

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**COUNTY OF GLOUCESTER  
VIRGINIA**

**FOR THE FISCAL YEAR ENDING  
JUNE 30, 2002**



**COUNTY OF GLOUCESTER, VIRGINIA**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2002**

**Prepared By:**

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**R. Edward Brown, Jr.,  
Director of Finance**



## TABLE OF CONTENTS

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### INTRODUCTORY SECTION

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	<u>Page</u>
Title Page . . . . .	i
Table of Contents . . . . .	iii-vi
County Officials . . . . .	vii
Organizational Chart . . . . .	ix
Certificate of Achievement . . . . .	xi
Letter of Transmittal . . . . .	xiii-xix

---

### FINANCIAL SECTION

---

	<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report . . . . .		1-2
<b>Combined Financial Statements ("Liftable" General Purpose Financial Statements):</b>		
Combined Balance Sheet--All Fund Types, and Account Groups and Discretely Presented Component Units . . . . .	1	4-5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances--All Governmental Fund and Discretely Presented Component Unit . . . . .	2	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual--General, Special Revenue and Capital Projects Funds, and Component Unit School Board . . . . .	3	8-9
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings All Proprietary Funds and Discretely Presented Component Units . . . . .	4	10
Combined Statement of Cash Flows--All Proprietary Funds and Discretely Presented Component Units . . . . .	5	11
Notes to Financial Statements . . . . .		13-43

## TABLE OF CONTENTS

---

---

### FINANCIAL SECTION (Continued)

---

	<u>Exhibit</u>	<u>Page</u>
<b>Special Revenue Funds:</b>		
Combining Balance Sheet . . . . .	A-1	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances . . . . .	A-2	47
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual . . . . .	A-3	48-49
<b>Enterprise Funds:</b>		
Combining Balance Sheet . . . . .	B-1	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	53
Combining Statement of Cash Flows . . . . .	B-3	54
<b>Agency Funds:</b>		
Combining Balance Sheet . . . . .	C-1	57
Combining Statement of Changes in assets and liabilities . . . . .	C-2	58
<b>General Fixed Asset Account Group:</b>		
Schedule of General Fixed Assets by Source . . . . .	D-1	60
Schedule of General Fixed Assets by Function and Activity . . . . .	D-2	61
Schedule of Changes in General Fixed Assets by Function and Activity . . . . .	D-3	62

## TABLE OF CONTENTS

---

### FINANCIAL SECTION (Continued)

---

	<u>Exhibit</u>	<u>Page</u>
<b>Discretely Presented Component Unit--School Board:</b>		
Combining Balance Sheet . . . . .	E-1	64-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances . . . . .	E-2	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual . . . . .	E-3	68-69
Combining Balance Sheet--Fiduciary Fund . . . . .	E-4	70
	<u>Schedule</u>	<u>Page</u>
<b>Supporting Schedules:</b>		
Governmental Funds--Schedule of Revenues--Budget and Actual . . . . .	1	72-77
Governmental Funds--Schedule of Expenditures--Budget and Actual . . . . .	2	78-81
Schedule of the Treasurer's Accountability . . . . .	3	82

---

### STATISTICAL SECTION

---

	<u>Tables</u>	<u>Page</u>
General Governmental Revenues by Source--Last Ten Fiscal Years . . . . .	1	84-85
General Governmental Expenditures by Function--Last Ten Fiscal Years . . . .	2	86-87
Assessed Value of Taxable Property . . . . .	3	88
Property Tax Rate--Last Ten Fiscal Years . . . . .	4	89
Property Tax Levies and Collections--Last Ten Fiscal Years . . . . .	5	90

## TABLE OF CONTENTS

---

### STATISTICAL SECTION (Continued)

---

	<u>Tables</u>	<u>Page</u>
Ratio of Net Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita--Last Ten Fiscal Years . . . . .	6	91
Principal Real Property Taxpayers . . . . .	7	92
Revenue Bond Coverage . . . . .	8	93
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures--Last Ten Fiscal Years . . . . .	9	94
Demographic Statistics--Last Ten Fiscal Years . . . . .	10	95
Education Data . . . . .	11	96
Residential and Construction Activity and Bank Deposits--Last Ten Fiscal Years	12	97
Miscellaneous Statistics . . . . .	13	98
High Volume Users of Water System . . . . .	14	99
Principal Employers . . . . .	15	100

---

### COMPLIANCE (SINGLE AUDIT SECTION)

---

	<u>Page</u>
Report on Compliance on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards . . . . .	101-102
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 . .	103-104
Schedule of Expenditures of Federal Awards . . . . .	105-107
Schedule of Findings and Questioned Costs . . . . .	108



## COUNTY OF GLOUCESTER, VIRGINIA

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### Board of Supervisors

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Louise D. Theberge, Chairman  
Burton M. Bland, Vice-Chairman

Ross M. Hines  
John J. Adams, Sr.

Teresa L. Altemus  
Charles R. Allen, Jr.

Graham C. Blake

### County School Board

---

Reba B. Bolden, Chairman  
Ronnie Cohen, Vice-Chairman

E. Stanley Belvin, Jr.  
George R. (Randy) Burak

A. J. McGlohn, Jr.  
Dr. Jean E. Pugh

Michael D. Jenkins

### Board of Social Services

---

Gilbert B. Gray, Chairman  
Mary Ann Boon, Vice-Chairman

Burton M. Bland  
Fredericka Branch  
Patrick Cooney

Donald Kappes  
Luella H. Lemon  
W. Perry Horsley, Jr.

