

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED JUNE 30,
2013**

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COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

Edwina Casey, Chairperson
Geneva L. Putt, Vice-
Chairperson

Janine Burns

Charles E. Ingram

O. J. Cole, Jr.

School Board

John T. Persinger, Chairperson
Lanell W. Jarvis, Vice-Chairperson

Virginia J. Richards

Jennifer M. Little

William E. Johnson

Department of Social Services Board

Janet Dehoux, Chairperson
Margaret Hudgins, Vice-Chairperson

Jeannie Elliott
Helen Casey

Eunice Garrett

Other Officials

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

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, budgetary comparison information, and schedules of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Mathews, Virginia's basic financial statements. The combining and individual fund financial statements and schedules, supporting schedules and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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.

Other Information (continued)

The combining and individual fund financial statements and schedules, supporting schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, supporting schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2013, on our consideration of the County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Mathews, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
December 8, 2013

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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, 2013.

Financial Highlights

Government-wide Financial Statements

< The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,099,727 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$158,893 (Exhibit 5) after making contributions totaling \$5,957,764 to the School Board.

< As of the close of the current fiscal year; the County's funds reported ending fund balances of \$4,774,736, an increase of \$158,893 in comparison with the prior year.

< At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,780,520, or 17% of total general fund expenditures and other financing uses.

< The combined long-term obligations decreased \$1,101,817 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 required supplementary and 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 position presents information on all of the County's assets/deferred outflows of resources and liabilities/ deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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.

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 position. 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 schedules of pension and OPEB funding progress. Other supplementary information consists of the presentation of combining financial statements for the agency funds, discretely presented component unit - School Board and the Industrial Development Authority. Neither the School Board nor the Industrial Development Authority issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$11,099,727 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

<u>County of Mathews, Virginia's Net Position</u>						
	Governmental Activities		Business-type		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 10,300,326	\$ 10,044,447	\$ 74,783	\$ 74,380	\$ 10,375,109	\$ 10,118,827
Capital assets	<u>14,940,323</u>	<u>15,273,808</u>	<u>-</u>	<u>-</u>	<u>14,940,323</u>	<u>15,273,808</u>
Total assets	<u>\$ 25,240,649</u>	<u>\$ 25,318,255</u>	<u>\$ 74,783</u>	<u>\$ 74,380</u>	<u>\$ 25,315,432</u>	<u>\$ 25,392,635</u>
Current liabilities	\$ 1,034,720	\$ 4,984,790	\$ -	\$ -	\$ 1,034,720	\$ 4,984,790
Long-term liabilities outstanding	<u>9,243,927</u>	<u>10,345,744</u>	<u>-</u>	<u>-</u>	<u>9,243,927</u>	<u>10,345,744</u>
Total liabilities	<u>\$ 10,278,647</u>	<u>\$ 15,330,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,278,647</u>	<u>\$ 15,330,534</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	\$ 3,937,058	\$ -	\$ -	\$ -	\$ 3,937,058	\$ -
Total deferred inflows of resources	<u>\$ 3,937,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,937,058</u>	<u>\$ -</u>
Net position:						
Net investment in capital assets	\$ 5,919,555	\$ 5,148,323	\$ -	\$ -	\$ 5,919,555	\$ 5,148,323
Restricted	91,034	70,477	-	-	91,034	70,477
Unrestricted	<u>5,014,355</u>	<u>4,768,921</u>	<u>74,783</u>	<u>74,380</u>	<u>5,089,138</u>	<u>4,843,301</u>
Total net position	<u>\$ 11,024,944</u>	<u>\$ 9,987,721</u>	<u>\$ 74,783</u>	<u>\$ 74,380</u>	<u>\$ 11,099,727</u>	<u>\$ 10,062,101</u>

Government-wide Financial Analysis (Continued)

Governmental activities increased the County's net position by \$1,037,223 during the current fiscal year. The following table summarizes the County's Statement of Activities:

County of Mathews, Virginia's Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 115,061	\$ 97,920	\$ -	\$ -	\$ 115,061	\$ 97,920
Operating grants and contributions	2,303,422	2,629,058	-	-	2,303,422	2,629,058
Capital grants and contributions	718,129	189,801	-	-	718,129	189,801
General revenues:						
General property taxes	10,376,573	10,412,119	-	-	10,376,573	10,412,119
Other local taxes	1,248,362	1,240,714	-	-	1,248,362	1,240,714
Grants and other contributions not restricted	1,489,720	1,475,634	-	-	1,489,720	1,475,634
Other general revenues	151,563	231,495	403	644	151,966	232,139
Total revenues	\$ 16,402,830	\$ 16,276,741	\$ 403	\$ 644	\$ 16,403,233	\$ 16,277,385
Expenses:						
General government administration	\$ 1,183,758	\$ 1,299,464	\$ -	\$ -	\$ 1,183,758	\$ 1,299,464
Judicial administration	656,328	637,734	-	-	656,328	637,734
Public safety	2,297,325	2,357,034	-	-	2,297,325	2,357,034
Public works	1,105,587	1,352,826	-	-	1,105,587	1,352,826
Health and welfare	1,740,409	1,691,248	-	-	1,740,409	1,691,248
Education	6,764,109	6,535,760	-	-	6,764,109	6,535,760
Parks, recreation, and cultural	613,639	500,977	-	-	613,639	500,977
Community development	614,138	1,027,809	-	-	614,138	1,027,809
Interest and other fiscal charges	390,314	421,516	-	-	390,314	421,516
Total expenses	\$ 15,365,607	\$ 15,824,368	\$ -	\$ -	\$ 15,365,607	\$ 15,824,368
Change in net position	\$ 1,037,223	\$ 452,373	\$ 403	\$ 644	\$ 1,037,626	\$ 453,017
Beginning of year	9,987,721	9,535,348	74,380	73,736	10,062,101	9,609,084
End of year	\$ 11,024,944	\$ 9,987,721	\$ 74,783	\$ 74,380	\$ 11,099,727	\$ 10,062,101

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, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$4,774,736, an increase of \$158,893 in comparison with the prior year. Approximately 58% of the reported fund balance constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

Differences between the original and final budgeted expenditures amount to \$204,124 and can be briefly summarized as follows:

- < \$ 49,862 increase in general government administration expenditures
- < \$ 1,010 increase in judicial administration expenditures
- < \$ 43,339 increase in public safety expenditures
- < \$ 233,535 increase in education expenditures
- < \$ 819,521 increase in debt service expenditures
- < \$ 1,121,769 decrease in community development expenditures
- < \$ 178,626 increase in various other expenditures

During the year, budgetary estimates exceeded revenues and other financing sources by \$774,894 and expenditures and other financing uses were less than budgetary estimates by \$1,654,381, resulting in an overall positive variance of \$879,487.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2013 amounts to \$14,940,323 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

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

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$8,654,038. Of this amount, \$3,794,038 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 \$1,191,237 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County was 5.0 percent at June 30, 2013. The Commonwealth of Virginia's unemployment rate was 5.5 percent as of the same date.

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

All of these factors were considered in preparing the County's budget for the 2014 fiscal year.

The fiscal year 2014 budget increased by approximately 1.19 percent.

All tax rates remained the same.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Mathews, Virginia
Statement of Net Position
June 30, 2013

	Primary Government			Component Units	
	Governmental	Business-type	Total	School Board	IDA
	Activities	Activities			
ASSETS					
Cash and cash equivalents	\$ 4,698,452	\$ 74,783	\$ 4,773,235	\$ 239,438	\$ 162,333
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,617,940	-	4,617,940	-	-
Accounts receivable	51,941	-	51,941	185	-
Due from other governmental units	926,925	-	926,925	771,593	-
Inventories	-	-	-	5,796	-
Prepaid items	5,068	-	5,068	204,644	-
Capital assets (net of accumulated depreciation):					
Land and improvements	2,244,846	-	2,244,846	46,172	-
Buildings and improvements	11,965,548	-	11,965,548	7,806,098	-
Equipment	556,443	-	556,443	533,235	-
Construction in progress	173,486	-	173,486	-	-
Total assets	<u>\$ 25,240,649</u>	<u>\$ 74,783</u>	<u>\$ 25,315,432</u>	<u>\$ 9,607,161</u>	<u>\$ 162,333</u>
LIABILITIES					
Accounts payable	\$ 406,512	\$ -	\$ 406,512	\$ 34,726	\$ -
Accrued liabilities	-	-	-	968,349	-
Accrued interest payable	118,132	-	118,132	-	-
Due to other governmental units	510,076	-	510,076	-	-
Long-term liabilities:					
Due within one year	1,163,731	-	1,163,731	16,697	-
Due in more than one year	8,080,196	-	8,080,196	181,889	-
Total liabilities	<u>\$ 10,278,647</u>	<u>\$ -</u>	<u>\$ 10,278,647</u>	<u>\$ 1,201,661</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 3,937,058	\$ -	\$ 3,937,058	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 3,937,058</u>	<u>\$ -</u>	<u>\$ 3,937,058</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 5,919,555	\$ -	\$ 5,919,555	\$ 8,385,505	\$ -
Restricted	91,034	-	91,034	-	-
Unrestricted (deficit)	5,014,355	74,783	5,089,138	19,995	162,333
Total net position	<u>\$ 11,024,944</u>	<u>\$ 74,783</u>	<u>\$ 11,099,727</u>	<u>\$ 8,405,500</u>	<u>\$ 162,333</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, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,183,758	\$ -	\$ 173,308	\$ -
Judicial administration	656,328	50,491	318,166	-
Public safety	2,297,325	58,465	701,576	-
Public works	1,105,587	-	-	-
Health and welfare	1,740,409	-	982,064	-
Education	6,764,109	-	-	590,490
Parks, recreation, and cultural	613,639	5,304	63,859	-
Community development	614,138	801	64,449	127,639
Interest on long-term debt	390,314	-	-	-
Total governmental activities	\$ 15,365,607	\$ 115,061	\$ 2,303,422	\$ 718,129
Business-type activities:				
Sanitary District	\$ -	\$ -	\$ -	\$ -
Total business-type activities	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 15,365,607	\$ 115,061	\$ 2,303,422	\$ 718,129
COMPONENT UNITS:				
School Board	\$ 12,392,727	\$ 401,375	\$ 5,664,244	\$ -
Industrial Development Authority	13,300	17,858	-	-
Total component units	\$ 12,406,027	\$ 419,233	\$ 5,664,244	\$ -

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

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

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	School Board	IDA		
\$ (1,010,450)	\$ -	\$ (1,010,450)	\$ -	\$ -		
(287,671)	-	(287,671)	-	-		
(1,537,284)	-	(1,537,284)	-	-		
(1,105,587)	-	(1,105,587)	-	-		
(758,345)	-	(758,345)	-	-		
(6,173,619)	-	(6,173,619)	-	-		
(544,476)	-	(544,476)	-	-		
(421,249)	-	(421,249)	-	-		
(390,314)	-	(390,314)	-	-		
<u>\$ (12,228,995)</u>	<u>\$ -</u>	<u>\$ (12,228,995)</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ -	\$ -	\$ -	\$ -	\$ -		
\$ -	\$ -	\$ -	\$ -	\$ -		
<u>\$ (12,228,995)</u>	<u>\$ -</u>	<u>\$ (12,228,995)</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ -	\$ -	\$ -	\$ (6,327,108)	\$ -		
-	-	-	-	4,558		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,327,108)</u>	<u>\$ 4,558</u>		
\$ 10,376,573	\$ -	\$ 10,376,573	\$ -	\$ -		
424,326	-	424,326	-	-		
149,275	-	149,275	-	-		
275,010	-	275,010	-	-		
173,022	-	173,022	-	-		
226,729	-	226,729	-	-		
67,233	403	67,636	4,188	82		
84,330	-	84,330	31,187	-		
1,489,720	-	1,489,720	-	-		
-	-	-	6,669,000	-		
<u>\$ 13,266,218</u>	<u>\$ 403</u>	<u>\$ 13,266,621</u>	<u>\$ 6,704,375</u>	<u>\$ 82</u>		
1,037,223	403	1,037,626	377,267	4,640		
9,987,721	74,380	10,062,101	8,028,233	157,693		
<u>\$ 11,024,944</u>	<u>\$ 74,783</u>	<u>\$ 11,099,727</u>	<u>\$ 8,405,500</u>	<u>\$ 162,333</u>		

