

COUNTY OF MATHEWS, VIRGINIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30,
2009

COUNTY OF MATHEWS, VIRGINIA

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED JUNE 30,
2009**

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COUNTY OF MATHEWS, VIRGINIA

Board of Supervisors

O. J. Cole, Jr., Chairperson
Kevin L. Mitchem, Vice-Chairperson

Charles E. Ingram

Janine Burns

Edwina Casey

School Board

Virginia J. Richards, Chairperson
William E. Johnson, Vice-Chairperson

Jennifer M. Little

John T. Persinger

Dr. Michael E. Richards, DVM

Department of Social Services Board

Helen Forest, Chairperson
Judith Moore-Rowe, Vice-Chairperson

Charles E. Ingram
Mary L. Thomas

Janet Dehoux

Other Officials

County Administrator Stephen K. Whiteway
Clerk of the Circuit Court E.E. Callis, III
County Attorney..... Richard H. Harfst
Commissioner of the Revenue Raymond A. Hunley
Treasurer Wendy Stewart
Sheriff Danny C. Howlett
Superintendent of Schools Dr. David J. Holleran
Director of Social Services Jo Ann Wilson-Harfst
Judge of the Circuit Court..... William H. Shaw, III
Commonwealth's Attorney John S. Gill
Judge of the General District Court R. Bruce Long
Judge of the Juvenile and Domestic Relations Court..... Isabel H. Atlee

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COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	10
Exhibit 2 Statement of Activities	11
Fund Financial Statements:	
Exhibit 3 Balance Sheet--Governmental Funds	12
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances--Governmental Funds	14
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Exhibit 7 Statement of Net Assets--Proprietary Funds	16
Exhibit 8 Statement of Revenues, Expenses and Changes in Net Assets--Proprietary Funds	17
Exhibit 9 Statement of Cash Flows--Proprietary Funds	18
Exhibit 10 Statement of Fiduciary Net Assets--Fiduciary Funds	19
Notes to Financial Statements	20-45

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	Page
<u>Required Supplementary Information:</u>	
Exhibit 11 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual–General Fund	46
Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances–Budget and Actual - Special Revenue Fund	47
Exhibit 13 Schedule of Funding Progress–Virginia Retirement System	48
Exhibit 14 Schedule of Funding Progress–Retiree Healthcare Plan	49
<u>Other Supplementary Information:</u>	
Combining and Individual Fund Statements and Schedules	
Exhibit 15 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - County Capital Projects Fund	50
Exhibit 16 Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	51
Discretely Presented Component Unit - School Board:	
Exhibit 17 Combining Balance Sheet	52
Exhibit 18 Combining Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	53
Exhibit 19 Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual	54
Exhibit 20 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Fund	55
Exhibit 21 Statement of Fiduciary Net Assets - Fiduciary Fund	56
Exhibit 22 Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	57
Discretely Presented Component Unit - Industrial Development Authority:	
Exhibit 23 Statement of Net Assets	58
Exhibit 24 Statement of Revenues, Expenses, and Changes in Net Assets	59
Exhibit 25 Statement of Cash Flows	60
<u>Supporting Schedules:</u>	
Schedule 1 Schedule of Revenues–Budget and Actual–Governmental Funds	61-66

COUNTY OF MATHEWS, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	Page
<u>Other Supplementary Information: (Continued)</u>	
<u>Supporting Schedules: (Continued)</u>	
Schedule 2 Schedule of Expenditures–Budget and Actual–Governmental Funds	67-70
<u>Other Statistical Information:</u>	
Table 1 Government-Wide Expenses by Function	71
Table 2 Government-Wide Revenues	72
Table 3 General Governmental Expenditures by Function–Last Ten Fiscal Years	73
Table 4 General Governmental Revenues by Source–Last Ten Fiscal Years	74
Table 5 Property Tax Levies and Collections–Last Ten Fiscal Years	75
Table 6 Assessed Value of Taxable Property–Last Ten Fiscal Years	76
Table 7 Property Tax Rates–Last Ten Fiscal Years	77
Table 8 Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	78
<u>Compliance:</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79-80
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	81-82
Schedule of Expenditures of Federal Awards	83-84
Notes to Schedule of Expenditures of Federal Awards	85
Schedule of Findings and Questioned Costs	86
Schedule of Prior Year Findings and Questioned Costs	87

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Mathews, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15, the County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions* effective June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2010, on our consideration of the County of Mathews, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

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



Richmond, Virginia
January 7, 2010

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, 2009.

Financial Highlights

Government-wide Financial Statements

- < The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$9,076,727 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources of \$896,783 (Exhibit 5) after making contributions totaling \$5,893,269 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$3,305,640, a decrease of \$896,783 in comparison with the prior year.
- < At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,161,182 or 20% of total general fund expenditures and other financing uses.
- < The combined long-term obligations decreased \$1,136,292 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$9,076,727 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Mathews, Virginia's Net Assets

	Governmental Activities		Business-type		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 4,750,256	\$ 5,367,651	\$ 71,858	\$ 69,367	\$ 4,822,114	\$ 5,437,018
Capital assets	<u>18,844,317</u>	<u>19,682,351</u>	<u>-</u>	<u>-</u>	<u>18,844,317</u>	<u>19,682,351</u>
Total assets	\$ <u>23,594,573</u>	\$ <u>25,050,002</u>	\$ <u>71,858</u>	\$ <u>69,367</u>	\$ <u>23,666,431</u>	\$ <u>25,119,369</u>
Current liabilities	\$ 1,165,188	\$ 1,133,455	\$ -	\$ -	\$ 1,165,188	\$ 1,133,455
Long-term liabilities outstanding	<u>13,424,516</u>	<u>14,560,808</u>	<u>-</u>	<u>-</u>	<u>13,424,516</u>	<u>14,560,808</u>
Total liabilities	\$ <u>14,589,704</u>	\$ <u>15,694,263</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,589,704</u>	\$ <u>15,694,263</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 5,752,310	\$ 5,485,300	\$ -	\$ -	\$ 5,752,310	\$ 5,485,300
Unrestricted	<u>3,252,559</u>	<u>3,870,339</u>	<u>71,858</u>	<u>69,367</u>	<u>3,324,417</u>	<u>3,939,706</u>
Total net assets	\$ <u><u>9,004,869</u></u>	\$ <u><u>9,355,639</u></u>	\$ <u><u>71,858</u></u>	\$ <u><u>69,367</u></u>	\$ <u><u>9,076,727</u></u>	\$ <u><u>9,425,006</u></u>

Government-wide Financial Analysis (Continued)

Governmental activities decreased the County's net assets by \$427,942 during the current fiscal year. The following table summarizes the County's Statement of Activities:

	County of Mathews, Virginia's Changes in Net Assets					
	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 116,638	\$ 132,487	\$ -	\$ -	\$ 116,638	\$ 132,487
Operating grants and contributions	2,219,755	2,366,714	-	-	2,219,755	2,366,714
Capital grants and contributions	98,793	-	-	-	98,793	-
General revenues:						
General property taxes	9,686,696	9,338,793	-	-	9,686,696	9,338,793
Other local taxes	1,677,012	1,751,251	-	-	1,677,012	1,751,251
Grants and other contributions not restricted	1,011,095	1,098,330	-	-	1,011,095	1,098,330
Other general revenues	313,708	400,676	2,491	3,399	316,199	404,075
Total revenues	\$ 15,123,697	\$ 15,088,251	\$ 2,491	\$ 3,399	\$ 15,126,188	\$ 15,091,650
Expenses:						
General government						
administration	\$ 1,095,634	\$ 1,231,935	\$ -	\$ -	\$ 1,095,634	\$ 1,231,935
Judicial administration	700,239	1,026,178	-	-	700,239	1,026,178
Public safety	2,351,796	2,143,896	-	-	2,351,796	2,143,896
Public works	1,663,793	1,408,691	-	-	1,663,793	1,408,691
Health and welfare	1,416,104	1,458,890	-	-	1,416,104	1,458,890
Education	6,632,069	6,817,663	-	-	6,632,069	6,817,663
Parks, recreation, and cultural	460,944	427,514	-	-	460,944	427,514
Community development	578,584	641,590	-	-	578,584	641,590
Interest and other fiscal charges	654,967	733,013	-	-	654,967	733,013
Total expenses	\$ 15,554,130	\$ 15,889,370	\$ -	\$ -	\$ 15,554,130	\$ 15,889,370
Change in net assets	\$ (430,433)	\$ (801,119)	\$ 2,491	\$ 3,399	\$ (427,942)	\$ (797,720)
Beginning of year - as restated	9,435,302	10,156,758	69,367	65,968	9,504,669	10,222,726
End of year	\$ 9,004,869	\$ 9,355,639	\$ 71,858	\$ 69,367	\$ 9,076,727	\$ 9,425,006

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$3,305,640, a decrease of \$896,783 in comparison with the prior year. Approximately 96% of the reported fund balance constitutes unreserved 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 \$234,515. The bulk of difference is made up of a supplemental appropriation to the School Fund of \$162,666.

During the year, revenues and other financing sources were less than budgetary estimates by \$966,683 and expenditures and other financing uses were less than budgetary estimates by \$942,583, resulting in an overall negative variance of \$24,100.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2009 amounts to \$18,844,317 (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 \$13,092,007. Of this amount, \$6,702,607 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 \$1,105,044 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 5.4 percent at June 30, 2009. The Commonwealth of Virginia's unemployment rate was 7.3 percent as of the same date.

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

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

The fiscal year 2010 budget decreased by approximately 4.1 percent.