### Other Officials

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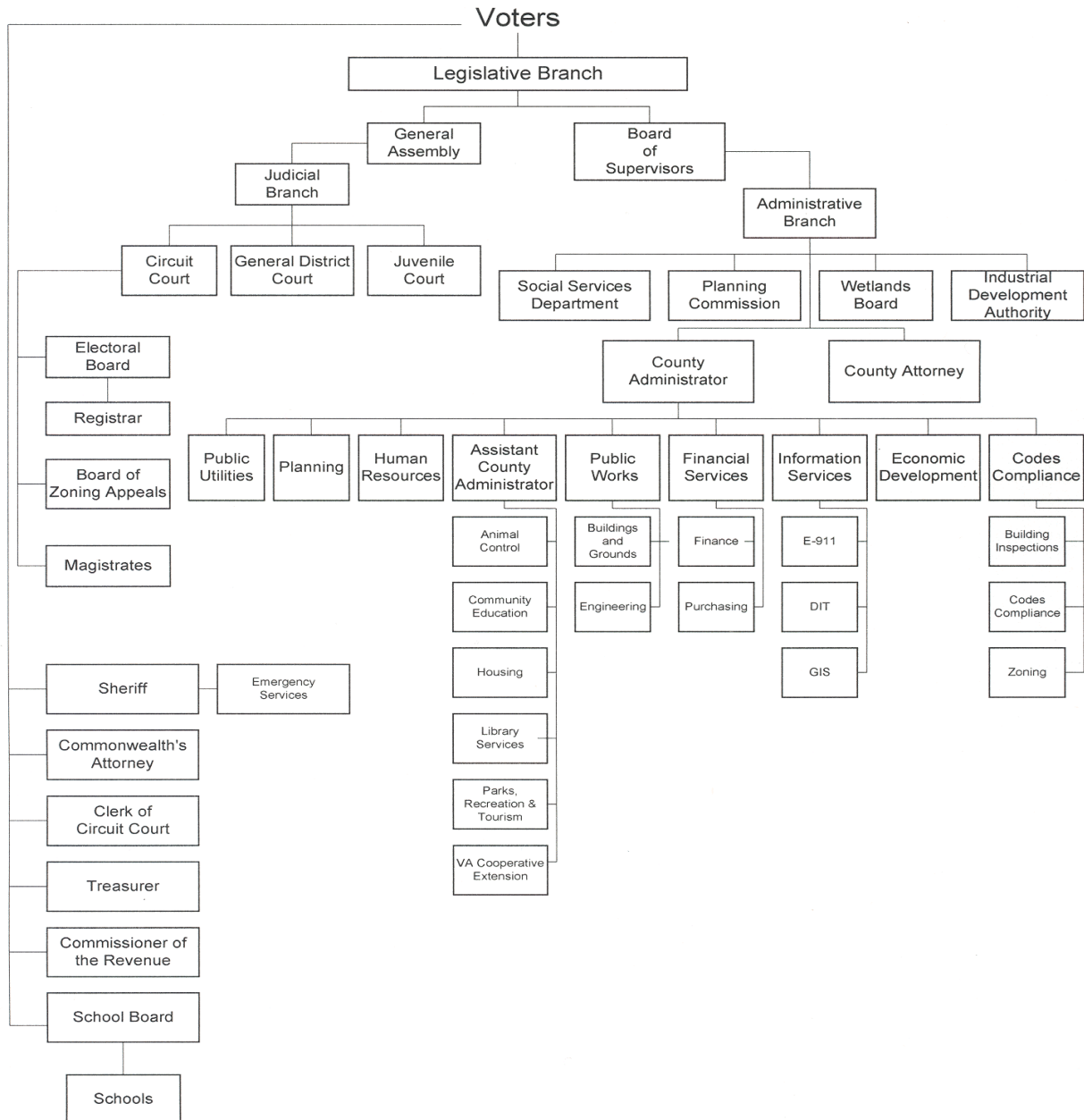
County Administrator . . . . .	William H. Whitley
Judge of the Circuit Court . . . . .	Hon. William H. Shaw, III
Clerk of the Circuit Court . . . . .	E. Ann Gentry
Commonwealth's Attorney . . . . .	Robert D. Hicks
Commissioner of the Revenue . . . . .	Charles H. Stubblefield
Treasurer . . . . .	Tara L. Thomas
Judge of the Juvenile & Domestic Relations Court . . . . .	Hon. Isabel H. Atlee
Judge of the General District Court . . . . .	Hon. R. Bruce Long
Sheriff . . . . .	Robin P. Stanaway
Superintendent of Schools . . . . .	J. Larry Hoover
Director of Department of Social Services . . . . .	Evins A. Goodwin
County Attorney . . . . .	Jacob P. Stroman, IV

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## Gloucester County Organizational Chart





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Gloucester,  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Timothy D. Dwyer*  
President

*Jeffrey L. Esser*  
Executive Director





# County of Gloucester

COUNTY ADMINISTRATOR

6467 Main Street

P.O. Box 329

Gloucester, Virginia

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(804) 693-4042

FAX (804) 693-0061

E-Mail: [wwhitley@co.gloucester.va.us](mailto:wwhitley@co.gloucester.va.us)

October 16, 2002

To the Honorable Chairman and Members of the Board of Supervisors:

The comprehensive annual financial report of the County of Gloucester for the year ended June 30, 2002, is hereby submitted as mandated by state statute. This statute requires that the County of Gloucester issue annually a report on its financial position and activities, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups, and component units of the County of Gloucester. All disclosures necessary to enable the reader to gain an understanding of the County of Gloucester's activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and compliance. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and list of the County of Gloucester's principal elected and appointed officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

The County of Gloucester is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended in 1997, and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the compliance section of this report.

