143</u>	 <u>\$ (6,143)</u>
 Community Development:				
New Point Lighthouse	\$ -	\$ -	\$ 1,667	\$ (1,667)
Festival beach	-	34,900	34,900	-
Total Community Development	<u>\$ -</u>	<u>\$ 34,900</u>	<u>\$ 36,567</u>	<u>\$ (1,667)</u>
 Total County Special Revenue Fund	 <u>\$ -</u>	 <u>\$ 34,900</u>	 <u>\$ 42,710</u>	 <u>\$ (7,810)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
Courthouse construction	\$ -	\$ 211,608	\$ 265	\$ 211,343
School capital projects	-	343,240	294,488	48,752
Rescue squad building	-	-	149,930	(149,930)
Total capital projects	<u>\$ -</u>	<u>\$ 554,848</u>	<u>\$ 444,683</u>	<u>\$ 110,165</u>
 Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 2,900	\$ (2,900)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,900</u>	<u>\$ (2,900)</u>
 Total County Capital Projects Fund	 <u>\$ -</u>	 <u>\$ 554,848</u>	 <u>\$ 447,583</u>	 <u>\$ 107,265</u>
 Total Primary Government	 <u>\$ 14,972,207</u>	 <u>\$ 15,887,490</u>	 <u>\$ 15,366,645</u>	 <u>\$ 520,845</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 709,261	\$ 709,261	\$ 795,001	\$ (85,740)
Instruction costs	8,700,887	8,784,186	8,412,777	371,409
Pupil transportation	631,153	689,171	764,759	(75,588)
Operation and maintenance of school plant	1,098,844	1,098,844	1,310,938	(212,094)
Total School Fund	<u>\$ 11,140,145</u>	<u>\$ 11,281,462</u>	<u>\$ 11,283,475</u>	<u>\$ (2,013)</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 680,000	\$ 680,000	\$ 721,380	\$ (41,380)
Total School Cafeteria Fund	<u>\$ 680,000</u>	<u>\$ 680,000</u>	<u>\$ 721,380</u>	<u>\$ (41,380)</u>
Textbook Fund				
Education:				
Purchase of textbooks	\$ 75,000	\$ 75,000	\$ 64,160	\$ 10,840
Total education	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 64,160</u>	<u>\$ 10,840</u>
Total Textbook Fund	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 64,160</u>	<u>\$ 10,840</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,895,145</u>	<u>\$ 12,036,462</u>	<u>\$ 12,069,015</u>	<u>\$ (32,553)</u>

OTHER STATISTICAL INFORMATION

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2002-03	\$ 1,039,167	\$ 545,728	\$ 1,708,462	\$ 822,573	\$ 1,293,019	\$ 10,900,243	\$ 257,374	\$ 300,189	\$ 1,034,606	\$ -	\$ 17,901,361
2003-04	1,386,324	601,070	1,703,916	940,124	1,322,388	9,898,654	373,908	293,177	1,031,027	261,803	17,812,391
2004-05	1,234,146	620,802	1,955,278	987,030	1,371,881	11,074,388	379,630	279,042	937,969	-	18,840,166
2005-06	1,344,050	627,926	2,755,851	1,015,465	1,520,044	11,953,539	387,933	456,921	1,132,979	-	21,194,708
2006-07	1,065,084	827,058	2,095,783	1,451,355	2,005,608	12,832,990	475,630	395,061	806,520	-	21,955,089

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

(2) Excludes contribution from the County.

(3) Includes all governmental activities, business-type activities and component unit school board

Table 2

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions (2)	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Sale of Capital Assets		
2002-03	\$ 489,883	\$ 8,993,571	\$ 6,705	\$ 10,125,399	\$ 1,371,926	\$ 190,136	\$ 317,526	\$ 1,042,525	\$ -	\$ 22,537,671	
2003-04	481,357	8,056,885	-	7,339,763	1,428,839	140,899	153,212	1,045,781	-	18,646,736	
2004-05	517,656	8,215,396	-	7,806,381	1,547,302	178,617	180,931	1,018,466	329,854	19,464,749	
2005-06	544,006	8,660,650	-	8,304,312	1,700,918	268,128	115,985	1,145,551	-	20,739,550	
2006-07	573,400	9,247,480	-	9,287,564	1,698,362	282,655	770,313	1,112,848	-	22,972,622	

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

(2) Excludes contribution from the County.