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FUND FINANCIAL STATEMENTS

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County of Mathews, Virginia
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,641,024	\$ 57,428	\$ 4,698,452
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,617,940	-	4,617,940
Accounts receivable	51,941	-	51,941
Due from other governmental units	792,428	134,497	926,925
Prepaid items	5,068		5,068
Total assets	<u>\$ 10,108,401</u>	<u>\$ 191,925</u>	<u>\$ 10,300,326</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 275,706	\$ 130,806	\$ 406,512
Due to other governmental units	510,076	-	510,076
Total liabilities	<u>\$ 785,782</u>	<u>\$ 130,806</u>	<u>\$ 916,588</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	\$ 4,609,002	\$ -	\$ 4,609,002
Total deferred inflows of resources	<u>\$ 4,609,002</u>	<u>\$ -</u>	<u>\$ 4,609,002</u>
Fund balances:			
Nonspendable	\$ 5,068	\$ -	\$ 5,068
Restricted	-	91,034	91,034
Committed	1,928,029	31,743	1,959,772
Unassigned	2,780,520	(61,658)	2,718,862
Total fund balances	<u>\$ 4,713,617</u>	<u>\$ 61,119</u>	<u>\$ 4,774,736</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,108,401</u>	<u>\$ 191,925</u>	<u>\$ 10,300,326</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 Position
 June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	4,774,736
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 21,162,912		
Less: accumulated depreciation	<u>(6,222,589)</u>		14,940,323

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		671,944
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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	\$ (4,860,000)		
Issuance premium on refunded bonds	(366,730)		
General obligation bonds	(3,794,038)		
Compensated absences	(196,259)		
OPEB Liability	(26,900)		
Accrued interest payable	<u>(118,132)</u>		(9,362,059)

Net position of governmental activities	\$	<u><u>11,024,944</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Mathews, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 10,304,680	\$ -	\$ 10,304,680
Other local taxes	1,248,362	-	1,248,362
Permits, privilege fees, and regulatory licenses	56,410	-	56,410
Fines and forfeitures	29,803	801	30,604
Revenue from the use of money and property	66,835	398	67,233
Charges for services	28,047	-	28,047
Miscellaneous	74,048	10,282	84,330
Recovered costs	12,540	-	12,540
Intergovernmental revenues:			
Commonwealth	3,134,562	24,510	3,159,072
Federal	1,173,140	179,059	1,352,199
Total revenues	<u>\$ 16,128,427</u>	<u>\$ 215,050</u>	<u>\$ 16,343,477</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,151,376	\$ -	\$ 1,151,376
Judicial administration	520,993	-	520,993
Public safety	2,237,291	869	2,238,160
Public works	1,076,440	-	1,076,440
Health and welfare	1,727,435	-	1,727,435
Education	5,963,963	-	5,963,963
Parks, recreation, and cultural	371,978	839	372,817
Community development	366,704	244,978	611,682
Nondepartmental	5,172	-	5,172
Capital projects	983,410	-	983,410
Debt service:			
Principal retirement	1,911,237	-	1,911,237
Interest and other fiscal charges	465,092	-	465,092
Total expenditures	<u>\$ 16,781,091</u>	<u>\$ 246,686</u>	<u>\$ 17,027,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (652,664)</u>	<u>\$ (31,636)</u>	<u>\$ (684,300)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	\$ 720,000	\$ -	\$ 720,000
Premium on bond	123,193	-	123,193
Total other financing sources (uses)	<u>\$ 843,193</u>	<u>\$ -</u>	<u>\$ 843,193</u>
Net change in fund balances	\$ 190,529	\$ (31,636)	\$ 158,893
Fund balances - beginning	4,523,088	92,755	4,615,843
Fund balances - ending	<u>\$ 4,713,617</u>	<u>\$ 61,119</u>	<u>\$ 4,774,736</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, 2013

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

Net change in fund balances - total governmental funds \$ 158,893

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

Capital asset additions	\$ 785,229	
Allocation of School board assets	(711,236)	
Depreciation expense	<u>(407,478)</u>	(333,485)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 71,893

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 position. Also, governmental funds report the effect of premium, discounts and similar items when debt is first issued, whereas these amounts are deferred and 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	\$ 1,200,000	
Principal retirement on general obligation bonds	711,237	
Refunding of lease revenue bonds	(720,000)	
Premium on refunding	(123,193)	
Amortization of issuance premium	<u>36,673</u>	1,104,717

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

(Increase) Decrease in compensated absences	\$ (2,800)	
(Increase) Decrease in OPEB liability	(100)	
(Increase) Decrease in accrued interest	<u>38,105</u>	35,205

Change in net position of governmental activities \$ 1,037,223

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

County of Mathews, Virginia
 Statement of Net Position
 Proprietary Funds
 June 30, 2013

	Enterprise Fund
	Sanitary District
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 74,783
Total assets	\$ 74,783
NET POSITION	
Unrestricted	\$ 74,783
Total net position	\$ 74,783

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 Position
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Fund
	Sanitary District
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 403
Total nonoperating revenues (expenses)	\$ 403
Change in net position	\$ 403
Total net position - beginning	\$ 74,380
Total net position - ending	\$ 74,783

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, 2013

	Enterprise Fund
	Sanitary District
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 403
Net cash provided (used) by investing activities	\$ 403
Net increase (decrease) in cash and cash equivalents	\$ 403
Cash and cash equivalents - beginning	\$ 74,380
Cash and cash equivalents - ending	\$ 74,783

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

County of Mathews, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 109,690
Total assets	\$ 109,690
LIABILITIES	
Amounts held for social services clients	\$ 32,744
Amounts held for others	76,946
Total liabilities	\$ 109,690

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

NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013

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

Statement of Net Position - The Statement of Net Position 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 Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

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

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many government's revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including a requirement to report the government's original budget with the comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Mathews, Virginia (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, 2013 (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, 2013.

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, 2013.

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, 2013.

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

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

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

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

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

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

E. Cash and Cash Equivalents

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

F. Investments

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. The County has no investments as of June 30, 2013.

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$75,022 at June 30, 2013 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

H. Inventories and prepaid items

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

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

I. Capital Assets

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

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

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

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

Assets	Years
Buildings	40
Building improvements	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10

J. Compensated Absences

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

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

K. Retirement Plan

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

L. Use of Estimates

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

M. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

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 position. Bonds payable are reported net of the applicable bond premium or discount.

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

O. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has only one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments and the amounts prepaid are reported as deferred inflows of resources.

P. Fund Equity

The County presents fund balances in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

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

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

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

P. Fund Equity (Continued)

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

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Fund Balances:			
Nonspendable:			
Prepaid items	\$ 5,068	\$ -	\$ 5,068
Total Nonspendable Fund Balance	<u>\$ 5,068</u>	<u>\$ -</u>	<u>\$ 5,068</u>
Restricted:			
C/V grants	\$ -	\$ 39,716	\$ 39,716
Wetlands violations	-	18,575	18,575
Wetlands compensation	-	5,097	5,097
Forfeited assets	-	27,646	27,646
Total Restricted Fund Balance	<u>\$ -</u>	<u>\$ 91,034</u>	<u>\$ 91,034</u>
Committed:			
B&G equipment replacement	\$ 20,000	\$ -	\$ 20,000
Green renovations	655,867	-	655,867
Main street improvements	250,000	-	250,000
Public access to waterways	260,000	-	260,000
Sanitary landfill	5,000	-	5,000
Drainage improvements	35,000	-	35,000
NPC light preservation	238,000	-	238,000
Reassessment	85,000	-	85,000
Playground equipment upgrade	26,000	-	26,000
Fort Nonsense preservation	65,000	-	65,000
Employee accumulated leave	40,000	-	40,000
Vehicle replacement	30,000	-	30,000
School bus replacement	101,370	-	101,370
E911 office machinery	66,792	-	66,792
Mathews memorial library addition	50,000	-	50,000
New Point nature preserve	-	9,710	9,710
New Point comfort lighthouse	-	21,403	21,403
Mathews County Sesquicentennial	-	630	630
Total Committed Fund Balance	<u>\$ 1,928,029</u>	<u>\$ 31,743</u>	<u>\$ 1,959,772</u>
Unassigned Fund Balance	\$ 2,780,520	\$ (61,658)	\$ 2,718,862
Total Fund Balances	<u>\$ 4,713,617</u>	<u>\$ 61,119</u>	<u>\$ 4,774,736</u>

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

Q. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The County has implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. The Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements has not changed as a result of implementing this Statement and no restatement of prior balances is required.

R. Items Previously Reported as Assets and Liabilities, Statement No. 65 of Governmental Accounting Standards Board

The County early implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net equity reported in the financial statements was not charged as a result of implementing this Statement and no restatement of prior balances is required.

S. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

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

Expenditures and Appropriations

Expenditures did not exceed appropriations at June 30, 2013.

Note 3—Deposits:

Deposits

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 4—Due from/Due To Other Governments:

At June 30, 2013, 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	\$ -	\$ 510,076
Commonwealth of Virginia:		
Local sales tax	82,712	-
Welfare	28,776	-
Wireless service board funds	3,371	-
State Sales Tax	-	201,028
Constitutional officer reimbursements	84,438	-
Recordation tax	8,252	-
Comprehensive services act	18,162	-
Fire program funds	4,006	-
Victim witness	6,812	-
Communications tax	72,569	-
VRS health adjustment	-	7,924
DMV	1,066	-
Federal Government:		
School fund grants	-	52,565
VDOT enhancement	422,473	-
CDBG	3,500	-
VDEM grant	13,576	-
Welfare	45,165	-
Severe repetitive loss grant	120,801	-
Hazard mitigation grant	10,196	-
Local law enforcement block grant	<u>1,050</u>	<u>-</u>
Total due from other governments	\$ <u>926,925</u>	\$ <u>771,593</u>

At June 30, 2013, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>510,076</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,721,880	\$ 522,966	\$ -	\$ 2,244,846
Construction in progress	<u>-</u>	<u>173,486</u>	<u>-</u>	<u>173,486</u>
Total capital assets not subject to depreciation	<u>\$ 1,721,880</u>	<u>\$ 696,452</u>	<u>\$ -</u>	<u>\$ 2,418,332</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,038,207	\$ -	\$ -	\$ 11,038,207
Equipment	1,795,027	88,777	18,085	1,865,719
Jointly owned assets	<u>6,678,525</u>	<u>-</u>	<u>837,871</u>	<u>5,840,654</u>
Total capital assets being depreciated	<u>\$ 19,511,759</u>	<u>\$ 88,777</u>	<u>\$ 855,956</u>	<u>\$ 18,744,580</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,587,419	\$ 279,279	\$ -	\$ 2,866,698
Equipment	1,199,162	128,199	18,085	1,309,276
Jointly owned assets	<u>2,173,250</u>	<u>146,016</u>	<u>272,651</u>	<u>2,046,615</u>
Total accumulated depreciation	<u>\$ 5,959,831</u>	<u>\$ 553,494</u>	<u>\$ 290,736</u>	<u>\$ 6,222,589</u>
Total capital assets subject to depreciation, net	<u>\$ 13,551,928</u>	<u>\$ (464,717)</u>	<u>\$ 565,220</u>	<u>\$ 12,521,991</u>
Net capital assets primary government	<u>\$ 15,273,808</u>	<u>\$ 231,735</u>	<u>\$ 565,220</u>	<u>\$ 14,940,323</u>
Component Unit-School Board:	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets not subject to depreciation:				
Land and land improvements	\$ 46,172	\$ -	\$ -	\$ 46,172
Capital assets subject to depreciation:				
Equipment	\$ 2,061,466	\$ 105,043	\$ -	\$ 2,166,509
Jointly owned assets	<u>11,179,068</u>	<u>-</u>	<u>(837,871)</u>	<u>12,016,939</u>
Total capital assets being depreciated	<u>\$ 13,240,534</u>	<u>\$ 105,043</u>	<u>\$ (837,871)</u>	<u>\$ 14,183,448</u>
Less accumulated depreciation for:				
Equipment	\$ 1,496,280	\$ 136,994	\$ -	\$ 1,633,274
Jointly owned assets	<u>3,637,767</u>	<u>300,423</u>	<u>(272,651)</u>	<u>4,210,841</u>
Total accumulated depreciation	<u>\$ 5,134,047</u>	<u>\$ 437,417</u>	<u>\$ (272,651)</u>	<u>\$ 5,844,115</u>
Total capital assets subject to depreciation, net	<u>\$ 8,106,487</u>	<u>\$ (332,374)</u>	<u>\$ (565,220)</u>	<u>\$ 8,339,333</u>
Net capital assets Component Unit-School Board	<u>\$ 8,152,659</u>	<u>\$ (332,374)</u>	<u>\$ (565,220)</u>	<u>\$ 8,385,505</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	25,091
Judicial administration		154,819
Public safety		120,552
Public works		28,460
Health and welfare		11,411
Education		147,968
Parks, recreation and cultural		<u>65,193</u>
Total Governmental activities	\$	<u>553,494</u>
Component Unit School Board	\$	<u>437,417</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2013 consisted of the following:

Fund	Transfers In	Transfers Out
Component Unit-School Board:		
School Operating	\$ -	\$ 242,236
Textbook	170,923	-
School Cafeteria	<u>71,313</u>	<u>-</u>
Total	<u>\$ 242,236</u>	<u>\$ 242,236</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 School Operating 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, 2013 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2013:

	<u>Balance at July 1, 2012</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 193,459	\$ 22,146	\$ 19,346	\$ 196,259	\$ 19,626
Lease revenue bonds payable	5,340,000	720,000	1,200,000	4,860,000	415,000
Add: issuance premium	280,210	123,193	36,673	366,730	-
OPEB Liability	<u>26,800</u>	<u>39,900</u>	<u>39,800</u>	<u>26,900</u>	<u>-</u>
Total incurred by County	<u>\$ 5,840,469</u>	<u>\$ 905,239</u>	<u>\$ 1,295,819</u>	<u>\$ 5,449,889</u>	<u>\$ 434,626</u>
Incurred by School Board:					
General Obligation Bonds	<u>\$ 4,505,275</u>	<u>\$ -</u>	<u>\$ 711,237</u>	<u>\$ 3,794,038</u>	<u>\$ 729,105</u>
Total incurred by School Board	<u>\$ 4,505,275</u>	<u>\$ -</u>	<u>\$ 711,237</u>	<u>\$ 3,794,038</u>	<u>\$ 729,105</u>
Total Governmental Obligations	<u><u>\$ 10,345,744</u></u>	<u><u>\$ 905,239</u></u>	<u><u>\$ 2,007,056</u></u>	<u><u>\$ 9,243,927</u></u>	<u><u>\$ 1,163,731</u></u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	County Obligations	
	Lease Revenue Bonds	
	Principal	Interest
2014	\$ 415,000	\$ 199,692
2015	420,000	189,490
2016	425,000	174,688
2017	445,000	157,155
2018	465,000	137,009
2019	490,000	113,601
2020	510,000	89,624
2021	535,000	64,274
2022	570,000	39,469
2023	585,000	13,727
Total	\$ <u>4,860,000</u>	\$ <u>1,178,729</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2014	\$ 729,105	\$ 176,217
2015	752,663	135,775
2016	446,873	104,819
2017	466,767	83,423
2018	487,214	61,122
2019	446,884	37,453
2020	464,532	17,098
Total	\$ <u>3,794,038</u>	\$ <u>615,907</u>

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COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds Payable:

\$4,885,000 lease revenue refunding bond issued May 25, 2011, due in annual installments through June 2023, interest payable annually at varying coupon rates between 2.20% and 5.20%.	\$ 4,205,000
\$720,000 lease revenue refunding bond issued on July 12, 2012 due in annual installments through April 2023, interest payable semi-annually at varying rates between 2.279% and 5.125%.	<u>655,000</u>
Total Lease Revenue Bonds	\$ <u>4,860,000</u>
Bond Premium	\$ <u>366,730</u>
Compensated absences (payable from General Fund)	\$ <u>196,259</u>
OPEB Liability (payable from General Fund)	\$ <u>26,900</u>
Total Incurred by County	\$ <u>5,449,889</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Incurred by School Board:

General Obligation Bonds:

\$4,270,000 School Bonds 1994 B Series, issued November 22, 1994, maturing annually in installments of varying amounts through July 15, 2015; interest payable semi-annually at 6.17%.	\$	640,000
\$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%.		10,000
\$704,227, School Bonds, issued July 30, 1998, maturing annually in installments of \$66,864, through July 30, 2017, interest at 6.75%.		275,834
\$2,000,000 School Bonds, dated May 13, 1999, maturing annually in installments of varying amounts through July 15, 2019, interest payable semi-annually at an effective rate of 4.76%.		915,000
\$3,630,527 School Bonds dated January 12, 2006, maturing annually in installments of varying amounts through February 1, 2020, interest payable semi-annually at a rate of 4.19%.		<u>1,953,204</u>
Total General Obligations Bonds	\$	<u>3,794,038</u>
Total incurred by School Board	\$	<u>3,794,038</u>
Total General obligations, primary government	\$	<u>9,243,927</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 7—Long-Term Obligations: (Continued)

	Balance at July 1, 2012	Increases	Decreases	Balance at June 30, 2013	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 178,587	\$ 6,245	\$ 17,859	\$ 166,973	\$ 16,697
OPEB Liability	44,000	40,113	52,500	31,613	-
Total Component Unit-School Board	<u>\$ 222,587</u>	<u>\$ 46,358</u>	<u>\$ 70,359</u>	<u>\$ 198,586</u>	<u>\$ 16,697</u>

Note 8—Unavailable Revenue:

Unavailable 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. The County had unavailable revenue at June 30, 2013 totaling \$4,609,002 comprised of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,441,152 (including 2nd half tax billings of \$3,769,208 not due until December 5) at June 30, 2013.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2013 but paid in advance by the taxpayers totaled \$167,850 at June 30, 2013.

Note 9—Commitments / Contingent Liabilities:

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

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

The following construction contracts were outstanding at June 30, 2013:

Fund	Project	Contractor	Amount Of Contract	Contract Outstanding At June 30, 2013
General Fund	Fort Nonsense	Henry S. Branscome	\$ 418,088	\$ 301,908

Note 10—Litigation:

At June 30, 2013, 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, 2013 (Continued)

Note 11—Risk Management:

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

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

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

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

Note 12—Defined Benefit Pension Plan:

A. Plan Description

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

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with a least five years of service credit.

Note 12—Defined Benefit Pension Plan (continued):

A. Plan Description (Continued)

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

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

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

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS website at: <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional's contribution rate for the fiscal year ended 2013 were 12.06% and 13.10% of annual covered payroll, respectively.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 12—Defined Benefit Pension Plan (continued):

B. Funding Policy (Continued)

The School Board’s contributions for professional employees were \$711,170, \$423,256, and \$242,004 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012, and 2011 respectively and these contributions represented 11.66%, 6.33%, and 3.93%, respectively, of current covered payroll.

C. Annual Pension Cost

For the fiscal year 2013, the County’s annual pension cost of \$290,826 was equal to the County’s required and actual contributions.

For the fiscal year 2013, the County School Board’s annual pension cost for the Board’s non-professional employees of \$89,935 was equal to the Board’s required and actual contributions.

Three Year Trend Information					
<u>Fiscal Year Ending</u>		<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
County:					
June 30, 2013	\$	290,826	100%	\$	-
June 30, 2012		228,680	100%		-
June 30, 2011		233,602	100%		-
School Board:					
Non-Professional:					
June 30, 2013	\$	89,935	100%	\$	-
June 30, 2012		52,304	100%		-
June 30, 2011		47,314	100%		-

(1) Employer portion only

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 12—Defined Benefit Pension Plan (continued):

C. Annual Pension Cost (continued):

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 76.99% funded. The actuarial accrued liability for benefits was \$10,614,160, and the actuarial value of assets was \$8,171,457, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,442,703. The covered payroll (annual payroll of active employees covered by the plan) was \$2,323,377, and ratio of the UAAL to the covered payroll was 105.14%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's Non-Professional plan was 69.87% funded. The actuarial accrued liability for benefits was \$3,257,219 and the actuarial value of assets was \$2,275,951, resulting in an unfunded actuarial accrued liability (UAAL) of \$981,268. The covered payroll (annual payroll of active employees covered by the plan) was \$671,430 and ratio of the UAAL to the covered payroll was 146.15%.

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

Note 13—Surety Bonds:

	<u>Amount</u>
Commonwealth of Virginia - Division of Risk Management - Surety	
E.E. Callis III, Clerk of the Circuit Court	\$ 103,000
Wendy Stewart, Treasurer	400,000
Leslie Hall, Commissioner of the Revenue	3,000
L. Mark Barrick, Sheriff	30,000
Selective Insurance Company - Surety	
School Board Clerk and Deputy Clerk	10,000
VMLIP - Surety	
All Social Services Employees - Blanket Bond	1,000,000

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 14—Other Postemployment Benefits - Health Insurance:

Plan Description

The County allows retirees to remain on their health insurance plan after they retire. County employees must have attained age 50 with a minimum of 30 years of service or attained age 65 with 5 years of service. Law Enforcement Officers must have attained age 50 with a minimum of 25 years of service or attained age 60 with 5 years of service.

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

Key Advantage with Expanded (PPO) (2% subsidy for retirees not eligible for Medicare)
Key Advantage 500 (PPO) (2% subsidy for retirees not eligible for Medicare)

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

Advantage 65 and Dental/Vision (Medicare)

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

A participant must qualify for disability under VRS. There are no age or service requirements. Disabled members are eligible for the same benefit as other retirees and pay the full premium.

Public safety participants who either die or become disabled in the line of duty are eligible for a Line of Duty Act (LODA) benefit. Members electing this benefit receive their elected medical premium fully subsidized by the County. This benefit lasts for the lifetime of the retiree and their spouse. Dependent children of the retiree are also eligible for a fully subsidized medical benefit until the child reaches age 26.

As of January 1, 2013, the County has elected to insure the LODA benefit. Therefore, there is no liability for the County for any public safety participant who becomes eligible for a LODA benefit after January 1, 2013.

There is no life insurance benefit for retirees.

However, public safety participants who either die or become disabled in the line of duty are eligible for a Line of Duty Act (LODA) life insurance benefit. Members who die in the line of duty receive a \$100,000 life insurance benefit. Members who become disabled in the line of duty and die within 5 years of becoming disabled receive a \$25,000 life insurance benefit.

As of January 1, 2013, the County has elected to insure the LODA benefit. Therefore, there is no liability for the County for any public safety participant who becomes eligible for a LODA benefit after January 1, 2013.

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 14–Other Postemployment Benefits - Health Insurance: (Continued)

Funding Policy

The Schools currently have 13 retirees and spouses on their plan. The County has 9 retirees and spouses on their plan. The County retirees pay 100% of the insurance premium. For non-medicare eligible retirees and spouses (under age 65), the Schools contribute a monthly benefit of \$50. The \$50 will not increase in the future. For medicare eligible retirees and spouses (age 65+), the retiree may elect the Medicare supplement only and they must pay 100% of the premium cost.