The County of Gloucester's report includes all funds and account groups of the primary government, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The Gloucester County Industrial Development Authority is included as a component unit because of significant financial support from the County. The County provides a full range of services including police protection, social services, planning and inspections, public

works and utilities, libraries, and general government administration. The Commonwealth of Virginia provides the construction and maintenance of highways, streets, and infrastructure located within the County. Local volunteer fire and rescue companies provide fire and rescue protection for the citizens, and the County provides support through cash contributions for operations and capital expenditures.

Blended component units, although legally separate entities, are in substance, part of the primary government's operations and are included as part of the primary government. The County does not have any entities that meet these criteria. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial positions, results of operation and cash flows from those of the primary government. The Gloucester County School Board and the Gloucester County Industrial Development Authority are reported as discretely presented component units.

### **Government Structure, Local Economic Condition and Outlook**

The County was created in 1651 and covers 225 square miles of land area and 32 square miles of water area. The population per the 2000 census was 34,781. The County is empowered to levy a property tax on both real estate and personal property located within its boundaries.

The County of Gloucester has a County Administrator form of government with an elected seven member Board of Supervisors. The Administrator oversees the daily administration of the County.

Gloucester County is located in the Middle Peninsula of Virginia and is the fourth largest land area in the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area (MSA), which is the nation's 27th largest MSA. Gloucester County shares a distinction with Chesterfield County in that they are the only two counties located within two planning districts. Gloucester County is part of the Hampton Roads Planning District and the Middle Peninsula Planning District.

Infrastructure is a significant and critical factor in attracting new investment to the County. Beaverdam Reservoir, the Gloucester Water Treatment Plant, and becoming a member of the Hampton Roads Sanitation District for wastewater capacities have been essential in attaining growth dynamics. Accordingly, to meet continuing water utilization requirements and treatment parameters, the expansion of the Gloucester water system is under construction. The expansion will blend well water with surface water through a Reverse Osmosis process and will be fully operational in 2003.

In addition, other public and private development continues in Gloucester. A new Gloucester Courthouse was constructed and dedicated in September, 2002 and will provide a venue for the County's growing judicial system needs including courts, Commonwealth Attorney, Clerk of the Circuit Court, and County Attorney. The private investment in new service and retail continues with the opening of a new Super Wal-Mart and Applebee's in the Fox Mill Centre shopping center. A proposed new Home Depot store will increase and diversify the retail mix in the Centre.

Lowe's Home Improvement Warehouse will begin construction of a new 102,000 square foot facility in the near future. Banking expansion and new construction in 2002 commenced with a new Chesapeake Bank branch, the arrival of BB&T in Gloucester and the



new Southside Bank branch at Gloucester Point. Also at Gloucester Point, Whitley's Peanuts expanded their peanut roasting and packaging operations.

Main Street in Gloucester County continues its phased development with new sidewalks, landscaping, streetscapes and a traditional lighting theme. With utilities moving underground and a growing mix of boutique and traditional retail, Main Street will remain the centerpiece for village working, shopping, and living. New development in 2002 includes the renovation and adaptive reuse of an old NAPA store and Post Office into new and exciting retail and office spaces. Sanders Nursing Home and Sanders Common Ltd. broke ground for their expansion in November.

The Main Street Association, a non-profit group led by the efforts of Mr. Edwin Joseph, has been instrumental in providing a new impetus for Main Street merchants and revitalizing the Gloucester Exchange Shopping Center to include an expanded library facility.

The Gloucester Business Park, owned by the Industrial Development Authority in cooperation with the Gloucester Board of Supervisors, was constructed in 1997. This 70-acre-park is development ready with all infrastructure including roads, water, sewer and the best practices for storm water management. Currently, there are two tenants within the park: Industrial Resource Technologies, Inc. and Coastal Bioanalysts. Industrial Resource Technologies is a joint venture between Canon U.S.A. and Canon Virginia, Inc., which recycles toner cartridges. Coastal Bioanalysts performs water quality tests and analysis for commercial and industrial businesses.

The Gloucester Point Gateway Committee has completed the Master Plan Report. This report developed a framework for the vision at Gloucester Point that would improve the quality of life, increase research, education and business opportunities, preserve and showcase our history and provide parks and recreational venues for both tourist and citizens.

## **Major Initiatives**

*For the year.* The County Board of Supervisors adopted a \$38,248,539 General Fund budget for fiscal year 2001-02. This budget maintained services at current levels and provided funding to support a Pay for Performance Salary Plan. This Plan is a comprehensive approach to ensuring that all employees are paid competitively based upon their job duties and rewarded for high performance. Also, \$2.8 million was included for capital projects to maintain our current buildings and equipment. In addition, construction continued on a new courthouse which was completed in the July 2002.

*For the Future.* For the 2002-03 fiscal year the County Board of Supervisors has approved a General Fund Operating Budget of \$37,981,329. This budget will maintain services at current levels and provide funding to maintain its Pay for Performance Salary Plan. In the capital projects budget, there is \$2.0 million for maintenance of County buildings and equipment, School capital projects, and to continue with Phase 3 of the Main Street Project.

During the coming years, the County will continue to encourage economic development that is compatible with our natural resources and provides a balanced economy for future growth. In addition, the County will continue to serve citizens needs through the construction of schools and general government facilities.