(3) Includes all governmental activities, business-type activities and component unit school board

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
1997-98	\$ 795,487	\$ 266,306	\$ 1,132,445	\$ 785,602	\$ 802,799	\$ 7,229,415	\$ 171,282	\$ 230,690	\$ 1,138,289	\$ 12,552,315
1998-99	909,624	390,855	1,351,377	809,999	827,266	7,943,318	198,057	231,846	1,749,329	14,411,671
1999-00	876,696	397,608	1,618,952	888,998	905,997	8,409,132	203,473	300,470	1,173,642	14,774,968
2000-01	880,735	430,666	1,842,814	824,542	987,841	8,811,906	226,076	279,100	1,848,145	16,131,825
2001-02	852,458	447,844	1,826,831	817,700	1,218,181	9,207,830	240,086	303,905	1,975,696	16,890,531
2002-03	997,934	545,728	1,682,403	900,624	1,266,528	9,293,011	252,813	255,336	2,088,743	17,283,120
2003-04	1,323,002	587,125	1,643,851	956,203	1,314,048	9,542,810	317,382	266,448	2,126,198	18,077,067
2004-05	1,168,115	571,021	1,907,258	1,001,052	1,356,816	10,609,394	294,173	275,944	2,145,653	19,329,426
2005-06	1,460,454	560,076	2,036,707	1,231,451	1,492,519	11,493,575	303,633	314,351	2,169,120	21,061,886
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

(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
1997-98	\$ 6,014,281	\$ 908,067	\$ 61,192	\$ 623	\$ 221,362	\$ 191,958	\$ 209,894	\$ -	\$ 5,488,641	\$ 13,096,018
1998-99	6,230,763	940,106	58,497	696	194,568	241,561	105,199	15,156	6,190,575	13,977,121
1999-00	6,849,144	1,134,072	68,651	1,963	215,944	253,809	156,802	-	7,241,274	15,921,659
2000-01	6,780,694	1,185,441	73,002	9,143	241,920	292,884	230,045	50,097	8,207,199	17,070,425
2001-02	6,531,220	1,234,222	79,609	14,410	108,453	312,818	554,327	-	8,525,027	17,360,086
2002-03	10,002,922	1,238,383	89,061	15,365	93,785	385,457	317,526	39,681	8,822,195	21,004,375
2003-04	7,416,166	1,428,839	74,186	18,519	95,324	388,652	110,618	11,176	9,102,666	18,646,146
2004-05	7,721,330	1,547,302	89,959	15,620	123,721	412,077	166,108	22,720	9,233,862	19,332,699
2005-06	8,383,990	1,700,918	91,206	14,890	205,296	419,930	115,620	46,266	9,806,201	20,784,317
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

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

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

Table 5

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

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

(1) Exclusive of penalties and interest.

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

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

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Public Utility (2)		Total
				Real Estate	Personal Property	
1997-98	\$ 606,245,597	\$ 67,657,605	-	\$ 19,261,255	\$ 29,085	\$ 693,193,542
1998-99	610,535,103	76,515,830	-	19,081,663	28,134	706,160,730
1999-00	670,960,882	80,698,674	-	20,908,123	17,602	772,585,281
2000-01	675,325,551	88,991,203	-	20,478,319	-	784,795,073
2001-02	679,548,744	92,323,727	-	19,856,314	-	791,728,785
2002-03 (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

(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
1997-98	\$ 0.68	\$ 0.68	\$ 2.90	-
1998-99	0.68	0.68	2.90	-
1999-00	0.73	0.73	3.10	-
2000-01	0.73	0.73	3.10	-
2001-02	0.73	0.73	3.10	-
2002-03	0.79	0.79	3.60	-
2003-04	0.79	0.79	3.60	-
2004-05 (2)	.51/.79	0.79	3.60	-
2005-06(3)	.53/.51	0.51	3.60	2.14
2006-07	0.53	0.53	3.60	2.14

(1) Per \$100 of assessed value.