Annual OPEB Cost and Net OPEB Obligation

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

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

	<u>County</u>	<u>Schools</u>
Annual required contribution	\$ 39,800	\$ 40,200
Interest on net OPEB obligation	1,100	1,540
Adjustment to annual required contribution	(1,000)	(1,627)
Annual OPEB cost (expense)	<u>\$ 39,900</u>	<u>\$ 40,113</u>
Estimated Contributions made	<u>(39,800)</u>	<u>(52,500)</u>
Increase (decrease) in net OPEB obligation	100	(12,387)
Net OPEB obligation-beginning of year	<u>26,800</u>	<u>44,000</u>
Net OPEB obligation-end of year	<u><u>\$ 26,900</u></u>	<u><u>\$ 31,613</u></u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

Note 14—Other Postemployment Benefits - Health Insurance: (Continued)

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
6/30/2011	\$ 9,600	0.00%	\$ 18,200
6/30/2012	10,200	15.69%	26,800
6/30/2013	39,900	99.75%	26,900
Schools:			
6/30/2011	\$ 60,542	89.63%	\$ 40,900
6/30/2012	61,900	94.99%	44,000
6/30/2013	40,113	130.88%	31,613

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation, the County's actuarial accrued liability for benefits was \$543,200, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,895,700, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 28.65 percent.

As of January 1, 2013, the most recent actuarial valuation, the School Board's actuarial accrued liability for benefits was \$477,400, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,739,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 7.08 percent.

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

Note 14—Other Postemployment Benefits - Health Insurance: (Continued)

Actuarial Cost Method

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

Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

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

Mortality-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2010 using Scale AA.

Coverage elections -The actuary assumed that 30% of eligible County retirees and 40% of School retirees will elect coverage and 30% who elect coverage will cover a spouse.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 3.50% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was thirty years for the schools and 16.9 years for the County.

Note 15-Other Postemployment Benefits - Retiree Health Care Credit:

A. Plan Description

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

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

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

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2013, 2012, and 2011 were \$67,701, \$40,119, and \$36,947, respectively and equaled the required contributions for each year.

Note 16-Upcoming Pronouncements:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statement No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County has not determined the impact of this pronouncement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

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

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County of Mathews, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive <u>(Negative)</u>
REVENUES				
General property taxes	\$ 10,179,000	\$ 10,179,000	\$ 10,304,680	\$ 125,680
Other local taxes	1,241,000	1,241,000	1,248,362	7,362
Permits, privilege fees, and regulatory licenses	53,360	53,360	56,410	3,050
Fines and forfeitures	12,475	12,475	29,803	17,328
Revenue from the use of money and property	64,777	64,777	66,835	2,058
Charges for services	24,000	24,000	28,047	4,047
Miscellaneous	211,775	157,601	74,048	(83,553)
Recovered costs	11,000	11,000	12,540	1,540
Intergovernmental revenues:				
Commonwealth	3,485,451	3,517,762	3,134,562	(383,200)
Federal	2,459,552	1,666,018	1,173,140	(492,878)
Total revenues	<u>\$ 17,742,390</u>	<u>\$ 16,926,993</u>	<u>\$ 16,128,427</u>	<u>\$ (798,566)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,160,680	\$ 1,210,542	\$ 1,151,376	\$ 59,166
Judicial administration	535,443	536,453	520,993	15,460
Public safety	2,383,673	2,427,012	2,237,291	189,721
Public works	1,257,263	1,286,435	1,076,440	209,995
Health and welfare	1,941,521	1,941,521	1,727,435	214,086
Education	5,986,812	6,220,347	5,963,963	256,384
Parks, recreation, and cultural	404,897	606,801	371,978	234,823
Community development	1,537,986	416,217	366,704	49,513
Nondepartmental	82,620	30,170	5,172	24,998
Capital projects	1,391,958	1,391,958	983,410	408,548
Debt service:				
Principal retirement	1,116,662	1,906,662	1,911,237	(4,575)
Interest and other fiscal charges	431,833	461,354	465,092	(3,738)
Total expenditures	<u>\$ 18,231,348</u>	<u>\$ 18,435,472</u>	<u>\$ 16,781,091</u>	<u>\$ 1,654,381</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (488,958)</u>	<u>\$ (1,508,479)</u>	<u>\$ (652,664)</u>	<u>\$ 855,815</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	\$ -	\$ 819,521	\$ 720,000	\$ (99,521)
Premium on bond	-	-	123,193	123,193
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 819,521</u>	<u>\$ 843,193</u>	<u>\$ 23,672</u>
Net change in fund balances	\$ (488,958)	\$ (688,958)	\$ 190,529	\$ 879,487
Fund balances - beginning	688,958	688,958	4,523,088	3,834,130
Fund balances - ending	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 4,713,617</u>	<u>\$ 4,713,617</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 801	\$ 801
Revenue from the use of money and property	-	-	398	398
Miscellaneous	-	65,285	10,282	(55,003)
Intergovernmental revenues:				
Commonwealth	-	177,965	24,510	(153,455)
Federal	-	894,517	179,059	(715,458)
Total revenues	<u>\$ -</u>	<u>\$ 1,137,767</u>	<u>\$ 215,050</u>	<u>\$ (922,717)</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 869	\$ (869)
Parks, recreation, and cultural	-	-	839	(839)
Community development	-	1,137,767	244,978	892,789
Total expenditures	<u>\$ -</u>	<u>\$ 1,137,767</u>	<u>\$ 246,686</u>	<u>\$ 891,081</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,636)</u>	<u>\$ (31,636)</u>
Net change in fund balances	\$ -	\$ -	\$ (31,636)	\$ (31,636)
Fund balances - beginning	-	-	92,755	92,755
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,119</u>	<u>\$ 61,119</u>

County of Mathews, Virginia
 Schedule of Pension Funding Progress
 For the Fiscal Year Ended June 30, 2013

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded (Excess Funded) Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
6/30/2012	\$ 8,171,457	\$ 10,614,160	\$ 2,442,703	76.99%	\$ 2,323,377	105.14%
6/30/2011	8,239,852	9,574,456	1,334,604	86.06%	2,438,066	54.74%
6/30/2010	7,949,294	8,966,564	1,017,270	88.65%	2,345,674	43.37%
6/30/2009	7,834,363	8,611,303	776,940	90.98%	2,576,400	30.16%
6/30/2008	7,653,311	8,101,377	448,066	94.47%	2,528,733	17.72%
6/30/2007	6,968,769	7,088,156	119,387	98.32%	2,364,561	5.05%
6/30/2006	6,117,776	6,259,852	142,076	97.73%	2,210,076	6.43%
6/30/2005	5,685,578	6,383,981	698,403	89.06%	2,103,904	33.20%
6/30/2004	5,551,937	5,725,284	173,347	96.97%	1,956,442	8.86%
6/30/2003	5,402,505	5,111,042	(291,463)	105.70%	1,863,058	-15.64%
School Board Non-Professionals:						
6/30/2012	\$ 2,275,951	\$ 3,257,219	\$ 981,268	69.87%	\$ 671,430	146.15%
6/30/2011	2,297,268	3,176,036	878,768	72.33%	667,764	131.60%
6/30/2010	2,277,643	3,035,818	758,175	75.03%	683,069	111.00%
6/30/2009	2,293,775	2,543,178	249,403	90.19%	646,389	38.58%
6/30/2008	2,271,976	2,383,701	111,725	95.31%	825,125	13.54%
6/30/2007	2,062,175	2,322,128	259,953	88.81%	753,123	34.52%
6/30/2006	1,837,924	2,092,232	254,308	87.85%	726,106	35.02%
6/30/2005	1,723,423	1,907,633	184,210	90.34%	676,332	27.24%
6/30/2004	1,697,074	1,774,591	77,517	95.63%	618,894	12.53%
6/30/2003	1,683,516	1,658,577	(24,939)	101.50%	558,983	-4.46%

County of Mathews, Virginia

Schedule of OPEB Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2013

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
County:						
1/1/2013	\$ -	\$ 543,200	\$ 543,200	0.00%	\$ 1,895,700	28.65%
1/1/2011	-	82,900	82,900	0.00%	2,027,800	4.09%
1/1/2009	-	34,300	34,300	0.00%	2,027,000	1.69%
School Board:						
1/1/2013	\$ -	\$ 477,400	\$ 477,400	0.00%	\$ 6,739,000	7.08%
1/1/2011	-	760,800	760,800	0.00%	7,098,400	10.72%
1/1/2009	-	652,700	652,700	0.00%	7,663,700	8.52%

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND
SCHEDULES*

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County of Mathews, Virginia

Fiduciary Funds

Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2013

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 23,527	\$ 35,080	\$ 25,863	\$ 32,744
Liabilities:				
Amounts held for social services clients	\$ 23,527	\$ 35,080	\$ 25,863	\$ 32,744
Tour de Chesapeake Fund:				
Assets:				
Cash and cash equivalents	\$ 5,118	\$ 24,781	\$ 19,744	\$ 10,155
Liabilities:				
Amounts held for others	\$ 5,118	\$ 24,781	\$ 19,744	\$ 10,155
Market Days Fund:				
Assets:				
Cash and cash equivalents	\$ 21,630	\$ 21,384	\$ 16,515	\$ 26,499
Liabilities:				
Amounts held for others	\$ 21,630	\$ 21,384	\$ 16,515	\$ 26,499
Courthouse Square Basket Fund:				
Assets:				
Cash and cash equivalents	\$ 40,076	\$ 216	\$ -	\$ 40,292
Liabilities:				
Amounts held for others	\$ 40,076	\$ 216	\$ -	\$ 40,292
Library Fund:				
Assets:				
Cash	\$ -	\$ 12,220	\$ 12,220	\$ -
Liabilities:				
Amounts held for others	\$ -	\$ 12,220	\$ 12,220	\$ -
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 90,351	\$ 93,681	\$ 74,342	\$ 109,690
Total assets	\$ 90,351	\$ 93,681	\$ 74,342	\$ 109,690
Liabilities:				
Amounts held for others	\$ 66,824	\$ 58,601	\$ 48,479	\$ 76,946
Amounts held for social services clients	23,527	35,080	25,863	32,744
Total liabilities	\$ 90,351	\$ 93,681	\$ 74,342	\$ 109,690

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Mathews, Virginia
 Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2013

	<u>School Operating Fund</u>	<u>Textbook Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 231,461	\$ 7,977	\$ 239,438
Accounts receivable	-	185	-	185
Due from other governmental units	758,405	-	13,188	771,593
Inventories	-	-	5,796	5,796
Prepaid items	204,644	-	-	204,644
Total assets	\$ 963,049	\$ 231,646	\$ 26,961	\$ 1,221,656
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 34,726	\$ -	\$ -	\$ 34,726
Accrued liabilities	928,323	-	40,026	968,349
Total liabilities	\$ 963,049	\$ -	\$ 40,026	\$ 1,003,075
Fund balances:				
Nonspendable for:				
Prepaid items	\$ 204,644	\$ -	\$ -	\$ 204,644
Inventories	-	-	5,796	5,796
Committed	-	231,646	-	231,646
Unassigned	(204,644)	-	(18,861)	(223,505)
Total fund balances	\$ -	\$ 231,646	\$ (13,065)	\$ 218,581
Total liabilities and fund balances	\$ 963,049	\$ 231,646	\$ 26,961	\$ 1,221,656

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

Total fund balances per above	\$ 218,581
-------------------------------	------------

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

Capital assets, cost	\$ 14,229,620	
Less: accumulated depreciation	(5,844,115)	8,385,505

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

Compensated absences	\$ (166,973)	
OPEB Liability	(31,613)	(198,586)