All tax rates remained the same with the exception of personal property which increased from \$3.60 to \$4.53 per 100 dollars of assessed value.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Mathews, Virginia
 Statement of Net Assets
 June 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 3,738,565	\$ 71,858	\$ 3,810,423	\$ 174,429	\$ 54,749
Receivables (net of allowance for uncollectibles):					
Taxes receivable	552,827	-	552,827	-	-
Accounts receivable	50,440	-	50,440	1,551	-
Due from other governmental units	408,424	-	408,424	1,025,089	-
Inventories	-	-	-	2,101	-
Capital assets (net of accumulated depreciation):					
Land and improvements	1,605,761	-	1,605,761	46,172	-
Buildings and improvements	16,653,861	-	16,653,861	6,683,889	-
Equipment	584,695	-	584,695	438,744	-
Total assets	<u>\$ 23,594,573</u>	<u>\$ 71,858</u>	<u>\$ 23,666,431</u>	<u>\$ 8,371,975</u>	<u>\$ 54,749</u>
LIABILITIES					
Accounts payable	\$ 124,890	\$ -	\$ 124,890	\$ -	\$ -
Accrued liabilities	-	-	-	1,059,853	-
Accrued interest payable	148,902	-	148,902	-	-
Due to other governmental units	785,185	-	785,185	-	-
Deferred revenue	106,211	-	106,211	-	-
Long-term liabilities:					
Due within one year	1,173,807	-	1,173,807	13,522	-
Due in more than one year	12,250,709	-	12,250,709	139,594	-
Total liabilities	<u>\$ 14,589,704</u>	<u>\$ -</u>	<u>\$ 14,589,704</u>	<u>\$ 1,212,969</u>	<u>\$ -</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 5,752,310	\$ -	\$ 5,752,310	\$ 7,168,805	\$ -
Unrestricted (deficit)	3,252,559	71,858	3,324,417	(9,799)	54,749
Total net assets	<u>\$ 9,004,869</u>	<u>\$ 71,858</u>	<u>\$ 9,076,727</u>	<u>\$ 7,159,006</u>	<u>\$ 54,749</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, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Business-type Activities	Component Units			
			Operating Grants and Contributions	Capital Grants and Contributions			Total	School Board	IDA	
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$ 1,095,634	\$ -	\$ 221,662	\$ -	\$ (873,972)	\$ -	\$ (873,972)	\$ -	\$ -	\$ -
Judicial administration	700,239	38,120	329,074	-	(333,045)	-	(333,045)	-	-	-
Public safety	2,351,796	67,153	693,061	-	(1,591,582)	-	(1,591,582)	-	-	-
Public works	1,663,793	-	-	-	(1,663,793)	-	(1,663,793)	-	-	-
Health and welfare	1,416,104	-	905,963	-	(510,141)	-	(510,141)	-	-	-
Education	6,632,069	-	-	-	(6,632,069)	-	(6,632,069)	-	-	-
Parks, recreation, and cultural	460,944	7,598	63,658	-	(389,688)	-	(389,688)	-	-	-
Community development	578,584	3,767	6,337	98,793	(469,687)	-	(469,687)	-	-	-
Interest on long-term debt	654,967	-	-	-	(654,967)	-	(654,967)	-	-	-
Total governmental activities	\$ 15,554,130	\$ 116,638	\$ 2,219,755	\$ 98,793	\$ (13,118,944)	\$ -	\$ (13,118,944)	\$ -	\$ -	\$ -
Business-type activities:										
Sanitary District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 15,554,130	\$ 116,638	\$ 2,219,755	\$ 98,793	\$ (13,118,944)	\$ -	\$ (13,118,944)	\$ -	\$ -	\$ -
COMPONENT UNITS:										
School Board	\$ 13,611,728	\$ 446,102	\$ 6,527,828	\$ -	\$ -	\$ -	\$ (6,637,798)	\$ (6,637,798)	\$ -	\$ (12,583)
Industrial Development Authority	14,330	1,747	-	-	-	-	-	-	-	-
Total component units	\$ 13,626,058	\$ 447,849	\$ 6,527,828	\$ -	\$ -	\$ -	\$ (6,637,798)	\$ (6,637,798)	\$ -	\$ (12,583)
General revenues:										
General property taxes	\$ 9,686,696	\$ -	\$ -	\$ -	\$ 9,686,696	\$ -	\$ -	\$ -	\$ -	\$ -
Local sales and use taxes	427,870	-	-	-	427,870	-	-	-	-	-
Consumer's utility tax	146,841	-	-	-	146,841	-	-	-	-	-
Communications tax	467,654	-	-	-	467,654	-	-	-	-	-
Other local taxes	634,647	-	-	-	634,647	-	-	-	-	-
Unrestricted revenues from use of money and property	121,150	-	-	2,491	123,641	2,491	2,274	2,274	667	667
Miscellaneous	192,558	-	-	-	192,558	-	192,558	111,610	-	-
Grants and contributions not restricted to specific programs	1,011,095	-	-	-	1,011,095	-	1,011,095	-	-	-
Payment from Mathews County	-	-	-	-	-	-	6,593,314	-	-	-
Total general revenues	\$ 12,688,511	\$ 2,491	\$ 12,691,002	\$ 6,707,198	\$ 12,691,002	\$ 6,707,198	\$ 6,707,198	\$ 6,707,198	\$ 667	\$ 667
Change in net assets	(430,433)	-	-	-	(430,433)	2,491	(427,942)	69,400	(11,916)	(11,916)
Net assets - beginning - as restated	9,435,302	-	-	-	9,435,302	69,367	9,504,669	7,089,606	66,665	66,665
Net assets - ending	\$ 9,004,869	\$ 71,858	\$ 9,076,727	\$ 7,159,006	\$ 9,076,727	\$ 71,858	\$ 9,148,585	\$ 7,159,006	\$ 54,749	\$ 54,749

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

FUND FINANCIAL STATEMENTS

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County of Mathews, Virginia
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,604,608	\$ 131,518	\$ 2,439	\$ 3,738,565
Receivables (net of allowance for uncollectibles):				
Taxes receivable	552,827	-	-	552,827
Accounts receivable	50,440	-	-	50,440
Due from other governmental units	408,424	-	-	408,424
Total assets	<u>\$ 4,616,299</u>	<u>\$ 131,518</u>	<u>\$ 2,439</u>	<u>\$ 4,750,256</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 124,890	\$ -	\$ -	\$ 124,890
Due to other governmental units	785,185	-	-	785,185
Deferred revenue	534,541	-	-	534,541
Total liabilities	<u>\$ 1,444,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,444,616</u>
Fund balances:				
Reserved for:				
Construction	\$ -	\$ -	\$ 2,439	\$ 2,439
Revenue Maximization	10,501	-	-	10,501
Unreserved, reported in:				
General fund	3,161,182	-	-	3,161,182
Special revenue funds	-	131,518	-	131,518
Total fund balances	<u>\$ 3,171,683</u>	<u>\$ 131,518</u>	<u>\$ 2,439</u>	<u>\$ 3,305,640</u>
Total liabilities and fund balances	<u>\$ 4,616,299</u>	<u>\$ 131,518</u>	<u>\$ 2,439</u>	<u>\$ 4,750,256</u>

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

County of Mathews, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2009

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 3,305,640
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		18,844,317
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		428,330
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	\$ (6,350,000)	
Note payable	(40,000)	
General obligation bonds	(6,702,007)	
Compensated absences	(280,239)	
Landfill postclosure care	(48,070)	
OPEB Liability	(4,200)	
Accrued interest payable	<u>(148,902)</u>	(13,573,418)
Net assets of governmental activities		<u>\$ 9,004,869</u>

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

County of Mathews, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General</u>	<u>Special Revenue</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 9,531,774	\$ -	\$ -	\$ 9,531,774
Other local taxes	1,677,012	-	-	1,677,012
Permits, privilege fees, and regulatory licenses	65,635	-	-	65,635
Fines and forfeitures	21,103	3,767	-	24,870
Revenue from the use of money and property	116,247	3,073	1,830	121,150
Charges for services	26,133	-	-	26,133
Miscellaneous	184,518	8,040	-	192,558
Recovered costs	14,602	-	-	14,602
Intergovernmental revenues:				
Commonwealth	2,713,200	10,942	-	2,724,142
Federal	600,501	5,000	-	605,501
Total revenues	<u>\$ 14,950,725</u>	<u>\$ 30,822</u>	<u>\$ 1,830</u>	<u>\$ 14,983,377</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,201,206	\$ -	\$ -	\$ 1,201,206
Judicial administration	537,074	-	-	537,074
Public safety	2,280,096	10,440	-	2,290,536
Public works	1,637,813	-	-	1,637,813
Health and welfare	1,529,173	-	-	1,529,173
Education	5,898,791	-	-	5,898,791
Parks, recreation, and cultural	376,457	-	-	376,457
Community development	573,772	135	-	573,907
Capital projects	30,741	-	31,281	62,022
Debt service:				
Principal retirement	1,105,044	-	-	1,105,044
Interest and other fiscal charges	668,137	-	-	668,137
Total expenditures	<u>\$ 15,838,304</u>	<u>\$ 10,575</u>	<u>\$ 31,281</u>	<u>\$ 15,880,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (887,579)</u>	<u>\$ 20,247</u>	<u>\$ (29,451)</u>	<u>\$ (896,783)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 14,923	\$ -	\$ -	\$ 14,923
Transfers out	-	-	(14,923)	(14,923)
Total other financing sources (uses)	<u>\$ 14,923</u>	<u>\$ -</u>	<u>\$ (14,923)</u>	<u>\$ -</u>
Net change in fund balances	\$ (872,656)	\$ 20,247	\$ (44,374)	\$ (896,783)
Fund balances - beginning - as restated	4,044,339	111,271	46,813	4,202,423
Fund balances - ending	<u>\$ 3,171,683</u>	<u>\$ 131,518</u>	<u>\$ 2,439</u>	<u>\$ 3,305,640</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, 2009

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

Net change in fund balances - total governmental funds \$ (896,783)

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

Capital outlay additions	\$ 288,691	
Allocation of School board assets	(615,192)	
Depreciation expense	<u>(511,533)</u>	(838,034)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 154,922

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

Principal retirement on lease revenue bonds	\$ 365,000	
Principal retirement on note payable	40,000	
Principal retirement on general obligation bonds	700,044	
(Increase) Decrease in landfill postclosure liability	<u>23,965</u>	1,129,009

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	\$ 11,483	
(Increase) Decrease in OPEB liability	(4,200)	
(Increase) Decrease in accrued interest	<u>13,170</u>	20,453

Change in net assets of governmental activities \$ (430,433)

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

**County of Mathews, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2009**

	<u>Enterprise Fund Sanitary District</u>
ASSETS	
Current assets:	
Cash and cash equivalents	<u>\$ 71,858</u>
Total assets	<u>\$ 71,858</u>
NET ASSETS	
Unrestricted	<u>\$ 71,858</u>
Total net assets	<u>\$ 71,858</u>

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

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Enterprise Fund
	Sanitary District
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 2,491
	2,491
Total nonoperating revenues (expenses)	\$ 2,491
	2,491
Change in net assets	\$ 2,491
	2,491
Total net assets - beginning	\$ 69,367
Total net assets - ending	\$ 71,858
	71,858

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, 2009

	Enterprise Fund
	Sanitary District
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 2,491
Net cash provided (used) by investing activities	\$ 2,491
Net increase (decrease) in cash and cash equivalents	\$ 2,491
Cash and cash equivalents - beginning	\$ 69,367
Cash and cash equivalents - ending	\$ 71,858

County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 36,226
Total assets	\$ 36,226
 LIABILITIES	
Amounts held for social services clients	\$ 18,658
Amounts held for others	17,568
Total liabilities	\$ 36,226

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, 2009

Note 1—Summary of Significant Accounting Policies:

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

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

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

Government-wide and Fund Financial Statements

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

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

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

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

A. Financial Reporting Entity

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (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, 2009.

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, 2009.

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, 2009.

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

None

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

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

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

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

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

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

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

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

Governmental Funds

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

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

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

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The County reports the Capital Projects Fund as a major 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. Proprietary Funds consist of Enterprise Funds.

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

E. Cash and Cash Equivalents

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

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

F. Investments

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$102,461 at June 30, 2009 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, 2009 (Continued)

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

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized asset as of June 30, 2009 was immaterial.

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

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

I. Compensated Absences

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

J. Retirement Plan

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

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

K. Use of Estimates

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

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans for financial resource utilization in a future period. Designation of fund balance by specific purpose is as follows:

	<u>General</u>
Designated for:	
Green renovations	\$ 628,867
Downtown improvements	175,000
Shorelands public access	156,000
Sanitary landfill	10,000
Drainage improvements	13,000
County website development	8,000
NPC light preservation	150,000
Reassessment	210,000
Recreation facilities improvement	25,000
B&G equipment replacement	8,000
Fort Nonsense preservation	42,000
Employee accumulated leave	19,000
Vehicle replacement	5,000
Library Square Sec/HVAC	75,000
Office machinery/E911	75,000
Comprehensive plan revision	51,531
	<u>51,531</u>
Total designated for specific purposes	<u>\$ 1,651,398</u>

M. Net Assets

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

N. Long-term Obligations

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

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 2—Stewardship, Compliance, and Accounting:

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

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

Expenditures and Appropriations

Expenditures exceeded appropriations in the following funds at June 30, 2009:

Capital Projects Fund	(\$31,281)
Special Revenue Fund	(\$10,575)
School Textbook Fund	(\$28,025)
School Operating Fund	(\$78,468)

Note 3—Deposits and Investments:

Deposits

All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2009 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial papers are required to be rated no lower than Standard and Poor's A-1 and Moody's Investor Service P-1.