(2) First half 2005 and second half 2004, respectively

(3) First half 2006 and second half 2005, respectively

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
1997-98	9,100	\$ 693,194	\$ 7,549,485	-	\$ -	\$ 7,549,485	1.09%	\$ 830
1998-99	9,100	706,161	9,656,337	-	-	9,656,337	1.37%	1,061
1999-00	9,100	772,585	14,965,259	-	-	14,965,259	1.94%	1,645
2000-01	9,100	784,795	13,978,437	-	-	13,978,437	1.78%	1,536
2001-02	9,100	791,729	13,493,286	-	-	13,493,286	1.70%	1,483
2002-03	9,100	1,506,687	12,510,122	-	-	12,510,122	0.83%	1,375
2003-04	9,100	832,324	11,529,619	-	-	11,529,619	1.39%	1,267
2004-05	9,100	1,078,339	10,523,992	-	-	10,523,992	0.98%	1,156
2005-06	9,100	1,369,645	9,386,634	-	-	9,386,634	0.69%	1,031
2006-07	9,100	1,409,230	8,437,339	-	-	8,437,339	0.60%	927

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

COMPLIANCE

**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, 2007, which collectively comprise the County of Mathews, Virginia's basic financial statements and have issued our report thereon dated January 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Mathews, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Mathews, Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the County of Mathews, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the County of Mathews, Virginia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of Mathews, Virginia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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*.

We noted other matters involving the internal control and its operation that we have reported to management of the County of Mathews, Virginia, in a separate letter dated January 3, 2008.

This report is intended solely for the information and use of the Board of Supervisors, others within the County of Mathews, Virginia, and is not intended to be and should not be used by anyone other than these specified parties.

Robert Fann, 10X Associates

Richmond, Virginia
January 3, 2008

***Report on Compliance with Requirements Applicable to 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 the compliance of the County of Mathews, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The County of Mathews, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Mathews, Virginia's management. Our responsibility is to express an opinion on the County of Mathews, Virginia's compliance based on our audit.

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

In our opinion, the County of Mathews, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Mathews, Virginia's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County of Mathews, Virginia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County of Mathews, Virginia's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Roberts, Farnham, Cox Associates

Richmond, Virginia
January 3, 2008

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 26,944
Temporary Assistance to Needy Families (TANF)	93.558	50,008
Refugee and Entrant Assistance - Discretionary Grants	93.566	91
Low Income Home Energy Assistance	93.568	5,816
Payments to States for Child Care Assistance	93.575	59,414
Child Care and Development Fund	93.596	39,221
Chafee education & training vouchers	93.599	75
Statewide fraud program	93.xxx	250
Child welfare services	93.645	17
Foster Care - Title IV-E	93.658	64,915
Adoption Assistance	93.659	14,507
Social Services Block Grant	93.667	75,322
Independent Living	93.674	970
State Children's Insurance Program	93.767	147
Medical Assistance Program (Title XIX)	93.778	<u>80,995</u>
Total Department Health and Human Services		<u>\$ 418,692</u>
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Disaster relief	97.036	\$ 18,862
Emergency equipment	97.004	<u>20,845</u>
Total U. S. Department of Homeland Security		<u>\$ 39,707</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 38,336
Department of Education:		
National school breakfast program	10.553	48,014
National school lunch program	10.555	144,460
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>91,881</u>
Total Department of Agriculture		<u>\$ 322,691</u>
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Local law enforcement block grant	16.592	\$ 885
Total Department of Justice		<u>\$ 885</u>

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2007

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	\$ 11,683
Department of Transportation:		
TEA-21 Transit planning and research grant	20.514	<u>23,531</u>
Total Department of Transportation		<u>\$ 35,214</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	\$ 186,861
Title VI-B: Handicapped state grants	84.027	272,450
Vocational Education: Basic grants to states	84.048	16,664
Title VI-B: Handicapped preschool incentive grant	84.173	12,762
Drug free schools and communities	84.186	4,501
Title II, Part A	84.367	53,491
Title II, Part D	84.318	1,533
Title V, Part A	84.298	3,830
Advanced placement classes	84.330	<u>416</u>
Total Department of Education		<u>\$ 552,508</u>
Total Federal Assistance		<u>\$ 1,369,697</u>

County of Mathews, Virginia

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007**

Note 1 - General

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

Note 2 - Basis of Accounting

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 565,534
Special Revenue Fund	20,845
Total primary government	<u>\$ 586,379</u>
Component Unit Public Schools:	
School Operating Fund	\$ 744,982
Total component unit public schools	<u>\$ 744,982</u>
Total federal expenditures per basic financial statements	<u>\$ 1,331,361</u>
Non-cash expenditures - value of donated commodities	<u>\$ 38,336</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 1,369,697</u></u>

**County of Mathews, Virginia
Schedule of Findings and Questioned Costs
For the year ended June 30, 2007**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

- Material weaknesses identified? ___ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ___ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X no

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555.....	Child Nutrition Cluster
84.027/84.173.....	Special Education Cluster

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

Auditee qualified as low-risk auditee? X yes no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None