Net position of governmental activities	\$ 8,405,500
---	--------------

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, 2013

	School Operating Fund	Textbook Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 5,464	\$ (1,304)	\$ 28	\$ 4,188
Charges for services	26,741	-	374,634	401,375
Miscellaneous	31,187	-	-	31,187
Recovered costs	86,854	-	-	86,854
Intergovernmental revenues:				
Local government	5,957,764	-	-	5,957,764
Commonwealth	4,794,812	-	7,409	4,802,221
Federal	528,794	-	333,229	862,023
Total revenues	<u>\$ 11,431,616</u>	<u>\$ (1,304)</u>	<u>\$ 715,300</u>	<u>\$ 12,145,612</u>
EXPENDITURES				
Current:				
Education	\$ 11,189,380	\$ 37,970	\$ 797,842	\$ 12,025,192
Total expenditures	<u>\$ 11,189,380</u>	<u>\$ 37,970</u>	<u>\$ 797,842</u>	<u>\$ 12,025,192</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 242,236</u>	<u>\$ (39,274)</u>	<u>\$ (82,542)</u>	<u>\$ 120,420</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 170,923	\$ 71,313	\$ 242,236
Transfers out	(242,236)	-	-	(242,236)
Total other financing sources (uses)	<u>\$ (242,236)</u>	<u>\$ 170,923</u>	<u>\$ 71,313</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 131,649	\$ (11,229)	\$ 120,420
Fund balances - beginning	-	99,997	(1,836)	98,161
Fund balances - ending	<u>\$ -</u>	<u>\$ 231,646</u>	<u>\$ (13,065)</u>	<u>\$ 218,581</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 \$ 120,420

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

Capital asset additions	\$ 105,043	
Allocation of School board assets	837,871	
Depreciation expense	<u>(710,068)</u>	232,846

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

The following is a summary of items supporting this adjustment:

(Increase) Decrease in compensated absences	\$ 11,614	
(Increase) Decrease in OPEB liability	<u>12,387</u>	24,001

Change in net position of governmental activities \$ 377,267

County of Mathews, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 7,000	\$ 7,000	\$ 5,464	\$ (1,536)
Charges for services	25,000	25,000	26,741	1,741
Miscellaneous	13,400	24,900	31,187	6,287
Recovered costs	81,000	81,000	86,854	5,854
Intergovernmental revenues:				
Local government	5,980,613	6,214,148	5,957,764	(256,384)
Commonwealth	4,600,164	4,630,617	4,794,812	164,195
Federal	500,948	500,948	528,794	27,846
Total revenues	<u>\$ 11,208,125</u>	<u>\$ 11,483,613</u>	<u>\$ 11,431,616</u>	<u>\$ (51,997)</u>
EXPENDITURES				
Current:				
Education	\$ 11,089,742	\$ 11,365,281	\$ 11,189,380	\$ 175,901
Total expenditures	<u>\$ 11,089,742</u>	<u>\$ 11,365,281</u>	<u>\$ 11,189,380</u>	<u>\$ 175,901</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 118,383</u>	<u>\$ 118,332</u>	<u>\$ 242,236</u>	<u>\$ 123,904</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (118,383)	\$ (118,332)	\$ (242,236)	\$ (123,904)
Total other financing sources (uses)	<u>\$ (118,383)</u>	<u>\$ (118,332)</u>	<u>\$ (242,236)</u>	<u>\$ (123,904)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

County of Mathews, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	School Cafeteria Fund				Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 28	\$ 28	\$ -	\$ -	\$ (1,304)	\$ (1,304)
Charges for services	449,745	449,745	374,634	(75,111)	-	-	-	-
Intergovernmental revenues:								
Commonwealth	7,400	7,451	7,409	(42)	-	-	-	-
Federal	252,800	293,270	333,229	39,959	-	-	-	-
Total revenues	\$ 709,945	\$ 750,466	\$ 715,300	\$ (35,166)	\$ -	\$ -	\$ (1,304)	\$ (1,304)
EXPENDITURES								
Current:								
Education	\$ 782,811	\$ 823,281	\$ 797,842	\$ 25,439	\$ 45,517	\$ 45,517	\$ 37,970	\$ 7,547
Total expenditures	\$ 782,811	\$ 823,281	\$ 797,842	\$ 25,439	\$ 45,517	\$ 45,517	\$ 37,970	\$ 7,547
Excess (deficiency) of revenues over (under) expenditures	\$ (72,866)	\$ (72,815)	\$ (82,542)	\$ (9,727)	\$ (45,517)	\$ (45,517)	\$ (39,274)	\$ 6,243
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 72,866	\$ 72,815	\$ 71,313	\$ (1,502)	\$ 45,517	\$ 45,517	\$ 170,923	\$ 125,406
Total other financing sources (uses)	\$ 72,866	\$ 72,815	\$ 71,313	\$ (1,502)	\$ 45,517	\$ 45,517	\$ 170,923	\$ 125,406
Net change in fund balances	\$ -	\$ -	\$ (11,229)	\$ (11,229)	\$ -	\$ -	\$ -	\$ 131,649
Fund balances - beginning	-	-	(1,836)	(1,836)	-	-	99,997	99,997
Fund balances - ending	\$ -	\$ -	\$ (13,065)	\$ (13,065)	\$ -	\$ -	\$ 231,646	\$ 231,646

County of Mathews, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Fund - Discretely Presented Component Unit School Board
 June 30, 2013

	Scholarship <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 56,807
NET POSITION	
Held in trust for scholarships	\$ 56,807

County of Mathews, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2013

	<u>Scholarship Funds</u>
ADDITIONS	
Contributions:	
Donations	\$ 70,765
Total contributions	\$ 70,765
Investment earnings:	
Interest	\$ 47
Total investment earnings	\$ 47
Total additions	\$ 70,812
DEDUCTIONS	
Scholarships	\$ 49,695
Total deductions	\$ 49,695
Change in net position	\$ 21,117
Net position - beginning	35,690
Net position - ending	\$ 56,807

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Mathews, Virginia
 Statement of Net Position
 Discretely Presented Component Unit-Industrial Development Authority
 June 30, 2013

ASSETS

Current assets:

Cash and cash equivalents	\$ 162,333
Total current assets	\$ 162,333
Total assets	\$ 162,333

NET POSITION

Unrestricted	\$ 162,333
Total net position	\$ 162,333

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2013

OPERATING REVENUES	
Miscellaneous	\$ 17,858
Total operating revenues	<u>\$ 17,858</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 13,300
Total operating expenses	<u>\$ 13,300</u>
Operating income (loss)	<u>\$ 4,558</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 82
Total nonoperating revenues (expenses)	<u>\$ 82</u>
Change in net position	\$ 4,640
Total net position - beginning	<u>157,693</u>
Total net position - ending	<u><u>\$ 162,333</u></u>

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts for miscellaneous items	\$ 17,858
Payments for operating activities	(13,300)
Net cash provided (used) by operating activities	\$ 4,558

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	\$ 82
Net cash provided (used) by investing activities	\$ 82

Net increase (decrease) in cash and cash equivalents	\$ 4,640
--	----------

Cash and cash equivalents - beginning	157,693
Cash and cash equivalents - ending	\$ 162,333

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

Operating income (loss)	\$ 4,558
Net cash provided (used) by operating activities	\$ 4,558

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SUPPORTING SCHEDULES

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County of Mathews, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Schedule 1
Page 1 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,810,000	\$ 7,810,000	\$ 7,854,275	\$ 44,275
Real and personal public service corporation taxes	90,000	90,000	97,842	7,842
Personal property taxes	1,825,000	1,825,000	1,923,175	98,175
Mobile home taxes	32,000	32,000	31,093	(907)
Boat taxes	300,000	300,000	277,685	(22,315)
Penalties	80,000	80,000	77,229	(2,771)
Interest	42,000	42,000	43,381	1,381
Total general property taxes	<u>\$ 10,179,000</u>	<u>\$ 10,179,000</u>	<u>\$ 10,304,680</u>	<u>\$ 125,680</u>
Other local taxes:				
Local sales and use taxes	\$ 410,000	\$ 410,000	\$ 424,326	\$ 14,326
Consumers' utility taxes	146,000	146,000	149,275	3,275
Consumption tax	33,000	33,000	36,378	3,378
Business license taxes	160,000	160,000	173,022	13,022
Motor vehicle licenses	295,000	295,000	275,010	(19,990)
Bank stock taxes	102,000	102,000	78,024	(23,976)
Taxes on recordation and wills	95,000	95,000	112,327	17,327
Total other local taxes	<u>\$ 1,241,000</u>	<u>\$ 1,241,000</u>	<u>\$ 1,248,362</u>	<u>\$ 7,362</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 3,549	\$ (1,451)
Transfer fees	500	500	466	(34)
Permits and other licenses	47,860	47,860	52,395	4,535
Total permits, privilege fees, and regulatory licenses	<u>\$ 53,360</u>	<u>\$ 53,360</u>	<u>\$ 56,410</u>	<u>\$ 3,050</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 12,475	\$ 12,475	\$ 29,803	\$ 17,328
Total fines and forfeitures	<u>\$ 12,475</u>	<u>\$ 12,475</u>	<u>\$ 29,803</u>	<u>\$ 17,328</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 14,800	\$ 14,800	\$ 16,311	\$ 1,511
Revenue from use of property	49,977	49,977	50,524	547
Total revenue from use of money and property	<u>\$ 64,777</u>	<u>\$ 64,777</u>	<u>\$ 66,835</u>	<u>\$ 2,058</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,100	\$ 1,100	\$ 734	\$ (366)
Charges for courthouse maintenance	2,000	2,000	1,888	(112)
Charges for court costs	3,200	3,200	8,495	5,295
Courthouse security fees	5,800	5,800	7,595	1,795
Circuit court- document reproduction	3,500	3,500	2,224	(1,276)
Charges for Commonwealth's Attorney	400	400	486	86
Charges for other protection	1,500	1,500	1,321	(179)
Charges for library	6,500	6,500	5,304	(1,196)
Total charges for services	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 28,047</u>	<u>\$ 4,047</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<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)				
Miscellaneous revenue:				
Miscellaneous	\$ 211,775	\$ 157,601	\$ 74,048	\$ (83,553)
Total miscellaneous revenue	<u>\$ 211,775</u>	<u>\$ 157,601</u>	<u>\$ 74,048</u>	<u>\$ (83,553)</u>
Recovered costs:				
DMV License agent	\$ 11,000	\$ 11,000	\$ 12,540	\$ 1,540
Total recovered costs	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 12,540</u>	<u>\$ 1,540</u>
Total revenue from local sources	<u>\$ 11,797,387</u>	<u>\$ 11,743,213</u>	<u>\$ 11,820,725</u>	<u>\$ 77,512</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 775	\$ 775	\$ -	\$ (775)
Mobile home titling tax	5,000	5,000	4,770	(230)
Motor vehicle rental tax	250	250	-	(250)
State recordation tax	60,000	60,000	68,933	8,933
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Communications tax	460,000	460,000	458,997	(1,003)
Reduction in state aid to local governments	(48,000)	(48,000)	(46,513)	1,487
Total noncategorical aid	<u>\$ 1,478,108</u>	<u>\$ 1,478,108</u>	<u>\$ 1,486,270</u>	<u>\$ 8,162</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 158,030	\$ 158,030	\$ 157,011	\$ (1,019)
Sheriff	565,812	565,812	564,253	(1,559)
Commissioner of revenue	75,148	75,148	71,104	(4,044)
Treasurer	74,163	74,163	71,239	(2,924)
Medical examiner	150	150	-	(150)
Registrar/electoral board	25,000	25,000	30,919	5,919
Clerk of the Circuit Court	133,460	133,460	135,909	2,449
Total shared expenses	<u>\$ 1,031,763</u>	<u>\$ 1,031,763</u>	<u>\$ 1,030,435</u>	<u>\$ (1,328)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 327,616	\$ 327,616	\$ 277,418	\$ (50,198)
Emergency medical services - two for life	7,000	9,962	9,962	-
Comprehensive services act	297,250	297,250	161,932	(135,318)
Litter control	5,000	7,216	7,216	-
Library grant	72,000	72,000	58,859	(13,141)
Wireless board funds	33,000	33,000	38,264	5,264
Commission for the arts grant	5,000	5,000	5,000	-
Victim-witness grant	25,699	25,699	25,246	(453)
Fire programs fund	25,000	25,606	25,606	-
Hazard mitigation grant	177,965	-	-	-
Disaster recovery	-	-	8,308	8,308