## Financial Information

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

We believe that the County's internal control structure adequately protects the County assets and provides reasonable assurance of proper recording of financial transactions.

In addition, the County maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions of the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund, special revenue funds, capital projects, debt service, school funds, and proprietary funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the departmental level within each fund except the school fund, which is at the fund level.

The County also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. However, outstanding encumbrances generally are reappropriated as part of the following year's budget.

General Government Functions and General Fund Balance. Revenues for general governmental functions, which include General and Special Revenue Funds of the Primary Government and the School Board of the Component Unit, total \$69,486,213 (Net of the County's contribution to the School Board), in fiscal year 2001-02, an increase of 2.99% over the previous fiscal year. Of the general revenues, general property taxes were 31.28% and intergovernmental sources were 53.10% for a total of 84.38%. The amount of revenue from various sources and their increase or decrease over last year are shown in the following tabulation:

<b>Revenue Source</b>	<b>2001-02 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2000-01</b>
General Property Taxes	\$ 21,735,807	\$ 31.28%	\$ (322,971)
Other Local Taxes	7,534,250	10.84%	550,241
Permits, Privilege Fees & Regulatory Licenses	301,641	0.43%	113,794
Fines and Forfeitures	77,277	0.11%	11,386
Revenues from use of Money and Property	189,530	0.27%	(281,583)
Charges for Services	2,100,650	3.02%	(2,597)
Miscellaneous	244,357	0.35%	(178,836)
Recovered Costs	408,848	0.59%	53,383
Intergovernmental	<u>36,893,853</u>	<u>53.10%</u>	<u>2,072,997</u>
Total	<u>\$ 69,486,213</u>	<u>\$ 100.00%</u>	<u>\$ 2,015,814</u>

General Property Tax Revenue, which is made-up of Real Estate and Personal Property Taxes, decreased from \$22.1 million to \$21.74 million, or 1.46%. Two factors can be attributed to this decrease: the full implementation of semi annual payments of personal property reduced revenue by \$1.7 million while a general reassessment of real estate properties resulted in an increase of \$1.4 million. The assessed value of real estate and personal property total \$2.29 billion in 2001-02, which represents an increase of 11.73% over the preceding year.

Intergovernmental revenue includes funds from the Commonwealth of Virginia and Federal government. The Categorical Aid from the Commonwealth for schools was \$24.70 million, which is a reduction of 1.15% from last year.

Expenditures for general governmental purposes, which include the General and Special Revenue Funds of the Primary Government and the School Board of the Component Unit amounted to \$66,492,694 (net of the County's contribution to the School Board), an increase of 3.76% over 2000-01. Changes in levels of expenditures for major functions of the County over the preceding year are shown below in the following tabulation:

<b>Revenue Source</b>	<b>2001-02 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2000-01</b>
General Administration	\$ 3,296,403	\$ 4.96%	\$ 147,539
Judicial Administration	1,194,277	1.80%	38,995
Public Safety	6,851,651	10.30%	253,251
Public Works	1,191,479	1.79%	(19,552)
Health and Welfare	2,892,104	4.35%	140,071
Education	43,885,700	66.00%	1,108,444
Recreation and Cultural	1,084,547	1.63%	(4,892)
Community Development	646,556	0.97%	172,486
Non-departmental	668,639	1.01%	411,219
Debt-Service	<u>4,781,338</u>	<u>7.19%</u>	<u>161,537</u>
Total	<u>\$ 66,492,694</u>	<u>\$ 100.00%</u>	<u>\$ 2,409,098</u>

The largest increase in expenditures was in education, which increased \$1.11 million or 2.59%. The largest increase was in the instruction category, which increased \$602,066. Non-departmental expenditures increased by \$411,219, which can be attributed to Gloucester County acting as the fiscal agent for Bay Transit and the receipt of federal flow-through grant monies for that agency.

*General Fund Balance.* The beginning fund balance was increased by \$591,844 with the implementation of GASB 33 (Accounting and Financial Reporting for Nonexchange Transactions). The general fund balance at the end of the year was \$10,737,923, which was an increase of \$1,192,749 from the adjusted beginning fund balance. A major portion of this increase can be attributed to deferring budgeted Capital Improvement Projects in light of unknown State budget reductions.

*Enterprise Operations.* The County's Enterprise Operations consist of a utility fund, which provides water and sewer service, and two Sanitary Districts, which provide street lights for those districts. The Enterprise Fund operating revenue increased 4.68% and the expenses increased 2.94% from last year. This combination caused the Operating Income to increase by \$74,127. Comparative data for the past two fiscal years is presented below:

	<u>2001-02</u>	<u>2000-01</u>
Operating Revenue	\$ 2,788,101	\$ 2,663,370
Operating Income	1,016,186	942,059
Income Available for Debt Service	1,898,470	2,090,491
Annual Debt Service	2,501,062	2,433,648
Coverage (income available for debt service divided by annual debt service)	0.76	0.86

Revenue bonds totaling \$1,274,677 were retired in the Utilities Fund during the fiscal year.

*Debt Administration.* The ratio of net bonded debt to assessed value and the amount of bonded debt per capita are useful indications of the County's debt position to County management, citizens, and investors. Net bonded debt is the total of general obligation bonds and literary loans. At the end of the 2001-02 fiscal year:

	<u>Amount</u>	<u>Ratio of Net General Obligations Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
Net Bonded Debt	\$ 22,064,440	.92%	\$ 634

*Cash Management.* Cash temporarily idle during the year is invested in the Local Government Investment Pool, which is managed by the Treasury Department of the Commonwealth of Virginia. The average yield during the year was 2.69% and the amount of interest received was \$151,356. This is a decrease of \$224,381 from last fiscal year.