Locality's Rated Debt Investments' Values

	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	
Money Market Mutual Fund	\$	<u>79,880</u>
Total	\$	<u><u>79,880</u></u>

Interest Rate Risk

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

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
Money Market Mutual Funds	\$ <u>79,880</u>	\$ <u>79,880</u>
Total	\$ <u><u>79,880</u></u>	\$ <u><u>79,880</u></u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 4—Due from/Due To Other Governments:

At June 30, 2009, 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	\$ -	\$ 785,185
Commonwealth of Virginia:		
Local sales tax	82,714	-
Welfare	28,068	-
Rolling stock tax	548	-
Wireless service board funds	6,070	-
State Sales Tax	-	185,387
Constitutional officer reimbursements	126,924	-
Recordation tax	10,560	-
Juror fees		-
Mobile home titling tax	2,428	-
Auto rental tax	31	-
Comprehensive services act	26,437	-
Health department		-
Victim witness		-
Child advocacy center	14,047	-
Communications tax	67,875	-
DMV	1,296	-
Federal Government:		
School fund grants	-	54,517
Transportation safety	2,675	-
Welfare	38,751	-
	<u>408,424</u>	<u>1,025,089</u>
Total due from other governments	\$ <u>408,424</u>	\$ <u>1,025,089</u>

At June 30, 2009, amounts due to other local governments are as follows:

Other Local Governments:		
Mathews County School Board	\$ <u>785,185</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Governmental Activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,605,761	\$ -	\$ -	\$ 1,605,761
Construction in progress	<u>43,132</u>	<u>-</u>	<u>43,132</u>	<u>-</u>
Total capital assets not subject to depreciation	\$ <u>1,648,893</u>	\$ <u>-</u>	\$ <u>43,132</u>	\$ <u>1,605,761</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 11,590,050	\$ 281,328	\$ -	\$ 11,871,378
Equipment	1,533,254	50,495	59,778	1,523,971
Jointly owned assets	<u>9,556,073</u>	<u>-</u>	<u>615,192</u>	<u>8,940,881</u>
Total capital assets being depreciated	\$ <u>22,679,377</u>	\$ <u>331,823</u>	\$ <u>674,970</u>	\$ <u>22,336,230</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,626,126	\$ 293,397	\$ -	\$ 1,919,523
Equipment	865,771	133,283	59,778	939,276
Jointly owned assets	<u>2,154,022</u>	<u>223,522</u>	<u>138,669</u>	<u>2,238,875</u>
Total accumulated depreciation	\$ <u>4,645,919</u>	\$ <u>650,202</u>	\$ <u>198,447</u>	\$ <u>5,097,674</u>
Total capital assets subject to depreciation, net	\$ <u>18,033,458</u>	\$ <u>(318,379)</u>	\$ <u>476,523</u>	\$ <u>17,238,556</u>
Net capital assets primary government	<u>\$ 19,682,351</u>	<u>\$ (318,379)</u>	<u>\$ 519,655</u>	<u>\$ 18,844,317</u>
Component Unit-School Board:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ <u>46,172</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>46,172</u>
Capital assets subject to depreciation:				
Equipment	\$ 1,532,529	\$ 167,609	\$ 86,598	\$ 1,613,540
Jointly owned assets	<u>8,301,520</u>	<u>615,192</u>	<u>-</u>	<u>8,916,712</u>
Total capital assets being depreciated	\$ <u>9,834,049</u>	\$ <u>782,801</u>	\$ <u>86,598</u>	\$ <u>10,530,252</u>
Less accumulated depreciation for:				
Equipment	\$ 1,059,408	\$ 201,986	\$ 86,598	\$ 1,174,796
Jointly owned assets	<u>1,871,236</u>	<u>361,587</u>	<u>-</u>	<u>2,232,823</u>
Total accumulated depreciation	\$ <u>2,930,644</u>	\$ <u>563,573</u>	\$ <u>86,598</u>	\$ <u>3,407,619</u>
Total capital assets subject to depreciation, net	\$ <u>6,903,405</u>	\$ <u>219,228</u>	\$ <u>-</u>	\$ <u>7,122,633</u>
Net capital assets Component Unit-School Board	<u>\$ 6,949,577</u>	<u>\$ 219,228</u>	<u>\$ -</u>	<u>\$ 7,168,805</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 5—Capital Assets: (Continued)

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

Governmental activities:

General government administration	\$	22,931
Judicial administration		161,474
Public safety		111,996
Public works		35,525
Health and welfare		3,427
Education		225,474
Parks, recreation and cultural		84,300
Community development		<u>5,075</u>
Total Governmental activities	\$	<u>650,202</u>
Component Unit School Board	\$	<u>563,573</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2009 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 14,923	\$ -
County Capital Projects	-	14,923
Total	<u>\$ 14,923</u>	<u>\$ 14,923</u>
Component Unit-School Board:		
School Operating	\$ -	\$ 80,437
School Cafeteria	80,437	-
Total	<u>80,437</u>	<u>80,437</u>

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long Term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2009:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 291,722	\$ 17,689	\$ 29,172	\$ 280,239	\$ 28,024
Lease revenue bonds payable	6,715,000	-	365,000	6,350,000	390,000
Note Payable	80,000	-	40,000	40,000	40,000
OPEB Liability	-	5,100	900	4,200	-
Landfill postclosure care	72,035	-	23,965	48,070	-
Total incurred by County	<u>\$ 7,158,757</u>	<u>\$ 22,789</u>	<u>\$ 459,037</u>	<u>\$ 6,722,509</u>	<u>\$ 458,024</u>
Incurred by School Board:					
General Obligation Bonds	<u>\$ 7,402,051</u>	<u>\$ -</u>	<u>\$ 700,044</u>	<u>\$ 6,702,007</u>	<u>\$ 715,783</u>
Total incurred by School Board	<u>\$ 7,402,051</u>	<u>\$ -</u>	<u>\$ 700,044</u>	<u>\$ 6,702,007</u>	<u>\$ 715,783</u>
Total Governmental Obligations	<u>\$ 14,560,808</u>	<u>\$ 22,789</u>	<u>\$ 1,159,081</u>	<u>\$ 13,424,516</u>	<u>\$ 1,173,807</u>
Total General Obligations, Primary Government	<u>\$ 14,560,808</u>	<u>\$ 22,789</u>	<u>\$ 1,159,081</u>	<u>\$ 13,424,516</u>	<u>\$ 1,173,807</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (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		Note Payable	
	Principal	Interest	Principal	Interest
2010	\$ 390,000	\$ 299,178	\$ 40,000	\$ -
2011	400,000	282,928	-	-
2012	420,000	266,365	-	-
2013	370,000	248,379	-	-
2014	385,000	231,959	-	-
2015	405,000	214,449	-	-
2016	420,000	195,659	-	-
2017	440,000	175,729	-	-
2018	460,000	154,544	-	-
2019	485,000	132,174	-	-
2020	505,000	108,524	-	-
2021	530,000	83,799	-	-
2022	560,000	57,256	-	-
2023	580,000	29,173	-	-
Total	\$ <u>6,350,000</u>	\$ <u>2,480,113</u>	\$ <u>40,000</u>	\$ <u>-</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2010	\$ 715,783	\$ 334,370
2011	732,034	295,054
2012	748,819	255,170
2013	711,167	215,618
2014	729,105	176,217
2015	752,663	135,775
2016	446,873	104,819
2017	466,767	83,423
2018	487,380	61,052
2019	446,884	37,453
2020	464,532	17,098
Total	\$ <u>6,702,007</u>	\$ <u>1,716,049</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds Payable:

\$6,250,000 lease revenue bond issued June 1, 2001, due in annual installments through June 2023, interest payable annually at varying rates between 3.56% and 5.125%. \$ 5,195,000

\$1,195,000 lease revenue bond issued May 21, 2003, due in annual installments through April 2023, interest payable semi-annually at varying rates between 3.10% and 4.475%. 955,000

VPPSA lease revenue bond issued May 1, 1993, due in varying annual installments through May 1, 2012, interest payable semi-annually at various rates between 5.10% to 5.50%. 200,000

Total Lease Revenue Bonds \$ 6,350,000

Note Payable:

\$200,000 note issued November 2, 2004, due in annual installments of \$40,000 through July 30, 2009, interest payable at 0%. \$ 40,000

Compensated absences (payable from General Fund) \$ 280,239

Landfill postclosure cost \$ 48,070

OPEB Liability 4,200

Total Incurred by County \$ 6,722,509

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (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%.	\$ 1,820,000
\$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%.	130,000
\$704,227, School Bonds, issued July 30, 1998, maturing annually in installments of \$66,864, through July 30, 2017, interest at 6.75%.	442,505
\$2,000,000 School Bonds, dated May 13, 1999, maturing annually in installments of varying amounts and at various interest rates through July 15, 2019, interest payable semi-annually at an effective rate of 4.76%.	1,320,000
\$3,630,527 School Bonds dated January 12, 2006, maturing annually in installments of varying amounts through February, 2020, interest payable semi-annually at a rate of 4.19%.	2,839,502
\$500,000 School Bonds 2001 B Series, issued November 15, 2001, maturing annually in installments of \$50,000 through July 15, 2011; interest payable semi-annually at rates ranging from 3.10% to 5.35%.	<u>150,000</u>
Total General Obligations Bonds	\$ <u>6,702,007</u>
Total incurred by School Board	\$ <u>6,702,007</u>
Total General obligations, primary government	\$ <u>13,424,516</u>

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7—Long-Term Obligations: (Continued)

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 110,705	\$ 35,582	\$ 11,071	\$ 135,216	\$ 13,522
OPEB Liability	-	67,100	49,200	17,900	-
Total Component Unit-School Board	<u>\$ 110,705</u>	<u>\$ 102,682</u>	<u>\$ 60,271</u>	<u>\$ 153,116</u>	<u>\$ 13,522</u>

Note 8—Closure and Postclosure Costs:

The County closed its landfill prior to the date mandated by State and Federal laws and regulations; so as to be liable for postclosure monitoring for a period of only four years. The amount reported as landfill postclosure liability at June 30, 2009 represents the estimated liability for postclosure monitoring of \$48,070 over a period of two years. These amounts are based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$534,541 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$428,330 at June 30, 2009.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2009 but paid in advance by the taxpayers totaled \$106,211 at June 30, 2009.

Note 10—Commitments / Contingent Liabilities:

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

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

Note 11—Litigation:

At June 30, 2009, 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, 2009 (Continued)

Note 12—Risk Management:

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

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

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

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

Note 13—Defined Benefit Pension Plan:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighter, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% percent of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in the second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2008annurept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 13—Defined Benefit Pension Plan (continued):

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund 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 employees' contribution rates for the fiscal year ended 2009 were 7.50% and 7.57% of annual covered payroll, respectively.

The School Board's professional employees contributed \$580,724, \$661,035, and \$539,850 to the teacher cost-sharing pool for the fiscal years ended June 30, 2009, 2008, and 2007 respectively and these contributions represented 8.81%, 10.30%, and 9.20% respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2009, the County's annual pension cost of \$194,822 (which does not include the portion of the employees share assumed by the County which was \$129,881) was equal to the County's required and actual contributions.