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<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 Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other state aid	\$ 50	\$ 204,542	\$ 46	\$ (204,496)
Total other categorical aid	<u>\$ 975,580</u>	<u>\$ 1,007,891</u>	<u>\$ 617,857</u>	<u>\$ (390,034)</u>
Total categorical aid	<u>\$ 2,007,343</u>	<u>\$ 2,039,654</u>	<u>\$ 1,648,292</u>	<u>\$ (391,362)</u>
Total revenue from the Commonwealth	<u>\$ 3,485,451</u>	<u>\$ 3,517,762</u>	<u>\$ 3,134,562</u>	<u>\$ (383,200)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 536,035	\$ 536,035	\$ 529,949	\$ (6,086)
Comprehensive services act	-	-	12,765	12,765
Disaster recovery	-	-	214	214
Local law enforcement block grant	-	-	1,050	1,050
VDOT enhancement grant	834,000	834,000	590,490	(243,510)
Homeland security grant	-	32,420	32,420	-
CDBG grant	35,000	-	-	-
Hazard mitigation grant	667,369	-	-	-
Transportation safety	-	-	6,252	6,252
Bavon beach	200,000	200,000	-	(200,000)
Other federal grants	-	63,563	-	(63,563)
FEMA grant	187,148	-	-	-
Total categorical aid	<u>\$ 2,459,552</u>	<u>\$ 1,666,018</u>	<u>\$ 1,173,140</u>	<u>\$ (492,878)</u>
Total revenue from the federal government	<u>\$ 2,459,552</u>	<u>\$ 1,666,018</u>	<u>\$ 1,173,140</u>	<u>\$ (492,878)</u>
Total General Fund	<u>\$ 17,742,390</u>	<u>\$ 16,926,993</u>	<u>\$ 16,128,427</u>	<u>\$ (798,566)</u>
Special Revenue Fund:				
County Special Revenue Fund				
Revenue from local sources:				
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 801	\$ 801
Total fines and forfeitures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801</u>	<u>\$ 801</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 398	\$ 398
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398</u>	<u>\$ 398</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 65,285	\$ 10,282	\$ (55,003)
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 65,285</u>	<u>\$ 10,282</u>	<u>\$ (55,003)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 65,285</u>	<u>\$ 11,481</u>	<u>\$ (53,804)</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

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>
Special Revenue Fund: (Continued)				
County Special Revenue Fund (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
Payment in lieu of taxes	\$ -	\$ -	\$ 3,450	\$ 3,450
Total noncategorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,450</u>	<u>\$ 3,450</u>
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 15,247	\$ 15,247
Hazard mitigation grant	-	177,965	5,813	(172,152)
Total categorical aid	<u>\$ -</u>	<u>\$ 177,965</u>	<u>\$ 21,060</u>	<u>\$ (156,905)</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ 177,965</u>	<u>\$ 24,510</u>	<u>\$ (153,455)</u>
Revenue from the federal government:				
Categorical aid:				
CDBG grant	\$ -	\$ 40,000	\$ 29,621	\$ (10,379)
SRL grant	-	187,148	127,639	(59,509)
Hazard mitigation grant	-	667,369	21,799	(645,570)
Total categorical aid	<u>\$ -</u>	<u>\$ 894,517</u>	<u>\$ 179,059</u>	<u>\$ (715,458)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 894,517</u>	<u>\$ 179,059</u>	<u>\$ (715,458)</u>
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ 1,137,767</u>	<u>\$ 215,050</u>	<u>\$ (922,717)</u>
Total Primary Government	<u>\$ 17,742,390</u>	<u>\$ 18,064,760</u>	<u>\$ 16,343,477</u>	<u>\$ (1,721,283)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 7,000	\$ 7,000	\$ 5,464	\$ (1,536)
Total revenue from use of money and property	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 5,464</u>	<u>\$ (1,536)</u>
Charges for services:				
Tuition and payments from other divisions	\$ 25,000	\$ 25,000	\$ 26,741	\$ 1,741
Total charges for services	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 26,741</u>	<u>\$ 1,741</u>
Miscellaneous revenue:				
Miscellaneous	\$ 13,400	\$ 24,900	\$ 31,187	\$ 6,287

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
E-rate	\$ 36,000	\$ 36,000	\$ 37,071	\$ 1,071
Medicaid reimbursements	45,000	45,000	47,885	2,885
Other recovered costs	-	-	1,898	1,898
Total recovered costs	<u>\$ 81,000</u>	<u>\$ 81,000</u>	<u>\$ 86,854</u>	<u>\$ 5,854</u>
 Total revenue from local sources	 <u>\$ 126,400</u>	 <u>\$ 137,900</u>	 <u>\$ 150,246</u>	 <u>\$ 12,346</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 5,980,613	\$ 6,214,148	\$ 5,957,764	\$ (256,384)
Total revenues from local governments	<u>\$ 5,980,613</u>	<u>\$ 6,214,148</u>	<u>\$ 5,957,764</u>	<u>\$ (256,384)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,185,523	\$ 1,185,523	\$ 1,184,096	\$ (1,427)
Basic school aid	2,246,733	2,217,508	2,294,257	76,749
Remedial summer education	15,857	15,857	23,368	7,511
Regular foster care	8,904	8,904	1,602	(7,302)
Special education - foster care	-	-	11,200	11,200
Gifted and talented	23,841	23,607	24,325	718
Lottery proceeds	-	-	3,285	3,285
Special education	315,519	312,419	321,914	9,495
Textbook payment	45,517	45,070	46,439	1,369
Vocational education	110,077	108,995	112,308	3,313
School fringes	394,145	390,272	440,192	49,920
ISAEP	9,977	9,977	7,859	(2,118)
Early reading intervention	5,509	8,263	8,263	-
Primary class size	-	66,603	74,105	7,502
Homebound	637	637	2,980	2,343
At risk payments	38,626	38,247	39,264	1,017
Career and technical education	3,960	3,960	3,688	(272)
Remediation assistance - SOL	52,248	51,735	53,307	1,572
Technology	128,000	128,000	128,000	-
Standards of Learning algebra readiness	8,459	8,459	8,459	-
English as a second language	6,312	6,312	1,315	(4,997)
Other state funds	320	269	4,586	4,317
Total categorical aid	<u>\$ 4,600,164</u>	<u>\$ 4,630,617</u>	<u>\$ 4,794,812</u>	<u>\$ 164,195</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 162,942	\$ 162,942	\$ 169,390	\$ 6,448
Title VI-B, special education flow-through	249,857	249,857	280,950	31,093
Carl Perkins	15,000	15,000	17,849	2,849
Title VI-B, special education pre-school	10,000	10,000	15,341	5,341
Title II - A	57,419	59,452	45,164	(14,288)
Title IV	3,697	3,697	-	(3,697)
Title II - D	2,033	-	100	100
Total categorical aid	<u>\$ 500,948</u>	<u>\$ 500,948</u>	<u>\$ 528,794</u>	<u>\$ 27,846</u>
Total School Operating Fund	<u>\$ 11,208,125</u>	<u>\$ 11,483,613</u>	<u>\$ 11,431,616</u>	<u>\$ (51,997)</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 28	\$ 28
Charges for services:				
Cafeteria sales	\$ 449,745	\$ 449,745	\$ 374,634	\$ (75,111)
Total charges for services	<u>\$ 449,745</u>	<u>\$ 449,745</u>	<u>\$ 374,634</u>	<u>\$ (75,111)</u>
Total revenue from local sources	<u>\$ 449,745</u>	<u>\$ 449,745</u>	<u>\$ 374,662</u>	<u>\$ (75,083)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 7,400	\$ 7,451	\$ 7,409	\$ (42)
Total categorical aid	<u>\$ 7,400</u>	<u>\$ 7,451</u>	<u>\$ 7,409</u>	<u>\$ (42)</u>
Total revenue from the Commonwealth	<u>\$ 7,400</u>	<u>\$ 7,451</u>	<u>\$ 7,409</u>	<u>\$ (42)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 252,800	\$ 252,800	\$ 292,759	\$ 39,959
Commodities	-	40,470	40,470	-
Total categorical aid	<u>\$ 252,800</u>	<u>\$ 293,270</u>	<u>\$ 333,229</u>	<u>\$ 39,959</u>
Total revenue from the federal government	<u>\$ 252,800</u>	<u>\$ 293,270</u>	<u>\$ 333,229</u>	<u>\$ 39,959</u>
Total School Cafeteria Fund	<u>\$ 709,945</u>	<u>\$ 750,466</u>	<u>\$ 715,300</u>	<u>\$ (35,166)</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<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	\$ -	\$ -	\$ (1,304)	\$ (1,304)
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,304)</u>	<u>\$ (1,304)</u>
 Total revenue from local sources	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (1,304)</u>	 <u>\$ (1,304)</u>
 Total Textbook Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (1,304)</u>	 <u>\$ (1,304)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 11,918,070</u>	 <u>\$ 12,234,079</u>	 <u>\$ 12,145,612</u>	 <u>\$ (88,467)</u>

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County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