*Risk Management.* The County is a member of the Virginia Municipal Liability Pool, which provides our property and liability coverage. Also, the County is a member of the Virginia Municipal Group Self Insurance association for workers compensation coverage. The County has public officials' general liability coverage through the Commonwealth of Virginia program. A local agent provides flood insurance and bonds to cover county employees and public officials. The County contracts the services of an independent

insurance consultant to advise us as to the adequacy of coverage to protect the assets of the County. We believe the County's assets are adequately covered by insurance.

### **Other information**

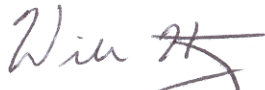
*Independent Audit.* The Commonwealth of Virginia requires an annual audit of the financial records and transactions of department of the County by an independent Certified Public Accountant selected by the County Board of Supervisors. This requirement has been complied with and the auditor's opinion is included in this report.

*Certificate of Achievement.* The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Gloucester for its comprehensive annual financial report for the fiscal year ended June 30, 2001. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligible for another certificate.

*Acknowledgments.* During the year, the Treasurer, School Board, Social Services Board, Finance Department, and other department heads and their staffs rendered dedicated and devoted service to the County of Gloucester. We are most appreciative of their efforts and cooperation to maintain accurate accounting records of the County.

Respectfully submitted,



William H. Whitley  
County Administrator



R. Edward Brown, Jr.  
Director of Financial Services

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# ROBINSON, FARMER, COX ASSOCIATES

*Certified Public Accountants*

*A Professional Limited Liability Company*

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## Independent Auditors' Report

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### To the Board of Supervisors County of Gloucester, Virginia

We have audited the accompanying general-purpose and combining financial statements of the County of Gloucester, Virginia, as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the County of Gloucester's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of Gloucester, Virginia, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion the combining and individual fund and account group financial statements referred to above present fairly, in all material respects the financial position of each of the individual funds and account groups of the County of Gloucester, Virginia, as of June 30, 2002 and the results of its operations of such funds and cash flows of individual proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2002 on our consideration of the County of Gloucester's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose and combining financial statements of the County of Gloucester, Virginia, taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents and the schedule of expenditures of federal awards which is required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

The statistical tables listed in the Table of Contents are not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information. Accordingly, we do not express any assurance on such information.

*Robinson, Famer, Cox Associates*

Charlottesville, Virginia

October 16, 2002



Combined Financial Statements  
("Liftable" General Purpose Financial Statements)

**COUNTY OF GLOUCESTER, VIRGINIA**

Combined Balance Sheet - All Funds, Account Groups, and Discretely Presented Component Units  
At June 30, 2002

	Governmental Funds			Proprietary Funds
	General	Special Revenue	Capital Projects	Enterprise
<b>ASSETS AND OTHER DEBITS</b>				
<u>Assets:</u>				
Cash and cash equivalents (Note 2)	\$ 9,769,524	\$ 0	\$ 3,805,434	\$ 9,754,270
Receivables (Net of allowances for uncollectibles):				
Taxes, including penalties (Note 1)	16,232,921	0	0	1,901
Accounts	524,593	18,408	4,925	347,355
Due from other funds (Note 4)	817,570	0	0	0
Due from other governmental units (Note 3)	1,070,569	263,869	660,280	0
Advances to other funds (Note 4)	0	0	0	280,629
Inventory	0	0	0	25,124
Prepaid items	396,186	0	0	4,080
Fixed assets (Net of accumulated depreciation) (Note 5 and 6)	0	0	0	25,662,135
Deferred charge, unamortized debt cost	0	0	0	248,308
<u>Other debits:</u>				
Amount to be provided for the retirement of general long-term debt	0	0	0	0
Total assets and other debits	<u>\$ 28,811,363</u>	<u>\$ 282,277</u>	<u>\$ 4,470,639</u>	<u>\$ 36,323,802</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 553,901	\$ 84,837	\$ 554,385	\$ 373,377
Accrued liabilities	248,252	5,417	0	3,200
Accrued general obligation bond interest	0	0	0	359
Accrued revenue bond interest	0	0	0	321,329
Due to other funds (Note 4)	0	192,023	623,177	2,370
Due to other governmental units (Note 3)	2,702,100	0	0	0
Amounts held for others	0	0	0	0
Deferred revenue (Note 11)	14,569,187	0	0	0
Prepaid rent	0	0	0	0
General obligation bonds payable - Current (Note 10)	0	0	0	28,176
Revenue bonds payable - Current (Note 10)	0	0	0	10,173
Advances from other funds (Note 4)	0	0	0	280,629
General obligation bonds payable (Note 10)	0	0	0	252,453
State Literary Fund loans payable (Note 10)	0	0	0	0
Revenue bonds payable (Note 10)	0	0	0	31,460,683
Capital lease obligations (Note 10)	0	0	0	0
Claims, judgements and compensated absences (Note 8)	0	0	0	160,172
General obligation note payable (Note 10)	0	0	0	0
Meter deposits	0	0	0	27,954
Notes payable (Note 10)	0	0	0	0
Total liabilities	<u>\$ 18,073,440</u>	<u>\$ 282,277</u>	<u>\$ 1,177,562</u>	<u>\$ 32,920,875</u>
<b>EQUITY AND OTHER CREDITS</b>				
Contributed capital (Note 5)	\$ 0	\$ 0	\$ 0	\$ 5,939,492
Investment in general fixed assets	\$ 0	\$ 0	\$ 0	\$ 0
Retained earnings:				
Unreserved	\$ 0	\$ 0	\$ 0	\$ (2,536,565)
Fund balances:				
Reserved for:				
Prepaid items	396,186	0	0	0
E-911	287,011	0	0	0
Inventory	0	0	0	0
Asset forfeiture	260,024	0	0	0
Unreserved:				
Designated for school construction	0	0	0	0
Designated for subsequent expenditure	792,000	0	3,293,077	0
Undesignated	9,002,702	0	0	0
Total retained earnings/fund balances	<u>\$ 10,737,923</u>	<u>\$ 0</u>	<u>\$ 3,293,077</u>	<u>\$ (2,536,565)</u>
Total equity and other credits	<u>\$ 10,737,923</u>	<u>\$ 0</u>	<u>\$ 3,293,077</u>	<u>\$ 3,402,927</u>
Total liabilities, equity and other credits	<u>\$ 28,811,363</u>	<u>\$ 282,277</u>	<u>\$ 4,470,639</u>	<u>\$ 36,323,802</u>