For fiscal year 2009, the County School Board's annual pension cost for the Board's non-professional employees was \$51,308 (which does not include the portion of the employees share assumed by the school board which was \$33,889), which was equal to the Board's required and actual contributions.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2009	\$ 194,822	100%	\$ -
June 30, 2008	123,429	100%	-
June 30, 2007	116,398	100%	-
School Board:			
Non-Professional:			
June 30, 2009	\$ 51,308	100%	\$ -
June 30, 2008	45,180	100%	-
June 30, 2007	49,454	100%	-

(1) Employer portion only

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 13—Defined Benefit Pension Plan (continued):

C. Annual Pension Cost (continued):

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the Primary Government plan was 94.47% funded. The actuarial accrued liability for benefits was \$8,101,377, and the actuarial value of assets was \$7,653,311, resulting in an unfunded actuarial accrued liability (UAAL) of \$448,066. The covered payroll (annual payroll of active employees covered by the plan) was \$2,528,733, and ratio of the UAAL to the covered payroll was 17.72%.

As of June 30, 2008, the most recent actuarial valuation date, the School Board's Non-Professional plan was 95.31% funded. The actuarial accrued liability for benefits was \$2,383,701, and the actuarial value of assets was \$2,271,976, resulting in an unfunded actuarial accrued liability (UAAL) of \$111,725. The covered payroll (annual payroll of active employees covered by the plan) was \$825,125, and ratio of the UAAL to the covered payroll was 13.54%.

The schedule of funding progress, presented as Required Supplementary Information 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 for benefits.

Note 14—Surety Bonds:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 15--Postemployment Benefits Other Than Pensions:

Background

Beginning in fiscal year 2009, the County of Mathews implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other post-employment benefits (OPEB) offered to retirees. The standard addresses how local governments should account for the report their costs related to post-employment health care and other non-pension benefits, such as the County and School Board retiree health benefit subsidy. Historically, the County and the School Board subsidy was funded on a pay-as-you-go basis, but GASB Statement No. 45 requires that the County and The School Board accrue the cost of the retiree health subsidy and other post-employment benefits during the period of the employees' active employment, while the benefits are being earned, and disclosed the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County and the School Board. This funding methodology mirrors the funding approach used for pension benefits.

Plan Description

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

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

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

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

Advantage 65 and Dental/Vision (Medicare)

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

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

Funding Policy

The Schools currently have 12 retirees and 3 spouses on their plan. The County has 1 retiree on the plan. The County retirees pay 100% of the insurance premium. The schools contribute a monthly benefit of \$50 a month. The \$50 benefit will not increase in the future.

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 15—Postemployment Benefits Other Than Pensions: (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

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

	<u>COUNTY</u>	<u>SCHOOLS</u>
Annual required contribution	\$ 5,100	\$ 67,100
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	<u>\$ 5,100</u>	<u>\$ 67,100</u>
Estimated Contributions made	<u>(900)</u>	<u>(49,200)</u>
Increase in net OPEB obligation	4,200	17,900
Net OPEB obligation-beginning of year	-	-
Net OPEB obligation-end of year	<u><u>\$ 4,200</u></u>	<u><u>\$ 17,900</u></u>

The County and School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County : 6/30/2009	\$ 5,100	17.65%	\$ 4,200
Schools: 6/30/2009	67,100	73.32%	17,900

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 15—Postemployment Benefits Other Than Pensions: (Continued)

Funded Status and Funding Progress

As of January 1, 2009, most recent actuarial valuation, the County's actuarial accrued liability for benefits was \$34,300, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,027,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 1.69 percent.

As of January 1, 2009, most recent actuarial valuation, the School Board's actuarial accrued liability for benefits was \$652,700, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,663,700, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.52 percent.

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

Actuarial Cost Method

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

Methods and Assumptions

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

The following simplifying assumptions were made:

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

COUNTY OF MATHEWS, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 15–Postemployment Benefits Other Than Pensions: (Continued)

Actuarial Methods and Assumptions (Continued)

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

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

Based on the historical and expected returns of the County’s short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was thirty years.

Note 16–Restatement of Beginning Fund Balances/Net Assets:

	<u>Primary Government</u>	<u>General Fund</u>
Net assets as previously reported	\$ 9,355,639	\$ -
Fund balances as previously reported	-	3,964,676
Add: US Bank reserve account not previously recorded	<u>79,663</u>	<u>79,663</u>
Totals as adjusted	<u>\$ 9,435,302</u>	<u>\$ 4,044,339</u>

REQUIRED SUPPLEMENTARY INFORMATION

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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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 9,800,320	\$ 9,800,320	\$ 9,531,774	\$ (268,546)
Other local taxes	1,801,000	1,801,000	1,677,012	(123,988)
Permits, privilege fees, and regulatory licenses	87,400	87,400	65,635	(21,765)
Fines and forfeitures	14,075	14,075	21,103	7,028
Revenue from the use of money and property	243,448	243,448	116,247	(127,201)
Charges for services	21,300	21,300	26,133	4,833
Miscellaneous	212,750	221,709	184,518	(37,191)
Recovered costs	8,250	8,250	14,602	6,352
Intergovernmental revenues:				
Commonwealth	3,464,429	3,394,429	2,713,200	(681,229)
Federal	340,400	340,400	600,501	260,101
Total revenues	\$ 15,993,372	\$ 15,932,331	\$ 14,950,725	\$ (981,606)
EXPENDITURES				
Current:				
General government administration	\$ 1,254,287	\$ 1,274,167	\$ 1,201,206	\$ 72,961
Judicial administration	573,201	573,201	537,074	36,127
Public safety	2,195,701	2,205,029	2,280,096	(75,067)
Public works	1,574,450	1,599,950	1,637,813	(37,863)
Health and welfare	1,989,937	1,994,557	1,529,173	465,384
Education	5,742,126	5,904,792	5,898,791	6,001
Parks, recreation, and cultural	380,066	388,347	376,457	11,890
Community development	505,030	531,770	573,772	(42,002)
Capital projects	538,400	515,900	30,741	485,159
Debt service:				
Principal retirement	1,477,744	1,477,744	1,105,044	372,700
Interest and other fiscal charges	315,430	315,430	668,137	(352,707)
Total expenditures	\$ 16,546,372	\$ 16,780,887	\$ 15,838,304	\$ 942,583
Excess (deficiency) of revenues over (under) expenditures	\$ (553,000)	\$ (848,556)	\$ (887,579)	\$ (39,023)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 14,923	\$ 14,923
Total other financing sources (uses)	\$ -	\$ -	\$ 14,923	\$ 14,923
Net change in fund balances	\$ (553,000)	\$ (848,556)	\$ (872,656)	\$ (24,100)
Fund balances - beginning - as restated	553,000	848,556	4,044,339	3,195,783
Fund balances - ending	\$ -	\$ -	\$ 3,171,683	\$ 3,171,683

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 3,767	\$ 3,767
Revenue from the use of money and property	-	-	3,073	3,073
Miscellaneous	-	-	8,040	8,040
Intergovernmental revenues:				
Commonwealth	-	-	10,942	10,942
Federal	-	-	5,000	5,000
Total revenues	\$ -	\$ -	\$ 30,822	\$ 30,822
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 10,440	\$ (10,440)
Community development	-	-	135	(135)
Total expenditures	\$ -	\$ -	\$ 10,575	\$ (10,575)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 20,247	\$ 20,247
Net change in fund balances	\$ -	\$ -	\$ 20,247	\$ 20,247
Fund balances - beginning	-	-	111,271	111,271
Fund balances - ending	\$ -	\$ -	\$ 131,518	\$ 131,518

County of Mathews, Virginia
 Schedule of Pension Funding Progress
 For the Fiscal Year Ended June 30, 2009

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3-2) (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
County:						
6/30/2008	\$ 7,653,311	\$ 8,101,377	\$ 448,066	94.47%	\$ 2,528,733	17.72%
6/30/2007	6,968,769	7,088,156	119,387	98.32%	2,364,561	5.05%
6/30/2006	6,117,776	6,259,852	142,076	97.73%	2,210,076	6.43%
6/30/2005	5,685,578	6,383,981	698,403	89.06%	2,103,904	33.20%
6/30/2004	5,551,937	5,725,284	173,347	96.97%	1,956,442	8.86%
6/30/2003	5,402,505	5,111,042	(291,463)	105.70%	1,863,058	-15.64%
6/30/2002	5,301,318	4,724,967	(576,351)	112.20%	1,862,573	-30.94%
6/30/2001	5,076,605	4,367,181	(709,424)	116.24%	1,844,643	-38.46%
6/30/2000	4,546,854	3,967,601	(579,253)	114.60%	1,687,371	-34.33%
School Board Non-Professionals:						
6/30/2008	\$ 2,271,976	\$ 2,383,701	\$ 111,725	95.31%	\$ 825,125	13.54%
6/30/2007	2,062,175	2,322,128	259,953	88.81%	753,123	34.52%
6/30/2006	1,837,924	2,092,232	254,308	87.85%	726,106	35.02%
6/30/2005	1,723,423	1,907,633	184,210	90.34%	676,332	27.24%
6/30/2004	1,697,074	1,774,591	77,517	95.63%	618,894	12.53%
6/30/2003	1,683,516	1,658,577	(24,939)	101.50%	558,983	-4.46%
6/30/2002	1,672,760	1,593,428	(79,332)	104.98%	611,461	-12.97%
6/30/2001	1,612,596	1,481,816	(130,780)	108.83%	525,342	-24.89%
6/30/2000	1,463,205	1,361,194	(102,011)	107.49%	546,251	-18.67%

County of Mathews, Virginia

Schedule of Funding Progress - Retiree Healthcare Plan
For the Fiscal Year Ended June 30, 2009

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (3-2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
County:						
1/1/2009	\$ -	\$ 34,300	\$ 34,300	0.00%	\$ 2,027,000	1.69%
School Board:						
1/1/2009	\$ -	\$ 652,700	\$ 652,700	0.00%	\$ 7,663,700	8.52%

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUNDS STATEMENTS
AND SCHEDULES*

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County of Mathews, Virginia
 County Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,830	\$ 1,830
Total revenues	\$ -	\$ -	\$ 1,830	\$ 1,830
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 31,281	\$ (31,281)
Total expenditures	\$ -	\$ -	\$ 31,281	\$ (31,281)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (29,451)	\$ (29,451)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (14,923)	\$ (14,923)
Total other financing sources (uses)	\$ -	\$ -	\$ (14,923)	\$ (14,923)
Net change in fund balances	\$ -	\$ -	\$ (44,374)	\$ (44,374)
Fund balances - beginning	-	-	46,813	46,813
Fund balances - ending	\$ -	\$ -	\$ 2,439	\$ 2,439