<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	\$ 54,057	\$ 60,953	\$ 59,083	\$ 1,870
General and financial administration:				
County administrator	\$ 336,018	\$ 343,771	\$ 324,707	\$ 19,064
Legal services	75,000	68,709	33,816	34,893
Commissioner of revenue	212,255	214,449	214,049	400
Independent Auditor	38,000	38,000	37,257	743
Treasurer	242,836	242,836	242,396	440
Information Technology	121,000	159,484	159,484	-
Total general and financial administration	<u>\$ 1,025,109</u>	<u>\$ 1,067,249</u>	<u>\$ 1,011,709</u>	<u>\$ 55,540</u>
Board of elections:				
Electoral board and officials	\$ 21,284	\$ 21,284	\$ 19,528	\$ 1,756
Registrar	60,230	61,056	61,056	-
Total board of elections	<u>\$ 81,514</u>	<u>\$ 82,340</u>	<u>\$ 80,584</u>	<u>\$ 1,756</u>
Total general government administration	<u>\$ 1,160,680</u>	<u>\$ 1,210,542</u>	<u>\$ 1,151,376</u>	<u>\$ 59,166</u>
Judicial administration:				
Courts:				
Circuit court	\$ 23,117	\$ 23,117	\$ 22,183	\$ 934
General district court	7,350	7,350	6,074	1,276
Special magistrates	1,706	1,706	466	1,240
Juvenile and domestic relations court	24,738	24,738	17,992	6,746
J&DR court services unit	11,100	11,100	9,759	1,341
Victim witness	25,698	25,698	25,246	452
Clerk of the circuit court	218,299	219,309	219,309	-
Total courts	<u>\$ 312,008</u>	<u>\$ 313,018</u>	<u>\$ 301,029</u>	<u>\$ 11,989</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 223,435	\$ 223,435	\$ 219,964	\$ 3,471
Total commonwealth's attorney	<u>\$ 223,435</u>	<u>\$ 223,435</u>	<u>\$ 219,964</u>	<u>\$ 3,471</u>
Total judicial administration	<u>\$ 535,443</u>	<u>\$ 536,453</u>	<u>\$ 520,993</u>	<u>\$ 15,460</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,401,928	\$ 1,317,243	\$ 1,282,636	\$ 34,607
E-911	108,419	111,209	94,982	16,227
Total law enforcement and traffic control	<u>\$ 1,510,347</u>	<u>\$ 1,428,452</u>	<u>\$ 1,377,618</u>	<u>\$ 50,834</u>
Fire and rescue services:				
Fire department	\$ 161,300	\$ 161,906	\$ 136,843	\$ 25,063
Ambulance and rescue services	102,250	138,712	104,316	34,396
Total fire and rescue services	<u>\$ 263,550</u>	<u>\$ 300,618</u>	<u>\$ 241,159</u>	<u>\$ 59,459</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<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)				
Correction and detention:				
Regional jail	\$ 422,450	\$ 422,450	\$ 371,371	\$ 51,079
Juvenile probation and detention	61,634	61,634	47,187	14,447
Total correction and detention	<u>\$ 484,084</u>	<u>\$ 484,084</u>	<u>\$ 418,558</u>	<u>\$ 65,526</u>
Inspections:				
Building	\$ 125,592	\$ 125,593	\$ 111,711	\$ 13,882
Total inspections	<u>\$ 125,592</u>	<u>\$ 125,593</u>	<u>\$ 111,711</u>	<u>\$ 13,882</u>
Other protection:				
Animal control	\$ -	\$ 88,165	\$ 88,165	\$ -
Medical examiner	100	100	80	20
Total other protection	<u>\$ 100</u>	<u>\$ 88,265</u>	<u>\$ 88,245</u>	<u>\$ 20</u>
Total public safety	<u>\$ 2,383,673</u>	<u>\$ 2,427,012</u>	<u>\$ 2,237,291</u>	<u>\$ 189,721</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 500	\$ 500	\$ -	\$ 500
Main street VDOT enhancement	80,000	80,000	65,509	14,491
Streetlights	11,000	16,372	16,372	-
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 91,500</u>	<u>\$ 96,872</u>	<u>\$ 81,881</u>	<u>\$ 14,991</u>
Sanitation and waste removal:				
Refuse disposal	\$ 583,844	\$ 583,844	\$ 540,011	\$ 43,833
Total sanitation and waste removal	<u>\$ 583,844</u>	<u>\$ 583,844</u>	<u>\$ 540,011</u>	<u>\$ 43,833</u>
Maintenance of general buildings and grounds:				
General properties	\$ 581,919	\$ 605,719	\$ 454,548	\$ 151,171
Total maintenance of general buildings and grounds	<u>\$ 581,919</u>	<u>\$ 605,719</u>	<u>\$ 454,548</u>	<u>\$ 151,171</u>
Total public works	<u>\$ 1,257,263</u>	<u>\$ 1,286,435</u>	<u>\$ 1,076,440</u>	<u>\$ 209,995</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 120,451	\$ 120,451	\$ 120,170	\$ 281
Total health	<u>\$ 120,451</u>	<u>\$ 120,451</u>	<u>\$ 120,170</u>	<u>\$ 281</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller Center	35,475	35,475	35,475	-
Total mental health and mental retardation	<u>\$ 42,975</u>	<u>\$ 42,975</u>	<u>\$ 42,975</u>	<u>\$ -</u>

County of Mathews, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,211,271	\$ 1,211,271	\$ 1,087,649	\$ 123,622
Area agency on aging	54,324	54,324	54,324	-
Comprehensive services act	512,500	512,500	350,434	162,066
Tax relief for the elderly	-	-	71,883	(71,883)
Total welfare	<u>\$ 1,778,095</u>	<u>\$ 1,778,095</u>	<u>\$ 1,564,290</u>	<u>\$ 213,805</u>
Total health and welfare	<u>\$ 1,941,521</u>	<u>\$ 1,941,521</u>	<u>\$ 1,727,435</u>	<u>\$ 214,086</u>
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 6,199	\$ 6,199	\$ 6,199	\$ -
Contribution to County School Board	5,980,613	6,214,148	5,957,764	256,384
Total education	<u>\$ 5,986,812</u>	<u>\$ 6,220,347</u>	<u>\$ 5,963,963</u>	<u>\$ 256,384</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 82,000	\$ 82,000	\$ 80,000	\$ 2,000
Newpoint Comfort lighthouse	5,000	5,000	-	5,000
Bavon beach	-	200,000	-	200,000
Total parks and recreation	<u>\$ 87,000</u>	<u>\$ 287,000</u>	<u>\$ 80,000</u>	<u>\$ 207,000</u>
Library:				
Contribution to county library	\$ 317,897	\$ 319,801	\$ 291,978	\$ 27,823
Total library	<u>\$ 317,897</u>	<u>\$ 319,801</u>	<u>\$ 291,978</u>	<u>\$ 27,823</u>
Total parks, recreation, and cultural	<u>\$ 404,897</u>	<u>\$ 606,801</u>	<u>\$ 371,978</u>	<u>\$ 234,823</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 325,762	\$ 299,544	\$ 279,136	\$ 20,408
Planning and zoning boards	6,106	6,106	2,777	3,329
Middle Peninsula planning district commission	16,300	16,300	16,300	-
Wetlands board	2,428	2,428	1,980	448
Economic development	39,000	39,000	38,428	572
Housing assistance and other	1,097,767	-	(8,609)	8,609
Total planning and community development	<u>\$ 1,487,363</u>	<u>\$ 363,378</u>	<u>\$ 330,012</u>	<u>\$ 33,366</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	5,000	7,216	7,216	-
Total environmental management	<u>\$ 11,000</u>	<u>\$ 13,216</u>	<u>\$ 13,216</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 39,623	\$ 39,623	\$ 23,476	\$ 16,147
Total cooperative extension program	<u>\$ 39,623</u>	<u>\$ 39,623</u>	<u>\$ 23,476</u>	<u>\$ 16,147</u>
Total community development	<u>\$ 1,537,986</u>	<u>\$ 416,217</u>	<u>\$ 366,704</u>	<u>\$ 49,513</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<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)				
Nondepartmental:				
Contingencies	\$ 82,620	\$ 30,170	\$ 5,172	\$ 24,998
Total nondepartmental	<u>\$ 82,620</u>	<u>\$ 30,170</u>	<u>\$ 5,172</u>	<u>\$ 24,998</u>
Capital projects:				
Fort Nonsense VDOT enhancement	\$ 5,000	\$ 5,000	\$ -	\$ 5,000
School bus replacement	86,958	86,958	86,958	-
Other capital projects	1,300,000	1,300,000	896,452	403,548
Total capital projects	<u>\$ 1,391,958</u>	<u>\$ 1,391,958</u>	<u>\$ 983,410</u>	<u>\$ 408,548</u>
Debt service:				
Principal retirement	\$ 1,116,662	\$ 1,906,662	\$ 1,911,237	\$ (4,575)
Interest and other fiscal charges	431,833	461,354	465,092	(3,738)
Total debt service	<u>\$ 1,548,495</u>	<u>\$ 2,368,016</u>	<u>\$ 2,376,329</u>	<u>\$ (8,313)</u>
Total General Fund	<u>\$ 18,231,348</u>	<u>\$ 18,435,472</u>	<u>\$ 16,781,091</u>	<u>\$ 1,654,381</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other Protection:				
Forfeited assets	\$ -	\$ -	\$ 869	\$ (869)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869</u>	<u>\$ (869)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 869</u>	<u>\$ (869)</u>
Parks, recreation and cultural:				
Mathews County sesquicentennial	\$ -	\$ -	\$ 839	\$ (839)
Total parks, recreation, and cultural	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839</u>	<u>\$ (839)</u>
Total Library	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839</u>	<u>\$ (839)</u>
Community Development:				
Planning grant	\$ -	\$ 40,000	\$ 20,097	\$ 19,903
Hazard mitigation grant program	-	889,825	79,104	810,721
Severe repetitive loss	-	207,942	145,777	62,165
Total Community Development	<u>\$ -</u>	<u>\$ 1,137,767</u>	<u>\$ 244,978</u>	<u>\$ 892,789</u>
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ 1,137,767</u>	<u>\$ 246,686</u>	<u>\$ 891,081</u>
Total Primary Government	<u>\$ 18,231,348</u>	<u>\$ 19,573,239</u>	<u>\$ 17,027,777</u>	<u>\$ 2,545,462</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2013

<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:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 821,651	\$ 827,645	\$ 802,406	\$ 25,239
Instruction costs	8,207,931	8,468,555	8,269,107	199,448
Pupil transportation	882,447	886,211	861,301	24,910
Operation and maintenance of school plant	1,177,713	1,182,870	1,256,566	(73,696)
Total School Operating Fund	<u>\$ 11,089,742</u>	<u>\$ 11,365,281</u>	<u>\$ 11,189,380</u>	<u>\$ 175,901</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 782,811	\$ 782,811	\$ 757,372	\$ 25,439
Commodities	-	40,470	40,470	-
Total school food services	<u>\$ 782,811</u>	<u>\$ 823,281</u>	<u>\$ 797,842</u>	<u>\$ 25,439</u>
Total School Cafeteria Fund	<u>\$ 782,811</u>	<u>\$ 823,281</u>	<u>\$ 797,842</u>	<u>\$ 25,439</u>
Textbook Fund:				
Education:				
Purchase of textbooks	\$ 45,517	\$ 45,517	\$ 37,970	\$ 7,547
Total education	<u>\$ 45,517</u>	<u>\$ 45,517</u>	<u>\$ 37,970</u>	<u>\$ 7,547</u>
Total Textbook Fund	<u>\$ 45,517</u>	<u>\$ 45,517</u>	<u>\$ 37,970</u>	<u>\$ 7,547</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 11,918,070</u>	<u>\$ 12,234,079</u>	<u>\$ 12,025,192</u>	<u>\$ 208,887</u>

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OTHER STATISTICAL INFORMATION

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2003-04	\$ 1,386,324	\$ 601,070	\$ 1,703,916	\$ 940,124	\$ 1,322,388	\$ 4,838,854	\$ 373,908	\$ 293,177	\$ 1,031,027	\$ 261,803	\$ 12,752,591
2004-05	1,234,146	620,802	1,955,278	987,030	1,371,881	5,217,519	379,630	279,042	937,969	-	12,983,297
2005-06	1,344,050	627,926	2,755,851	1,015,465	1,520,044	5,606,976	387,933	456,921	1,132,979	-	14,848,145
2006-07	1,065,084	827,058	2,095,783	1,451,355	2,005,608	6,217,103	475,630	395,061	806,520	-	15,339,202
2007-08	1,231,935	1,026,178	2,143,896	1,408,691	1,458,890	6,817,663	427,514	641,590	733,013	-	15,889,370
2008-09	1,095,634	700,239	2,351,796	1,663,793	1,416,104	6,632,069	460,944	578,584	654,967	-	15,554,130
2009-10	1,303,675	685,093	2,440,580	1,330,254	1,768,312	6,434,299	475,858	638,063	1,029,985	-	16,106,119
2010-11	1,376,919	650,189	2,362,595	1,169,512	1,909,899	6,296,291	505,397	544,077	418,566	-	15,233,445
2011-12	1,299,464	637,734	2,357,034	1,352,826	1,691,248	6,535,760	500,977	1,027,809	421,516	-	15,824,368
2012-13	1,183,758	656,328	2,297,325	1,105,587	1,740,409	6,764,109	613,639	614,138	390,314	-	15,365,607

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Gain on Sale of Capital Assets		
2003-04	\$ 116,565	\$ 2,495,970	\$ -	\$ -	\$ 7,339,763	\$ 1,428,839	\$ 130,686	\$ 105,064	\$ 1,045,781	\$ -	\$ -	\$ 12,662,668
2004-05	119,789	2,000,683	-	-	7,806,381	1,547,302	166,619	150,111	1,018,466	329,854	-	13,139,205
2005-06	123,874	2,239,770	-	-	8,304,312	1,700,918	254,586	106,165	1,145,551	-	-	13,875,176
2006-07	117,129	2,507,538	-	-	9,287,564	1,698,362	273,250	751,058	1,112,848	-	-	15,747,749
2007-08	132,487	2,367,614	-	-	9,338,793	1,751,251	242,986	161,089	1,097,430	-	-	15,091,650
2008-09	116,638	2,219,755	98,793	-	9,686,696	1,677,012	123,641	192,558	1,011,095	-	-	15,126,188
2009-10	103,859	2,714,665	-	-	9,849,635	1,236,738	79,923	102,650	1,480,737	-	-	15,568,207
2010-11	101,032	2,639,485	70,517	-	10,483,159	1,257,210	61,410	204,748	1,486,153	-	-	16,303,714
2011-12	97,920	2,629,058	189,801	-	10,412,119	1,240,714	75,073	157,066	1,475,634	-	-	16,277,385
2012-13	115,061	2,303,422	718,129	-	10,376,573	1,248,362	67,636	84,330	1,489,720	-	-	16,403,233