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

Fiduciary Funds	Account Groups		Totals (Memorandum Only)	Component Units		Totals (Memorandum Only)
	General Fixed Assets	General Long-term Debt	Primary Government	School Board	Industrial Development Authority	Reporting Entity
\$ 50,821	\$ 0	\$ 0	\$ 23,380,049	\$ 987,245	\$ 74,416	\$ 24,441,710
0	0	0	16,234,822	0	0	16,234,822
0	0	0	895,281	14,355	0	909,636
0	0	0	817,570	0	0	817,570
23,029	0	0	2,017,747	4,563,248	0	6,580,995
0	0	0	280,629	0	0	280,629
0	0	0	25,124	18,509	606,648	650,281
0	0	0	400,266	327,990	0	728,256
0	40,493,010	0	66,155,145	28,425,288	6,042,771	100,623,204
0	0	0	248,308	0	0	248,308
0	0	30,949,376	30,949,376	2,997,905	0	33,947,281
<u>\$ 73,850</u>	<u>\$ 40,493,010</u>	<u>\$ 30,949,376</u>	<u>\$ 141,404,317</u>	<u>\$ 37,334,540</u>	<u>\$ 6,723,835</u>	<u>\$ 185,462,692</u>
\$ 10,406	\$ 0	\$ 0	\$ 1,576,906	\$ 1,060,251	\$ 1,647	\$ 2,638,804
25,662	0	0	282,531	3,960,936	0	4,243,467
0	0	0	359	0	0	359
0	0	0	321,329	0	0	321,329
0	0	0	817,570	0	0	817,570
0	0	0	2,702,100	150,000	458,909	3,311,009
37,782	0	0	37,782	31,245	0	69,027
0	0	0	14,569,187	0	0	14,569,187
0	0	0	0	0	33,410	33,410
0	0	0	28,176	0	168,324	196,500
0	0	0	10,173	0	0	10,173
0	0	0	280,629	0	0	280,629
0	0	8,940,000	9,192,453	0	4,972,596	14,165,049
0	0	7,983,520	7,983,520	0	0	7,983,520
0	0	0	31,460,683	0	0	31,460,683
0	0	11,861,567	11,861,567	0	0	11,861,567
0	0	1,466,349	1,626,521	2,997,905	0	4,624,426
0	0	697,940	697,940	0	0	697,940
0	0	0	27,954	0	0	27,954
0	0	0	0	0	70,692	70,692
<u>\$ 73,850</u>	<u>\$ 0</u>	<u>\$ 30,949,376</u>	<u>\$ 83,477,380</u>	<u>\$ 8,200,337</u>	<u>\$ 5,705,578</u>	<u>\$ 97,383,295</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,939,492</u>	<u>\$ 0</u>	<u>\$ 1,253,866</u>	<u>\$ 7,193,358</u>
<u>\$ 0</u>	<u>\$ 40,493,010</u>	<u>\$ 0</u>	<u>\$ 40,493,010</u>	<u>\$ 28,425,288</u>	<u>\$ 0</u>	<u>\$ 68,918,298</u>
\$ 0	\$ 0	\$ 0	\$ (2,536,565)	\$ 0	\$ (235,609)	\$ (2,772,174)
0	0	0	396,186	327,990	0	724,176
0	0	0	287,011	0	0	287,011
0	0	0	0	18,509	0	18,509
0	0	0	260,024	0	0	260,024
0	0	0	0	295,394	0	295,394
0	0	0	4,085,077	207,603	0	4,292,680
0	0	0	9,002,702	(140,581)	0	8,862,121
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,494,435</u>	<u>\$ 708,915</u>	<u>\$ (235,609)</u>	<u>\$ 11,967,741</u>
<u>\$ 0</u>	<u>\$ 40,493,010</u>	<u>\$ 0</u>	<u>\$ 57,926,937</u>	<u>\$ 29,134,203</u>	<u>\$ 1,018,257</u>	<u>\$ 88,079,397</u>
<u>\$ 73,850</u>	<u>\$ 40,493,010</u>	<u>\$ 30,949,376</u>	<u>\$ 141,404,317</u>	<u>\$ 37,334,540</u>	<u>\$ 6,723,835</u>	<u>\$ 185,462,692</u>

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Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds and Discretely presented Component Units  
Year Ended June 30, 2002