County of Mathews, Virginia

Fiduciary Funds
Statement of Changes in Fiduciary Net Assets - Agency Funds
For the Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 21,624	\$ 45,662	\$ 48,628	\$ 18,658
Liabilities:				
Amounts held for social services clients	\$ 21,624	\$ 45,662	\$ 48,628	\$ 18,658
Triad Fund:				
Assets:				
Cash and cash equivalents	\$ 13	\$ 2,012	\$ 2,012	\$ 13
Total assets	\$ 13	\$ 2,012	\$ 2,012	\$ 13
Liabilities:				
Amounts held for others	\$ 13	\$ 2,012	\$ 2,012	\$ 13
Total liabilities	\$ 13	\$ 2,012	\$ 2,012	\$ 13
Market Days Fund:				
Assets:				
Cash and cash equivalents	\$ 5,694	\$ 26,846	\$ 14,985	\$ 17,555
Liabilities:				
Amounts held for others	\$ 5,694	\$ 26,846	\$ 14,985	\$ 17,555
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 21,637	\$ 47,674	\$ 50,640	\$ 36,226
Total assets	\$ 21,637	\$ 47,674	\$ 50,640	\$ 36,226
Liabilities:				
Amounts held for others	\$ 5,707	\$ 28,858	\$ 16,997	\$ 17,568
Amounts held for social services clients	21,624	45,662	48,628	18,658
Total liabilities	\$ 27,331	\$ 74,520	\$ 65,625	\$ 36,226

*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, 2009

	<u>School Operating Fund</u>	<u>Textbook Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 158,219	\$ 16,210	\$ 174,429
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	1,546	5	1,551
Due from other governmental units	1,015,337	-	9,752	1,025,089
Inventories	-	-	2,101	2,101
Total assets	<u>\$ 1,015,337</u>	<u>\$ 159,765</u>	<u>\$ 28,068</u>	<u>\$ 1,203,170</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 1,015,337	\$ -	\$ 44,516	\$ 1,059,853
Total liabilities	<u>\$ 1,015,337</u>	<u>\$ -</u>	<u>\$ 44,516</u>	<u>\$ 1,059,853</u>
Fund balances:				
Unreserved:				
Undesignated	\$ -	\$ 159,765	\$ (16,448)	\$ 143,317
Total fund balances	<u>\$ -</u>	<u>\$ 159,765</u>	<u>\$ (16,448)</u>	<u>\$ 143,317</u>
Total liabilities and fund balances	<u>\$ 1,015,337</u>	<u>\$ 159,765</u>	<u>\$ 28,068</u>	<u>\$ 1,203,170</u>

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

Total fund balances per above \$ 143,317

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 7,168,805

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	\$ (135,216)	
OPEB Liability	<u>(17,900)</u>	(153,116)

Net assets of governmental activities \$ 7,159,006

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, 2009

	School Operating Fund	Textbook Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 1,100	\$ 1,101	\$ 73	\$ 2,274
Charges for services	22,595	-	423,507	446,102
Miscellaneous	111,610	-	-	111,610
Intergovernmental revenues:				
Local government	5,893,269	-	-	5,893,269
Commonwealth	5,754,039	-	8,503	5,762,542
Federal	507,707	-	257,579	765,286
Total revenues	<u>\$ 12,290,320</u>	<u>\$ 1,101</u>	<u>\$ 689,662</u>	<u>\$ 12,981,083</u>
EXPENDITURES				
Current:				
Education	\$ 12,209,883	\$ 103,025	\$ 775,592	\$ 13,088,500
Total expenditures	<u>\$ 12,209,883</u>	<u>\$ 103,025</u>	<u>\$ 775,592</u>	<u>\$ 13,088,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 80,437</u>	<u>\$ (101,924)</u>	<u>\$ (85,930)</u>	<u>\$ (107,417)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 80,437	\$ 80,437
Transfers out	(80,437)	-	-	(80,437)
Total other financing sources (uses)	<u>\$ (80,437)</u>	<u>\$ -</u>	<u>\$ 80,437</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (101,924)	\$ (5,493)	\$ (107,417)
Fund balances - beginning	-	261,689	(10,955)	250,734
Fund balances - ending	<u>\$ -</u>	<u>\$ 159,765</u>	<u>\$ (16,448)</u>	<u>\$ 143,317</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 \$ (107,417)

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

Capital outlay additions	\$ 167,609	
Allocation of School board assets	615,192	
Depreciation expense	<u>(563,573)</u>	219,228

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	\$ (24,511)	
(Increase) Decrease in OPEB liability	<u>(17,900)</u>	(42,411)

Change in net assets of governmental activities \$ 69,400

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, 2009

	School Operating Fund				Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ 7,450	\$ 7,450	\$ 1,100	\$ (6,350)	\$ -	\$ -	\$ 1,101	\$ 1,101
Charges for services	38,000	38,000	22,595	(15,405)	-	-	-	-
Miscellaneous	45,000	63,749	111,610	47,861	-	-	-	-
Intergovernmental revenues:								
Local government	5,736,604	5,899,270	5,893,269	(6,001)	-	-	-	-
Commonwealth	5,786,828	5,786,828	5,754,039	(32,789)	-	-	-	-
Federal	489,993	489,993	507,707	17,714	-	-	-	-
Total revenues	\$ 12,103,875	\$ 12,285,290	\$ 12,290,320	\$ 5,030	\$ -	\$ -	\$ 1,101	\$ 1,101
EXPENDITURES								
Current:								
Education	\$ 11,950,000	\$ 12,131,415	\$ 12,209,883	\$ (78,468)	\$ 75,000	\$ 75,000	\$ 103,025	\$ (28,025)
Total expenditures	\$ 11,950,000	\$ 12,131,415	\$ 12,209,883	\$ (78,468)	\$ 75,000	\$ 75,000	\$ 103,025	\$ (28,025)
Excess (deficiency) of revenues over (under) expenditures	\$ 153,875	\$ 153,875	\$ 80,437	\$ (73,438)	\$ (75,000)	\$ (75,000)	\$ (101,924)	\$ (26,924)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)
Transfers out	(153,875)	(153,875)	(80,437)	73,438	-	-	-	-
Total other financing sources (uses)	\$ (153,875)	\$ (153,875)	\$ (80,437)	\$ 73,438	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (101,924)	\$ (101,924)
Fund balances - beginning	-	-	-	-	-	-	261,689	261,689
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,765	\$ 159,765

County of Mathews, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2009

School Cafeteria Food

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 73	\$ 73
Charges for services	487,000	487,000	423,507	(63,493)
Intergovernmental revenues:				
Commonwealth	11,125	11,125	8,503	(2,622)
Federal	185,000	185,000	257,579	72,579
Total revenues	<u>\$ 683,125</u>	<u>\$ 683,125</u>	<u>\$ 689,662</u>	<u>\$ 6,537</u>
EXPENDITURES				
Current:				
Education	\$ 762,000	\$ 762,000	\$ 775,592	\$ (13,592)
Total expenditures	<u>\$ 762,000</u>	<u>\$ 762,000</u>	<u>\$ 775,592</u>	<u>\$ (13,592)</u>
Excess (deficiency) of revenues over (under) expenditures				
	<u>\$ (78,875)</u>	<u>\$ (78,875)</u>	<u>\$ (85,930)</u>	<u>\$ (7,055)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 78,875	\$ 78,875	\$ 80,437	\$ 1,562
Total other financing sources (uses)	<u>\$ 78,875</u>	<u>\$ 78,875</u>	<u>\$ 80,437</u>	<u>\$ 1,562</u>
Net change in fund balances	\$ -	\$ -	\$ (5,493)	\$ (5,493)
Fund balances - beginning	-	-	(10,955)	(10,955)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,448)</u>	<u>\$ (16,448)</u>

County of Mathews, Virginia
Statement of Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2009

	Scholarship Funds
ASSETS	
Cash and cash equivalents	\$ <u>33,338</u>
NET ASSETS	
Held in trust for scholarships	\$ <u>33,338</u>

County of Mathews, Virginia
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2009

	<u>Scholarship Funds</u>
ADDITIONS	
Contributions:	
Donations	\$ 48,568
Total contributions	<u>\$ 48,568</u>
Investment earnings:	
Interest	\$ 164
Total investment earnings	<u>\$ 164</u>
Total additions	<u>\$ 48,732</u>
DEDUCTIONS	
Scholarships	\$ 60,839
Total deductions	<u>\$ 60,839</u>
Change in net assets	\$ (12,107)
Net assets - beginning	<u>45,445</u>
Net assets - ending	<u><u>\$ 33,338</u></u>

*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Mathews, Virginia
Statement of Net Assets
Discretely Presented Component Unit-Industrial Development Authority
June 30, 2009

ASSETS

Current assets:	
Cash and cash equivalents	\$ 54,749
Total current assets	<u>\$ 54,749</u>
Total assets	<u>\$ 54,749</u>

NET ASSETS

Unrestricted	\$ 54,749
Total net assets	<u><u>\$ 54,749</u></u>

County of Mathews, Virginia
Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2009

OPERATING REVENUES

Charges for services:

Bond fees

\$ 1,747

Total operating revenues

\$ 1,747**OPERATING EXPENSES**

Other supplies and expenses

\$ 14,330

Total operating expenses

\$ 14,330

Operating income (loss)

\$ (12,583)**NONOPERATING REVENUES (EXPENSES)**

Investment earnings

\$ 667

Total nonoperating revenues (expenses)

\$ 667

Change in net assets

\$ (11,916)

Total net assets - beginning

66,665

Total net assets - ending

\$ 54,749

County of Mathews, Virginia
Statement of Cash Flows
Discretely Presented Component Unit-Industrial Development Authority
For the Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 3,578
Payments for operating activities	<u>(14,330)</u>
Net cash provided (used) by operating activities	<u>\$ (10,752)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>\$ 667</u>
Net cash provided (used) by investing activities	<u>\$ 667</u>

Net increase (decrease) in cash and cash equivalents \$ (10,085)

Cash and cash equivalents - beginning	64,834
Cash and cash equivalents - ending	<u>\$ 54,749</u>

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

Operating income (loss)	\$ (12,583)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	1,831
Total adjustments	<u>\$ 1,831</u>
Net cash provided (used) by operating activities	<u>\$ (10,752)</u>