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural			Community Development	Non-departmental	Debt Service	Total
							Recreation	Cultural	Parks				
2003-04	\$ 1,323,002	\$ 587,125	\$ 1,643,851	\$ 956,203	\$ 1,314,048	\$ 9,542,810	\$ 317,382	\$ -	\$ 266,448	\$ -	\$ 2,126,198	\$ 18,077,067	
2004-05	1,168,115	571,021	1,907,258	1,001,052	1,356,816	10,609,394	294,173	-	275,944	-	2,145,653	19,329,426	
2005-06	1,460,454	560,076	2,036,707	1,231,451	1,492,519	11,493,575	303,633	-	314,351	-	2,169,120	21,061,886	
2006-07	1,035,785	589,759	2,065,871	1,327,638	1,969,465	12,074,141	390,588	-	373,790	-	2,247,874	22,074,911	
2007-08	1,188,725	600,779	2,125,713	1,388,897	1,444,261	12,840,186	343,956	-	534,686	-	2,058,428	22,525,631	
2008-09	1,201,206	537,074	2,290,536	1,637,813	1,529,173	13,094,022	376,457	-	573,907	-	1,773,181	23,013,369	
2009-10	1,308,574	526,665	2,345,394	1,324,257	1,785,690	12,751,860	358,094	-	632,375	-	1,902,243	22,935,152	
2010-11	1,325,878	488,183	2,317,126	1,159,235	1,919,658	11,678,792	357,877	7,668	458,078	7,668	1,358,872	21,071,367	
2011-12	1,296,075	510,475	2,457,241	1,317,282	1,765,570	11,790,798	427,708	-	389,268	-	1,688,717	21,643,134	
2012-13	1,151,376	520,993	2,238,160	1,076,440	1,727,435	12,031,391	372,817	5,172	611,682	5,172	2,376,329	22,111,795	

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

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

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
2003-04	\$ 7,416,166	\$ 1,428,839	\$ 74,186	\$ 18,519	\$ 95,324	\$ 388,652	\$ 110,618	\$ 11,176	\$ 9,102,666	\$ 18,646,146
2004-05	7,721,330	1,547,302	89,959	15,620	123,721	412,077	166,108	22,720	9,233,862	19,332,699
2005-06	8,383,990	1,700,918	91,206	14,890	205,296	419,930	115,620	46,266	9,806,201	20,784,317
2006-07	9,241,999	1,698,362	87,324	11,380	258,773	474,696	144,700	8,047	10,360,328	22,285,609
2007-08	9,334,647	1,751,251	85,662	18,319	226,046	512,593	208,600	22,879	10,339,446	22,499,443
2008-09	9,531,774	1,677,012	65,635	24,870	121,594	472,235	304,168	14,602	9,857,471	22,069,361
2009-10	9,835,627	1,236,738	62,856	14,899	85,190	441,423	189,174	52,447	10,658,575	22,576,929
2010-11	10,377,660	1,257,210	61,501	12,241	59,458	444,016	278,368	82,985	9,776,395	22,349,834
2011-12	10,359,905	1,240,714	57,762	15,490	76,352	426,293	216,580	107,717	9,720,923	22,221,736
2012-13	10,304,680	1,248,362	56,410	30,604	71,421	429,422	115,517	99,394	10,175,515	22,531,325

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
						Total Tax Collections	to Tax Levy		
2003-04	\$ 8,420,389	\$ 8,244,213	97.91%	\$ 18,170	\$ 8,262,383	98.12%	\$ 385,210	4.57%	
2004-05	8,594,243	8,550,645	99.49%	9,123	8,559,768	99.60%	322,127	3.75%	
2005-06	9,396,373	9,304,937	99.03%	14,616	9,319,553	99.18%	301,819	3.21%	
2006-07	10,052,394	10,092,508	100.40%	42,588	10,135,096	100.82%	440,139	4.38%	
2007-08	10,263,755	10,027,288	97.70%	187,104	10,214,392	99.52%	455,935	4.44%	
2008-09	10,952,299	10,427,724	95.21%	8,455	10,436,179	95.29%	590,247	5.39%	
2009-10	10,989,815	10,720,806	97.55%	5,851	10,726,657	97.61%	688,793	6.27%	
2010-11	11,482,310	10,972,532	95.56%	283,517	11,256,049	98.03%	776,874	6.77%	
2011-12	10,880,993	10,964,212	100.76%	247,741	11,211,953	103.04%	745,683	6.85%	
2012-13	11,037,711	10,897,802	98.73%	286,351	11,184,153	101.33%	822,854	7.45%	

(1) Exclusive of penalties and interest.

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

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	
2003-04	\$ 716,955,314	\$ 95,576,276	\$ -	\$ 19,792,155	\$ -	\$ 832,323,745
2004-05	964,695,075	97,459,683	-	16,183,972	-	1,078,338,730
2005-06	1,240,094,987	94,296,230	11,732,849	23,520,759	-	1,369,644,825
2006-07	1,270,237,929	100,764,835	16,895,940	21,331,137	-	1,409,229,841
2007-08	1,289,544,418	99,648,503	16,635,103	15,264,589	-	1,421,092,613
2008-09	1,309,625,538	109,396,890	18,074,493	13,353,782	-	1,450,450,703
2009-10	1,319,914,661	118,005,040	10,374,005	13,896,370	-	1,462,190,076
2010-11	1,641,431,416	100,040,632	16,977,516	14,710,448	-	1,773,160,012
2011-12	1,640,724,165	100,150,365	15,810,352	19,419,122	26,572	1,776,130,576
2012-13	1,687,485,370	97,469,238	15,685,119	19,419,119	280,556	1,820,339,402

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

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

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
2003-04	\$ 0.79	\$ 0.79	\$ 3.60	-
2004-05 (2)	.51/.79	0.79	3.60	-
2005-06(3)	.53/.51	0.51	3.60	2.14
2006-07	0.53	0.53	3.60	2.14
2007-08(4)	.56/.53	0.53	3.60	2.14
2008-09	0.56	0.56	3.60	2.14
2009-10	0.56	0.56	4.53	2.14
2010-11(5)	.56/.47	0.56	4.53	2.14
2011-12	0.47	0.47	3.70	2.14
2012-13	0.47	0.47	3.65	2.14

(1) Per \$100 of assessed value.

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

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

(4) First half 2008 and second half 2007, respectively

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

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities (4)			
2003-04	9,100	\$ 832,324	\$ 11,529,619	\$ -	\$ -	\$ 11,529,619	1.39%	\$ 1,267
2004-05	9,100	1,078,339	10,523,992	-	-	10,523,992	0.98%	1,156
2005-06	9,100	1,369,645	9,386,634	-	-	9,386,634	0.69%	1,031
2006-07	9,100	1,409,230	8,437,339	-	-	8,437,339	0.60%	927
2007-08	9,100	1,421,093	7,482,051	-	-	7,482,051	0.53%	822
2008-09	9,100	1,450,451	6,742,007	-	-	6,742,007	0.46%	741
2009-10	9,100	1,462,190	5,986,205	-	-	5,986,205	0.41%	658
2010-11	8,978	1,773,160	5,254,171	-	-	5,254,171	0.30%	585
2011-12	8,978	1,776,131	4,505,275	-	-	4,505,275	0.25%	502
2012-13	8,978	1,820,339	3,794,038	-	-	3,794,038	0.21%	423

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

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

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

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

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

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Mathews Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Mathews, Virginia's basic financial statements, and have issued our report thereon dated December 8, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Mathews Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Mathews, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Mathews, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Mathews, Virginia's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Richmond, Virginia
December 8, 2013

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited County of Mathews, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Mathews, Virginia's major federal programs for the year ended June 30, 2013. County of Mathews, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Mathews, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of County of Mathews, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Mathews, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Richmond, Virginia
December 8, 2013

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting safe and stable families	93.556	0950112/0950113	\$ 11,634
Temporary assistance for needy families	93.558	0400112/0400113	85,627
Refugee and entrant assistance - state administered programs	93.566	0500112/0500113	406
Low income home energy assistance	93.568	0600412/00600413	7,972
Child care mandatory and matching funds of the child care and development fund	93.596	0760112/0760113	16,576
Stephanie Tubbs Jones Child welfare services	93.645	0900112/090113	468
Foster care - Title IV-E	93.658	1100112/1100113	69,460
Adoption assistance	93.659	1120112/11201113	47,400
Social services block grant	93.667	1000112/1000113	88,418
Chafee foster care independence program	93.674	9150112/9150113	441
Children's health insurance program	93.767	0540112/0540113	3,025
Medical Assistance Program	93.778	1200112/1200113	79,220
			\$ 410,647
Total Department of Health and Human Services			
U. S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Disaster grants - public assistance (Presidentially Declared Disasters)	97.036	77602-155	\$ 214
Hazard mitigation grant	97.039	77602-155/146	21,799
Severe repetitive loss program	97.110	77602-52349	127,639
State homeland security program	97.073	77501-52700	32,420
			\$ 182,072
Total U. S. Department of Homeland Security			
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child nutrition cluster:			
Food Distribution	10.555	17901-45707	\$ 40,470
Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	17901-45707	215,417
Sub-total CFDA 10.555			\$ 255,887
Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	17901-40591	77,342
Department of Social Services:			
State administrative matching grants for the supplemental nutrition assistance program	10.561	0010109/0010100	132,067
			\$ 465,296
Total Department of Agriculture			

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne memorial justice assistance grant program	16.738	3900100-81100	\$ <u>1,050</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway planning and construction (ISTEA)	20.205	60302-0	\$ 590,490
State and community highway safety program	20.600	60507-50287	<u>6,252</u>
Total Department of Transportation			<u>\$ 596,742</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community development block grants/State's program and non-entitlement grants in Hawaii	14.228	53305-50791	\$ <u>29,621</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I grants to local educational agencies	84.010	17901-42901-42999	\$ 169,390
Special education cluster:			
Special education grants to states	84.027	17901-43071-61234	280,950
Special education - preschool grants	84.173	17901-62521	15,341
Career and technical education - basic grants to states	84.048	17901-61095	17,849
Improving teacher quality state grants	84.367	17901-61480	45,164
Educational technology state grants	84.318	17901-61600	<u>100</u>
Total Department of Education			<u>\$ 528,794</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,214,222</u></u>

See accompanying notes to schedule of expenditures of federal awards.

County of Mathews, Virginia

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Mathews, Virginia under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of the OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Mathews, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Mathews, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund	\$ 1,173,140
Special Revenue Fund	179,059
Total primary government	<u>\$ 1,352,199</u>
Component Unit Public Schools:	
School Operating Fund	\$ 528,794
School Cafeteria Fund	333,229
Total component unit public schools	<u>\$ 862,023</u>
Total federal expenditures per basic financial statements	<u>\$ 2,214,222</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,214,222</u></u>

County of Mathews, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I—Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unmodified
Internal control over financial reporting:
Material weakness(es) identified? _____ yes ✓ no
Significant deficiencies identified? _____ yes ✓ none reported
Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? _____ yes ✓ no
Significant deficiencies identified? _____ yes ✓ none reported
Type of auditor's report issued on compliance
for major programs: unmodified
Any findings disclosed that are required to be
reported in accordance with section 510(a) of
Circular A-133? _____ yes ✓ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee? _____ ✓ yes _____ no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

County of Mathews, Virginia
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2013

Prior Year Financial Statement Findings

There were no prior year findings and questioned costs.

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