	Governmental Fund Types			Totals "Memorandum Only"	Component Unit	Totals "Memorandum Only"
	General	Special Revenue	Capital Projects	Primary Government	School Board	Reporting Entity
Revenues:						
General property taxes	\$ 21,735,807	\$ 0	\$ 0	\$ 21,735,807	\$ 0	\$ 21,735,807
Other local taxes	7,534,250	0	0	7,534,250	0	7,534,250
Permits, privilege fees and regulatory licenses	301,641	0	0	301,641	0	301,641
Fines and forfeitures	77,277	0	0	77,277	0	77,277
Revenue from use of money and property	170,032	0	1,000	171,032	19,498	190,530
Charges for services	873,832	0	0	873,832	1,226,818	2,100,650
Miscellaneous	179,392	4,025	0	183,417	60,940	244,357
Recovered costs	308,160	0	0	308,160	100,688	408,848
Intergovernmental:						
Other local governments	0	0	0	0	14,474,148	14,474,148
Commonwealth	6,872,464	678,331	389,070	7,939,865	24,722,713	32,662,578
Federal	333,375	1,304,273	505,109	2,142,757	2,982,697	5,125,454
Total revenues	\$ 38,386,230	\$ 1,986,629	\$ 895,179	\$ 41,268,038	\$ 43,587,502	\$ 84,855,540
Expenditures:						
Current:						
General government administration	\$ 3,296,403	\$ 0	\$ 0	\$ 3,296,403	\$ 0	\$ 3,296,403
Judicial administration	1,194,277	0	0	1,194,277	0	1,194,277
Public safety	6,851,651	0	0	6,851,651	0	6,851,651
Public works	1,191,479	0	0	1,191,479	0	1,191,479
Health and welfare	435,497	2,456,607	0	2,892,104	0	2,892,104
Education	14,858,211	0	0	14,858,211	43,501,637	58,359,848
Parks, recreation, and cultural	1,084,547	0	0	1,084,547	0	1,084,547
Community development	646,556	0	0	646,556	0	646,556
Nondepartmental	668,639	0	0	668,639	0	668,639
Capital projects	0	0	7,320,020	7,320,020	0	7,320,020
Debt service:						
Principal retirement	2,637,212	0	0	2,637,212	0	2,637,212
Interest and other fiscal charges	2,144,126	0	0	2,144,126	0	2,144,126
Total expenditures	\$ 35,008,598	\$ 2,456,607	\$ 7,320,020	\$ 44,785,225	\$ 43,501,637	\$ 88,286,862
Excess (deficiency) of revenues over expenditures	\$ 3,377,632	\$ (469,978)	\$ (6,424,841)	\$ (3,517,187)	\$ 85,865	\$ (3,431,322)
Other financing sources (uses):						
Proceeds from capital leases	\$ 0	\$ 0	\$ 494,255	\$ 494,255	\$ 0	\$ 494,255
Operating transfers in	0	469,978	1,214,905	1,684,883	0	1,684,883
Operating transfers out	(2,184,883)	0	0	(2,184,883)	0	(2,184,883)
Total other financing sources (uses)	\$ (2,184,883)	\$ 469,978	\$ 1,709,160	\$ (5,745)	\$ 0	\$ (5,745)
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 1,192,749	\$ 0	\$ (4,715,681)	\$ (3,522,932)	\$ 85,865	\$ (3,437,067)
Fund balances at beginning of year, as adjusted (Note 18)	9,545,174	0	8,008,758	17,553,932	623,050	18,176,982
Fund balances at end of year	\$ 10,737,923	\$ 0	\$ 3,293,077	\$ 14,031,000	\$ 708,915	\$ 14,739,915

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

**COUNTY OF GLOUCESTER, VIRGINIA**

Combined Statement of Revenues, Expenditures and Changes in Fund Balances --  
Budget and Actual -- General, Special Revenue, Capital Projects Funds,  
And Discretely Presented Component Unit School Board  
Year Ended June 30, 2002

	<b>General Fund</b>		<b>Variance Favorable (Unfavorable)</b>
	<b>Budget</b>	<b>Actual</b>	
Revenues:			
General property taxes	\$ 20,524,405	\$ 21,735,807	\$ 1,211,402
Other local taxes	7,297,997	7,534,250	236,253
Permits, privilege fees and regulatory licenses	336,545	301,641	(34,904)
Fines and forfeitures	85,000	77,277	(7,723)
Revenue from use of money and property	438,800	170,032	(268,768)
Charges for services	890,500	873,832	(16,668)
Miscellaneous	98,430	179,392	80,962
Recovered costs	305,812	308,160	2,348
Intergovernmental:			
Other local governments	0	0	0
Commonwealth	7,217,642	6,872,464	(345,178)
Federal	373,443	333,375	(40,068)
Total revenues	\$ 37,568,574	\$ 38,386,230	\$ 817,656
Expenditures:			
Current:			
General government administration	\$ 3,390,190	\$ 3,296,403	\$ 93,787
Judicial administration	1,159,096	1,194,277	(35,181)
Public safety	7,539,337	6,851,651	687,686
Public works	1,263,742	1,191,479	72,263
Health and welfare	476,390	435,497	40,893
Education	15,173,303	14,858,211	315,092
Parks, recreation, and cultural	1,146,147	1,084,547	61,600
Community development	676,462	646,556	29,906
Nondepartmental	689,719	668,639	21,080
Capital projects	0	0	0
Debt service:			
Principal retirement	2,637,212	2,637,212	0
Interest and other fiscal charges	2,145,847	2,144,126	1,721
Total expenditures	\$ 36,297,445	\$ 35,008,598	\$ 1,288,847
Excess (deficiency) of revenues over expenditures	\$ 1,271,129	\$ 3,377,632	\$ 2,106,503
Other financing sources (uses):			
Proceeds from general obligation bonds	\$ 0	\$ 0	\$ 0
Proceeds from capital leases	0	0	0
Operating transfers in	0	0	0
Operating transfers out	(3,604,077)	(2,184,883)	1,419,194
Total other financing sources (uses)	\$ (3,604,077)	\$ (2,184,883)	\$ 1,419,194
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ (2,332,948)	\$ 1,192,749	\$ 3,525,697
Fund balances at beginning of year, as adjusted (Note 18)	2,332,948	9,545,174	7,212,226
Fund balances at end of year	\$ 0	\$ 10,737,923	\$ 10,737,923