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SUPPORTING SCHEDULES

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County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,152,320	\$ 7,152,320	\$ 7,303,006	\$ 150,686
Real and personal public service corporation taxes	85,000	85,000	79,432	(5,568)
Personal property taxes	2,420,000	2,420,000	2,016,696	(403,304)
Mobile home taxes	39,000	39,000	36,962	(2,038)
Penalties	80,000	80,000	67,967	(12,033)
Interest	24,000	24,000	27,711	3,711
Total general property taxes	<u>\$ 9,800,320</u>	<u>\$ 9,800,320</u>	<u>\$ 9,531,774</u>	<u>\$ (268,546)</u>
Other local taxes:				
Local sales and use taxes	\$ 460,000	\$ 460,000	\$ 427,870	\$ (32,130)
Consumers' utility taxes	145,000	145,000	146,841	1,841
Consumption tax	35,000	35,000	35,740	740
Communications tax	500,000	500,000	467,654	(32,346)
Business license taxes	170,000	170,000	164,134	(5,866)
Motor vehicle licenses	269,000	269,000	272,631	3,631
Bank stock taxes	62,000	62,000	64,070	2,070
Taxes on recordation and wills	160,000	160,000	98,072	(61,928)
Total other local taxes	<u>\$ 1,801,000</u>	<u>\$ 1,801,000</u>	<u>\$ 1,677,012</u>	<u>\$ (123,988)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,500	\$ 4,500	\$ 4,796	\$ 296
Transfer fees	400	400	409	9
Permits and other licenses	82,500	82,500	60,430	(22,070)
Total permits, privilege fees, and regulatory licenses	<u>\$ 87,400</u>	<u>\$ 87,400</u>	<u>\$ 65,635</u>	<u>\$ (21,765)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 14,075	\$ 14,075	\$ 21,103	\$ 7,028
Total fines and forfeitures	<u>\$ 14,075</u>	<u>\$ 14,075</u>	<u>\$ 21,103</u>	<u>\$ 7,028</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 170,000	\$ 170,000	\$ 70,662	\$ (99,338)
Revenue from use of property	73,448	73,448	45,585	(27,863)
Total revenue from use of money and property	<u>\$ 243,448</u>	<u>\$ 243,448</u>	<u>\$ 116,247</u>	<u>\$ (127,201)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 900	\$ 900	\$ 403	\$ (497)
Charges for courthouse maintenance	9,000	9,000	2,037	(6,963)
Charges for court costs	-	-	4,274	4,274
Courthouse security fees	-	-	7,946	7,946
Circuit court- document reproduction	3,500	3,500	2,458	(1,042)
Charges for Commonwealth's Attorney	400	400	302	(98)
Charges for community development	300	300	-	(300)
Charges for other protection	1,200	1,200	1,115	(85)
Charges for library	6,000	6,000	7,598	1,598
Total charges for services	<u>\$ 21,300</u>	<u>\$ 21,300</u>	<u>\$ 26,133</u>	<u>\$ 4,833</u>
Miscellaneous revenue:				
Miscellaneous	\$ 212,750	\$ 221,709	\$ 184,518	\$ (37,191)
Total miscellaneous revenue	<u>\$ 212,750</u>	<u>\$ 221,709</u>	<u>\$ 184,518</u>	<u>\$ (37,191)</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
DMV License agent	\$ 8,250	\$ 8,250	\$ 14,602	\$ 6,352
Total recovered costs	<u>\$ 8,250</u>	<u>\$ 8,250</u>	<u>\$ 14,602</u>	<u>\$ 6,352</u>
Total revenue from local sources	<u>\$ 12,188,543</u>	<u>\$ 12,197,502</u>	<u>\$ 11,637,024</u>	<u>\$ (560,478)</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	535	535	548	13
Mobile home titling tax	12,000	12,000	9,287	(2,713)
Motor vehicle rental tax	200	200	622	422
State recordation tax	60,000	60,000	57,918	(2,082)
Personal property tax relief funds	1,000,083	1,000,083	1,000,083	-
Reduction in state aid to local governments	-	(70,000)	(57,363)	12,637
Total noncategorical aid	<u>\$ 1,072,818</u>	<u>\$ 1,002,818</u>	<u>\$ 1,011,095</u>	<u>\$ 8,277</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 159,935	\$ 159,935	\$ 169,352	\$ 9,417
Sheriff	564,441	564,441	596,741	32,300
Commissioner of revenue	88,531	88,531	94,100	5,569
Treasurer	87,115	87,115	92,529	5,414
Medical examiner	150	150	-	(150)
Registrar/electoral board	35,755	35,755	34,456	(1,299)
Clerk of the Circuit Court	124,826	124,826	136,509	11,683
Total shared expenses	<u>\$ 1,060,753</u>	<u>\$ 1,060,753</u>	<u>\$ 1,123,687</u>	<u>\$ 62,934</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 765,451	\$ 765,451	\$ 309,505	\$ (455,946)
Emergency medical services - two for life	7,000	7,000	10,472	3,472
Jurors fees	1,500	1,500	-	(1,500)
Comprehensive services act	342,000	342,000	74,705	(267,295)
Litter control	5,500	5,500	6,337	837
Library grant	56,217	56,217	58,658	2,441
Wireless board funds	40,000	40,000	37,671	(2,329)
Child advocacy center	-	-	32,725	32,725
Victim-witness grant	46,610	46,610	23,213	(23,397)
General assembly grant	35,000	35,000	-	(35,000)
Fire programs fund	22,000	22,000	25,055	3,055
Other state aid	9,580	9,580	77	(9,503)
Total other categorical aid	<u>\$ 1,330,858</u>	<u>\$ 1,330,858</u>	<u>\$ 578,418</u>	<u>\$ (752,440)</u>
Total categorical aid	<u>\$ 2,391,611</u>	<u>\$ 2,391,611</u>	<u>\$ 1,702,105</u>	<u>\$ (689,506)</u>
Total revenue from the Commonwealth	<u>\$ 3,464,429</u>	<u>\$ 3,394,429</u>	<u>\$ 2,713,200</u>	<u>\$ (681,229)</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 20,000	\$ 20,000	\$ 489,028	\$ 469,028
Ground transportation	-	-	12,680	12,680
Fish and wildlife foundation grant	100,000	100,000	98,793	(1,207)
VDOT enhancement grant	220,400	220,400	-	(220,400)
Total categorical aid	<u>\$ 340,400</u>	<u>\$ 340,400</u>	<u>\$ 600,501</u>	<u>\$ 260,101</u>
Total revenue from the federal government	<u>\$ 340,400</u>	<u>\$ 340,400</u>	<u>\$ 600,501</u>	<u>\$ 260,101</u>
Total General Fund	<u>\$ 15,993,372</u>	<u>\$ 15,932,331</u>	<u>\$ 14,950,725</u>	<u>\$ (981,606)</u>
Special Revenue Fund:				
County Special Revenue Fund				
Revenue from local sources:				
Fines and forfeitures:				
Wetland fines	\$ -	\$ -	\$ 3,767	\$ 3,767
Total fines and forfeitures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,767</u>	<u>\$ 3,767</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3,073	\$ 3,073
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,073</u>	<u>\$ 3,073</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 8,040	\$ 8,040
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,040</u>	<u>\$ 8,040</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,880</u>	<u>\$ 14,880</u>
Revenue from the Commonwealth:				
Categorical aid:				
Forefeited assets	\$ -	\$ -	\$ 442	\$ 442
Virginia commission for the arts	-	-	5,000	5,000
GOSAP grant	-	-	5,000	5,000
Other state aid	-	-	500	500
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,942</u>	<u>\$ 10,942</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,942</u>	<u>\$ 10,942</u>
Revenue from the federal government:				
Categorical aid:				
GOSAP grant	\$ -	\$ -	\$ 5,000	\$ 5,000
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Total County Special Revenue Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,822</u>	<u>\$ 30,822</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,830	\$ 1,830
Total revenue from local sources	\$ -	\$ -	\$ 1,830	\$ 1,830
Total County Capital Projects Fund	\$ -	\$ -	\$ 1,830	\$ 1,830
Total Primary Government	\$ 15,993,372	\$ 15,932,331	\$ 14,983,377	\$ (948,954)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 7,450	\$ 7,450	\$ 1,100	\$ (6,350)
Charges for services:				
Charges for education	\$ -	\$ -	\$ 8,995	\$ 8,995
Tuition and payments from other divisions	38,000	38,000	13,600	(24,400)
Total charges for services	\$ 38,000	\$ 38,000	\$ 22,595	\$ (15,405)
Miscellaneous revenue:				
Miscellaneous	\$ 45,000	\$ 63,749	\$ 111,610	\$ 47,861
Total revenue from local sources	\$ 90,450	\$ 109,199	\$ 135,305	\$ 26,106
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Mathews, Virginia	\$ 5,736,604	\$ 5,899,270	\$ 5,893,269	\$ (6,001)
Total revenues from local governments	\$ 5,736,604	\$ 5,899,270	\$ 5,893,269	\$ (6,001)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,135,211	\$ 1,135,211	\$ 1,049,063	\$ (86,148)
Basic school aid	3,228,691	3,228,691	3,186,741	(41,950)
Remedial summer education	7,789	7,789	26,396	18,607
Regular foster care	14,936	14,936	4,385	(10,551)
Adult secondary education	2,118	2,118	1,730	(388)
Gifted and talented	26,754	26,754	26,185	(569)
Remedial education	38,645	38,645	37,822	(823)
Enrollment loss	15,002	15,002	24,247	9,245
Special education	353,152	353,152	346,482	(6,670)
Textbook payment	70,464	70,464	68,964	(1,500)
Vocational education	136,152	136,152	134,025	(2,127)
School fringes	380,501	380,501	372,403	(8,098)
ISAEP	7,859	7,859	7,859	-
State lottery payments	141,653	141,653	115,579	(26,074)
Early reading intervention	17,168	17,168	11,445	(5,723)
Mentor teacher program	890	890	2,169	1,279
Homebound	1,363	1,363	-	(1,363)
School construction	112,438	112,438	112,300	(138)

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 5 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk payments	24,691	24,691	24,192	(499)
Primary class size	65,506	65,506	65,476	(30)
Technology	-	-	128,000	128,000
Standards of Learning algebra readiness	5,845	5,845	5,845	-
English as a second language	-	-	2,731	2,731
Total categorical aid	<u>\$ 5,786,828</u>	<u>\$ 5,786,828</u>	<u>\$ 5,754,039</u>	<u>\$ (32,789)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 160,343	\$ 160,343	\$ 158,124	\$ (2,219)
Title VI-B, special education flow-through	242,000	242,000	250,207	8,207
Vocational education	15,000	15,000	29,912	14,912
Title VI-B, special education pre-school	10,000	10,000	7,477	(2,523)
Drug free schools	2,000	2,000	2,630	630
Title II - A	55,894	55,894	57,075	1,181
Drug free schools	4,756	4,756	2,282	(2,474)
Total categorical aid	<u>\$ 489,993</u>	<u>\$ 489,993</u>	<u>\$ 507,707</u>	<u>\$ 17,714</u>
Total School Operating Fund	<u>\$ 12,103,875</u>	<u>\$ 12,285,290</u>	<u>\$ 12,290,320</u>	<u>\$ 5,030</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 73	\$ 73
Charges for services:				
Cafeteria sales	\$ 487,000	\$ 487,000	\$ 423,507	\$ (63,493)
Total charges for services	<u>\$ 487,000</u>	<u>\$ 487,000</u>	<u>\$ 423,507</u>	<u>\$ (63,493)</u>
Total revenue from local sources	<u>\$ 487,000</u>	<u>\$ 487,000</u>	<u>\$ 423,580</u>	<u>\$ (63,420)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 11,125	\$ 11,125	\$ 8,503	\$ (2,622)
Total categorical aid	<u>\$ 11,125</u>	<u>\$ 11,125</u>	<u>\$ 8,503</u>	<u>\$ (2,622)</u>
Total revenue from the Commonwealth	<u>\$ 11,125</u>	<u>\$ 11,125</u>	<u>\$ 8,503</u>	<u>\$ (2,622)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 185,000	\$ 185,000	\$ 221,693	\$ 36,693
Commodities	-	-	35,886	35,886
Total categorical aid	<u>\$ 185,000</u>	<u>\$ 185,000</u>	<u>\$ 257,579</u>	<u>\$ 72,579</u>
Total revenue from the federal government	<u>\$ 185,000</u>	<u>\$ 185,000</u>	<u>\$ 257,579</u>	<u>\$ 72,579</u>
Total School Cafeteria Fund	<u>\$ 683,125</u>	<u>\$ 683,125</u>	<u>\$ 689,662</u>	<u>\$ 6,537</u>

County of Mathews, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<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	\$ -	\$ -	\$ 1,101	\$ 1,101
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,101</u>	<u>\$ 1,101</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,101</u>	<u>\$ 1,101</u>
Total Textbook Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,101</u>	<u>\$ 1,101</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 12,787,000</u>	<u>\$ 12,968,415</u>	<u>\$ 12,981,083</u>	<u>\$ 43,898</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 1 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 83,835	\$ 103,835	\$ 114,702	\$ (10,867)
General and financial administration:				
County administrator	\$ 270,008	\$ 270,008	\$ 269,936	\$ 72
Information Technology	113,153	113,153	113,153	-
Legal services	122,497	122,497	121,508	989
Commissioner of revenue	223,448	223,448	209,295	14,153
Independent Auditor	33,000	33,000	33,000	-
Treasurer	239,240	239,240	233,107	6,133
Other general and financial administration	81,533	78,413	20,664	57,749
Total general and financial administration	<u>\$ 1,082,879</u>	<u>\$ 1,079,759</u>	<u>\$ 1,000,663</u>	<u>\$ 79,096</u>
Board of elections:				
Electoral board and officials	\$ 23,829	\$ 26,829	\$ 23,127	\$ 3,702
Registrar	63,744	63,744	62,714	1,030
Total board of elections	<u>\$ 87,573</u>	<u>\$ 90,573</u>	<u>\$ 85,841</u>	<u>\$ 4,732</u>
Total general government administration	<u>\$ 1,254,287</u>	<u>\$ 1,274,167</u>	<u>\$ 1,201,206</u>	<u>\$ 72,961</u>
Judicial administration:				
Courts:				
Circuit court	\$ 21,813	\$ 21,813	\$ 19,961	\$ 1,852
General district court	4,013	4,013	4,013	-
Special magistrates	4,765	4,765	4,765	-
Juvenile and domestic relations court	11,508	11,508	(1,920)	13,428
J&DR court services unit	15,345	15,345	9,198	6,147
Victim witness	49,477	49,477	48,488	989
Clerk of the circuit court	214,669	214,669	206,371	8,298
Total courts	<u>\$ 321,590</u>	<u>\$ 321,590</u>	<u>\$ 290,876</u>	<u>\$ 30,714</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 251,611	\$ 251,611	\$ 246,198	\$ 5,413
Total commonwealth's attorney	<u>\$ 251,611</u>	<u>\$ 251,611</u>	<u>\$ 246,198</u>	<u>\$ 5,413</u>
Total judicial administration	<u>\$ 573,201</u>	<u>\$ 573,201</u>	<u>\$ 537,074</u>	<u>\$ 36,127</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,174,223	\$ 1,182,251	\$ 1,172,717	\$ 9,534
E-911	139,612	139,612	134,829	4,783
Total law enforcement and traffic control	<u>\$ 1,313,835</u>	<u>\$ 1,321,863</u>	<u>\$ 1,307,546</u>	<u>\$ 14,317</u>
Fire and rescue services:				
Fire department	\$ 132,800	\$ 132,800	\$ 132,800	\$ -
Ambulance and rescue services	82,000	82,000	82,000	-
Total fire and rescue services	<u>\$ 214,800</u>	<u>\$ 214,800</u>	<u>\$ 214,800</u>	<u>\$ -</u>
Correction and detention:				
Regional jail	\$ 367,305	\$ 367,305	\$ 468,314	\$ (101,009)
Juvenile probation and detention	59,278	59,278	51,570	7,708
Total correction and detention	<u>\$ 426,583</u>	<u>\$ 426,583</u>	<u>\$ 519,884</u>	<u>\$ (93,301)</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 2 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 116,960	\$ 117,460	\$ 117,292	\$ 168
Total inspections	<u>\$ 116,960</u>	<u>\$ 117,460</u>	<u>\$ 117,292</u>	<u>\$ 168</u>
Other protection:				
Animal control	\$ 101,251	\$ 102,051	\$ 98,432	\$ 3,619
Emergency services	22,122	22,122	22,122	-
Medical examiner	150	150	20	130
Total other protection	<u>\$ 123,523</u>	<u>\$ 124,323</u>	<u>\$ 120,574</u>	<u>\$ 3,749</u>
Total public safety	<u>\$ 2,195,701</u>	<u>\$ 2,205,029</u>	<u>\$ 2,280,096</u>	<u>\$ (75,067)</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 251,000	\$ 251,000	\$ 42,532	\$ 208,468
Put-in creek project	35,000	35,000	34,865	135
Streetlights	12,700	12,700	6,831	5,869
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 298,700</u>	<u>\$ 298,700</u>	<u>\$ 84,228</u>	<u>\$ 214,472</u>
Sanitation and waste removal:				
Refuse disposal	\$ 705,511	\$ 705,511	\$ 681,151	\$ 24,360
Total sanitation and waste removal	<u>\$ 705,511</u>	<u>\$ 705,511</u>	<u>\$ 681,151</u>	<u>\$ 24,360</u>
Maintenance of general buildings and grounds:				
General properties	\$ 570,239	\$ 595,739	\$ 872,434	\$ (276,695)
Total maintenance of general buildings and grounds	<u>\$ 570,239</u>	<u>\$ 595,739</u>	<u>\$ 872,434</u>	<u>\$ (276,695)</u>
Total public works	<u>\$ 1,574,450</u>	<u>\$ 1,599,950</u>	<u>\$ 1,637,813</u>	<u>\$ (37,863)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 123,925	\$ 123,925	\$ 121,536	\$ 2,389
Total health	<u>\$ 123,925</u>	<u>\$ 123,925</u>	<u>\$ 121,536</u>	<u>\$ 2,389</u>
Mental health and mental retardation:				
Gloucester-Mathews free clinic	\$ 5,000	\$ 5,000	\$ 5,000	-
Disability services board	2,000	2,000	2,000	-
Laurel shelter	2,500	2,500	2,500	-
Community services board and Puller center	35,475	35,475	35,475	-
Total mental health and mental retardation	<u>\$ 44,975</u>	<u>\$ 44,975</u>	<u>\$ 44,975</u>	<u>\$ -</u>
Welfare:				
Public assistance and welfare administration	\$ 1,170,287	\$ 1,174,907	\$ 1,156,099	\$ 18,808
Area agency on aging	13,625	13,625	13,625	-
Comprehensive services act	600,000	600,000	123,567	476,433
Bay transit	37,125	37,125	37,125	-
Tax relief for the elderly	-	-	32,246	(32,246)
Total welfare	<u>\$ 1,821,037</u>	<u>\$ 1,825,657</u>	<u>\$ 1,362,662</u>	<u>\$ 462,995</u>
Total health and welfare	<u>\$ 1,989,937</u>	<u>\$ 1,994,557</u>	<u>\$ 1,529,173</u>	<u>\$ 465,384</u>
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 5,522	\$ 5,522	\$ 5,522	-
Contribution to County School Board	5,736,604	5,899,270	5,893,269	6,001
Total education	<u>\$ 5,742,126</u>	<u>\$ 5,904,792</u>	<u>\$ 5,898,791</u>	<u>\$ 6,001</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 79,403	\$ 79,403	\$ 75,366	\$ 4,037
Total parks and recreation	<u>\$ 79,403</u>	<u>\$ 79,403</u>	<u>\$ 75,366</u>	<u>\$ 4,037</u>
Library:				
Contribution to county library	\$ 300,663	\$ 308,944	\$ 301,091	\$ 7,853
Total library	<u>\$ 300,663</u>	<u>\$ 308,944</u>	<u>\$ 301,091</u>	<u>\$ 7,853</u>
Total parks, recreation, and cultural	<u>\$ 380,066</u>	<u>\$ 388,347</u>	<u>\$ 376,457</u>	<u>\$ 11,890</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 380,835	\$ 400,575	\$ 468,915	\$ (68,340)
Planning and zoning boards	6,821	6,821	3,816	3,005
Middle Peninsula planning district commission	10,000	10,000	10,000	-
Wetlands board	3,474	3,474	3,178	296
Economic development	39,210	46,210	44,210	2,000
Transportation safety commission	2,684	2,684	673	2,011
Housing assistance and other	3,300	3,300	3,300	-
Total planning and community development	<u>\$ 446,324</u>	<u>\$ 473,064</u>	<u>\$ 534,092</u>	<u>\$ (61,028)</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	-
Litter control program	5,500	5,500	5,500	-
Other environmental management	850	850	850	-
Total environmental management	<u>\$ 12,350</u>	<u>\$ 12,350</u>	<u>\$ 12,350</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 46,356	\$ 46,356	\$ 27,330	\$ 19,026
Total cooperative extension program	<u>\$ 46,356</u>	<u>\$ 46,356</u>	<u>\$ 27,330</u>	<u>\$ 19,026</u>
Total community development	<u>\$ 505,030</u>	<u>\$ 531,770</u>	<u>\$ 573,772</u>	<u>\$ (42,002)</u>
Capital projects:				
Public access improvement and lighthouse improvement	\$ 140,000	\$ 140,000	\$ 9,959	\$ 130,041
Court green buildings renovations	350,000	350,000	-	350,000
Other capital projects	48,400	25,900	20,782	5,118
Total capital projects	<u>\$ 538,400</u>	<u>\$ 515,900</u>	<u>\$ 30,741</u>	<u>\$ 485,159</u>
Debt service:				
Principal retirement	\$ 1,477,744	\$ 1,477,744	\$ 1,105,044	\$ 372,700
Interest and other fiscal charges	315,430	315,430	668,137	(352,707)
Total debt service	<u>\$ 1,793,174</u>	<u>\$ 1,793,174</u>	<u>\$ 1,773,181</u>	<u>\$ 19,993</u>
Total General Fund	<u>\$ 16,546,372</u>	<u>\$ 16,780,887</u>	<u>\$ 15,838,304</u>	<u>\$ 942,583</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Other Protection:				
Forfeited assets	\$ -	\$ -	\$ 440	\$ (440)
Grant funds	-	-	10,000	(10,000)
Total other protection	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,440</u>	<u>\$ (10,440)</u>
Total public safety	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,440</u>	<u>\$ (10,440)</u>

County of Mathews, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 4 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Community Development:				
Extension office	\$ -	\$ -	\$ 135	\$ (135)
Total Community Development	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135</u>	<u>\$ (135)</u>
 Total County Special Revenue Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 10,575</u>	 <u>\$ (10,575)</u>
 Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
School capital projects	\$ -	\$ -	\$ 31,281	\$ (31,281)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,281</u>	<u>\$ (31,281)</u>
 Total County Capital Projects Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 31,281</u>	 <u>\$ (31,281)</u>
 Total Primary Government	 <u>\$ 16,546,372</u>	 <u>\$ 16,780,887</u>	 <u>\$ 15,880,160</u>	 <u>\$ 900,727</u>
 Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 749,336	\$ 749,336	\$ 860,470	\$ (111,134)
Instruction costs	9,301,843	9,351,892	9,283,186	68,706
Pupil transportation	748,330	815,364	686,740	128,624
Operation and maintenance of school plant	1,150,491	1,214,823	1,379,487	(164,664)
 Total School Operating Fund	 <u>\$ 11,950,000</u>	 <u>\$ 12,131,415</u>	 <u>\$ 12,209,883</u>	 <u>\$ (78,468)</u>
 School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 762,000	\$ 762,000	\$ 739,706	\$ 22,294
Commodities	-	-	35,886	(35,886)
Total school food services	<u>\$ 762,000</u>	<u>\$ 762,000</u>	<u>\$ 775,592</u>	<u>\$ (13,592)</u>
 Total School Cafeteria Fund	 <u>\$ 762,000</u>	 <u>\$ 762,000</u>	 <u>\$ 775,592</u>	 <u>\$ (13,592)</u>
 Textbook Fund:				
Education:				
Purchase of textbooks	\$ 75,000	\$ 75,000	\$ 103,025	\$ (28,025)
Total education	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 103,025</u>	<u>\$ (28,025)</u>
 Total Textbook Fund	 <u>\$ 75,000</u>	 <u>\$ 75,000</u>	 <u>\$ 103,025</u>	 <u>\$ (28,025)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 12,787,000</u>	 <u>\$ 12,968,415</u>	 <u>\$ 13,088,500</u>	 <u>\$ (120,085)</u>

OTHER STATISTICAL SECTION

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Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Sanitary District	Total
2002-03	\$ 1,039,167	\$ 545,728	\$ 1,708,462	\$ 822,573	\$ 1,293,019	\$ 4,635,518	\$ 257,374	\$ 300,189	\$ 1,034,606	\$ -	\$ 11,636,636
2003-04	1,386,324	601,070	1,703,916	940,124	1,322,388	4,838,854	373,908	293,177	1,031,027	261,803	12,752,591
2004-05	1,234,146	620,802	1,955,278	987,030	1,371,881	5,217,519	379,630	279,042	937,969	-	12,983,297
2005-06	1,344,050	627,926	2,755,851	1,015,465	1,520,044	5,606,976	387,933	456,921	1,132,979	-	14,848,145
2006-07	1,065,084	827,058	2,095,783	1,451,355	2,005,608	6,217,103	475,630	395,061	806,520	-	15,339,202
2007-08	1,231,935	1,026,178	2,143,896	1,408,691	1,458,890	6,817,663	427,514	641,590	733,013	-	15,889,370
2008-09	1,095,634	700,239	2,351,796	1,663,793	1,416,104	6,632,069	460,944	578,584	654,967	-	15,554,130

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

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Gain on Sale of Capital Assets		
2002-03	\$ 145,159	\$ 2,318,289	\$ 6,705	\$ 10,125,399	\$ 1,371,926	\$ 179,995	\$ 291,318	\$ 1,042,525	\$ -	\$ 15,481,316		
2003-04	116,565	2,495,970	-	7,339,763	1,428,839	130,686	105,064	1,045,781	-	12,662,668		
2004-05	119,789	2,000,683	-	7,806,381	1,547,302	166,619	150,111	1,018,466	329,854	12,809,351		
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		

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

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
1999-00	\$ 876,696	\$ 397,608	\$ 1,618,952	\$ 888,998	\$ 905,997	\$ 8,409,132	\$ 203,473	\$ 300,470	\$ 1,173,642	\$ 14,774,968
2000-01	880,735	430,666	1,842,814	824,542	987,841	8,811,906	226,076	279,100	1,848,145	16,131,825
2001-02	852,458	447,844	1,826,831	817,700	1,218,181	9,207,830	240,086	303,905	1,975,596	16,890,531
2002-03	997,934	545,728	1,682,403	900,624	1,266,528	9,293,011	252,813	255,336	2,088,743	17,283,120
2003-04	1,323,002	587,125	1,643,851	956,203	1,314,048	9,542,810	317,382	266,448	2,126,198	18,077,067
2004-05	1,168,115	571,021	1,907,258	1,001,052	1,356,816	10,609,394	294,173	275,944	2,145,653	19,329,426
2005-06	1,460,454	560,076	2,036,707	1,231,451	1,492,519	11,493,575	303,633	314,351	2,169,120	21,061,886
2006-07	1,035,785	589,759	2,065,871	1,327,638	1,969,465	12,074,141	390,588	373,790	2,247,874	22,074,911
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

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

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
1999-00	\$ 6,849,144	\$ 1,134,072	\$ 68,651	\$ 1,963	\$ 215,944	\$ 253,809	\$ 156,802	\$ -	\$ 7,241,274	\$ 15,921,659
2000-01	6,780,694	1,185,441	73,002	9,143	241,920	292,884	230,045	50,097	8,207,199	17,070,425
2001-02	6,531,220	1,234,222	79,609	14,410	108,453	312,818	554,327	-	8,525,027	17,360,086
2002-03	10,002,922	1,238,383	89,061	15,365	93,785	385,457	317,526	39,681	8,822,195	21,004,375
2003-04	7,416,166	1,428,839	74,186	18,519	95,324	388,652	110,618	11,176	9,102,666	18,646,146
2004-05	7,721,330	1,547,302	89,959	15,620	123,721	412,077	166,108	22,720	9,233,862	19,332,699
2005-06	8,383,990	1,700,918	91,206	14,890	205,296	419,930	115,620	46,266	9,806,201	20,784,317
2006-07	9,241,999	1,698,362	87,324	11,380	258,773	474,696	144,700	8,047	10,360,328	22,285,609
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

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

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

Table 5

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

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
1999-00	\$ 7,101,013	\$ 6,930,485	97.60%	\$ 144,359	\$ 7,074,844	99.63%	\$ 221,814	3.12%
2000-01	7,309,272	7,143,099	97.73%	130,390	7,273,489	99.51%	254,706	3.48%
2001-02	7,415,586	7,339,959	98.98%	31,424	7,371,383	99.40%	225,248	3.04%
2002-03 (4)	10,904,894	10,769,849	98.76%	61,823	10,831,672	99.33%	353,703	3.24%
2003-04	8,420,389	8,244,213	97.91%	18,170	8,262,383	98.12%	385,210	4.57%
2004-05	8,594,243	8,550,645	99.49%	9,123	8,559,768	99.60%	322,127	3.75%
2005-06	9,396,373	9,304,937	99.03%	14,616	9,319,553	99.18%	301,819	3.21%
2006-07	10,052,394	10,092,508	100.40%	42,588	10,135,096	100.82%	440,139	4.38%
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%

- (1) Exclusive of penalties and interest.
- (2) Includes three most current delinquent tax years and first half of current tax year.
- (3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.
- (4) First year for half year tax collection on Real Estate.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Public Utility (2)			Total
				Real Estate	Personal Property	Public Utility (2)	
1999-00	\$ 670,960,882	\$ 80,698,674	\$ -	\$ 20,908,123	\$ 17,602	\$ 772,585,281	
2000-01	675,325,551	88,991,203	-	20,478,319	-	784,795,073	
2001-02	679,548,744	92,323,727	-	19,856,314	-	791,728,785	
2002-03 (3)	1,393,251,620	94,035,963	-	19,399,790	-	1,506,687,373	
2003-04	716,955,314	95,576,276	-	19,792,155	-	832,323,745	
2004-05	964,695,075	97,459,683	-	16,183,972	-	1,078,338,730	
2005-06	1,240,094,987	94,296,230	11,732,849	23,520,759	-	1,369,644,825	
2006-07	1,270,237,929	100,764,835	16,895,940	21,331,137	-	1,409,229,841	
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	

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

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
1999-00	\$ 0.73	\$ 0.73	\$ 3.10	-
2000-01	0.73	0.73	3.10	-
2001-02	0.73	0.73	3.10	-
2002-03	0.79	0.79	3.60	-
2003-04	0.79	0.79	3.60	-
2004-05 (2)	.51/.79	0.79	3.60	-
2005-06(3)	.53/.51	0.51	3.60	2.14
2006-07	0.53	0.53	3.60	2.14
2007-08(4)	.56/.53	0.53	3.60	2.14
2008-09	0.56	0.56	3.60	2.14

(1) Per \$100 of assessed value.

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

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

(3) First half 2008 and second half 2007, 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)			
1999-00	9,100	\$ 772,585	\$ 14,965,259	\$ -	\$ -	\$ 14,965,259	1.94%	\$ 1,645
2000-01	9,100	784,795	13,978,437	-	-	13,978,437	1.78%	1,536
2001-02	9,100	791,729	13,493,286	-	-	13,493,286	1.70%	1,483
2002-03	9,100	1,506,687	12,510,122	-	-	12,510,122	0.83%	1,375
2003-04	9,100	832,324	11,529,619	-	-	11,529,619	1.39%	1,267
2004-05	9,100	1,078,339	10,523,992	-	-	10,523,992	0.98%	1,156
2005-06	9,100	1,369,645	9,386,634	-	-	9,386,634	0.69%	1,031
2006-07	9,100	1,409,230	8,437,339	-	-	8,437,339	0.60%	927
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

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

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

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

COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mathews, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Mathews, Virginia's basic financial statements and have issued our report thereon dated January 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Mathews, Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the County of Mathews, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the County of Mathews, Virginia's internal control.

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

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

Compliance and Other Matters

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

We noted other matters involving the internal control and its operation that we have reported to the management of the County of Mathews, Virginia in a separate letter dated January 7, 2010.

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



Richmond, Virginia
January 7, 2010

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

Compliance

We have audited the compliance of the County of Mathews, Virginia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Mathews, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Mathews, Virginia's management. Our responsibility is to express an opinion on the County of Mathews, Virginia's compliance based on our audit.

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

In our opinion, the County of Mathews, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Mathews, Virginia's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County of Mathews, Virginia's internal control.

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

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

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

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

Richmond, Virginia
January 7, 2010

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Promoting safe and stable families	93.556	\$ 11,697
Temporary assistance for needy families	93.558	72,329
Refugee and entrant assistance - state administered programs	93.566	205
Low income home energy assistance	93.568	4,277
Child care and development block grant	93.575	46,407
Child care mandatory and matching funds of the child care and development fund	93.596	20,389
Child welfare services - state grants	93.645	428
Foster care - Title IV-E	93.658	66,385
Foster care - Title IV-E - ARRA	93.658	3,976
Adoption assistance	93.659	21,778
Adoption assistance - ARRA	93.659	1,885
Social services block grant	93.667	28,580
Chafee foster care independence program	93.674	662
Child care and development block grant - ARRA	93.713	230
Children's health insurance program	93.767	8,447
Medical Assistance Program	93.778	80,836
		<hr/>
Total Department of Health and Human Services		\$ 368,511
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 35,886
Department of Education:		
School breakfast program	10.553	49,404
National school lunch program	10.555	172,289
Department of Social Services:		
State administrative matching grants for the supplemental nutrition assistance program	10.561	120,517
		<hr/>
Total Department of Agriculture		\$ 378,096
Department of the Commerce:		
Pass-through payments:		
National Fish and Wildlife Foundation:		
Habitat conservation	11.463	83,350
		<hr/>
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Edward Byrne memorial formula grant program	16.579	\$ 5,000
		<hr/>
Total Department of Justice		\$ 5,000

County of Mathews, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	\$ 12,680
Total Department of Transportation		\$ 12,680
Environmental Protection Agency:		
Pass Through Payments:		
National Fish and Wildlife Foundation:		
Shoreline management plan	66.xxx	15,443
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I grants to local educational agencies	84.010	\$ 158,124
Special education - grants to states	84.027	250,207
Career and technical education - basic grants to states	84.048	29,912
Special education - preschool grants	84.173	7,477
Safe and drug free schools and communities - state grants	84.186	2,282
Improving teacher quality state grants	84.367	57,075
Education technology state grants	84.318	2,630
Total Department of Education		\$ 507,707
Total Federal Assistance		\$ 1,370,787

County of Mathews, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

Note 1 - General

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

Note 2 - Basis of Accounting

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	600,501
Special Revenue Fund		<u>5,000</u>
Total primary government	\$	<u>605,501</u>

Component Unit Public Schools:

School Operating Fund	\$	507,707
School Cafeteria Fund		<u>257,579</u>
Total component unit public schools	\$	<u>765,286</u>

Total federal expenditures per basic financial statements	\$	<u>1,370,787</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>1,370,787</u></u>
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**County of Mathews, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? X yes ___ no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

County of Mathews, Virginia

Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2009

There were no prior year findings and questioned costs.

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