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

Special Revenue Funds			Capital Projects Fund			Component Unit School Board		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	500	1,000	500	21,000	14,419	(6,581)
0	0	0	0	0	0	1,498,700	1,226,818	(271,882)
4,000	4,025	25	0	0	0	38,000	37,398	(602)
0	0	0	0	0	0	150,000	100,688	(49,312)
0	0	0	0	0	0	14,780,347	14,474,148	(306,199)
803,558	678,331	(125,227)	388,989	389,070	81	25,397,982	24,722,713	(675,269)
1,262,739	1,304,273	41,534	977,710	505,109	(472,601)	2,932,760	2,982,697	49,937
\$ 2,070,297	\$ 1,986,629	\$ (83,668)	\$ 1,367,199	\$ 895,179	\$ (472,020)	\$ 44,818,789	\$ 43,558,881	\$ (1,259,908)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
2,945,152	2,456,607	488,545	0	0	0	0	0	0
0	0	0	0	0	0	44,753,789	43,486,237	1,267,552
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	15,668,921	7,320,020	8,348,901	287,986	0	287,986
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
\$ 2,945,152	\$ 2,456,607	\$ 488,545	\$ 15,668,921	\$ 7,320,020	\$ 8,348,901	\$ 45,041,775	\$ 43,486,237	\$ 1,555,538
\$ (874,855)	\$ (469,978)	\$ 404,877	\$ (14,301,722)	\$ (6,424,841)	\$ 7,876,881	\$ (222,986)	\$ 72,644	\$ 295,630
\$ 0	\$ 0	\$ 0	\$ 4,500,000	\$ 0	\$ (4,500,000)	\$ 0	\$ 0	\$ 0
0	0	0	7,572,500	494,255	(7,078,245)	0	0	0
874,855	469,978	(404,877)	2,229,222	1,214,905	(1,014,317)	0	0	0
0	0	0	0	0	0	0	0	0
\$ 874,855	\$ 469,978	\$ (404,877)	\$ 14,301,722	\$ 1,709,160	\$ (12,592,562)	\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0	\$ 0	\$ (4,715,681)	\$ (4,715,681)	\$ (222,986)	\$ 72,644	\$ 295,630
0	0	0	0	8,008,758	8,008,758	222,986	428,668	205,682
\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,293,077	\$ 3,293,077	\$ 0	\$ 501,312	\$ 501,312

Combined Statement of Revenues, Expenses and Changes in Retained Earnings  
 All Proprietary Funds and Discretely Presented Component Units  
 Year Ended June 30, 2002

	Proprietary Funds	Totals "Memorandum Only"	Component Unit	Totals "Memorandum Only"
	Enterprise	Primary Government	Industrial Development Authority	Reporting Entity
Operating revenues:				
Charges for services	\$ 2,781,874	\$ 2,781,874	\$ 0	\$ 2,781,874
Rents	0	0	391,404	391,404
Contributions from local governments	0	0	123,436	123,436
Miscellaneous	6,227	6,227	1,065	7,292
Total revenues	\$ 2,788,101	\$ 2,788,101	\$ 515,905	\$ 3,304,006
Operating expenses:				
Current:				
Personal services	\$ 573,039	\$ 573,039	\$ 0	\$ 573,039
Fringe benefits	147,749	147,749	0	147,749
Contractual services	55,537	55,537	15,046	70,583
Other charges	428,661	428,661	11,606	440,267
Depreciation	566,929	566,929	278,994	845,923
Total expenses	\$ 1,771,915	\$ 1,771,915	\$ 305,646	\$ 2,077,561
Operating income	\$ 1,016,186	\$ 1,016,186	\$ 210,259	\$ 1,226,445
Nonoperating revenues (expenses):				
Amortization of loan costs	\$ (49,613)	\$ (49,613)	\$ 0	\$ (49,613)
Taxes	37,727	37,727	0	37,727
Interest	344,557	344,557	1,135	345,692
Interest and fiscal charges	(1,788,377)	(1,788,377)	(306,615)	(2,094,992)
Total nonoperating revenues (expenses)	\$ (1,455,706)	\$ (1,455,706)	\$ (305,480)	\$ (1,761,186)
Income before operating transfers	\$ (439,520)	\$ (439,520)	\$ (95,221)	\$ (534,741)
Operating transfers in	\$ 500,000	\$ 500,000	\$ 0	\$ 500,000
Net income	\$ 440,480	\$ 440,480	\$ (95,221)	\$ 345,259
Amortization of contributed capital	224,725	224,725	57,010	281,735
Increase in retained earnings	\$ 665,205	\$ 665,205	(38,211)	626,994
Retained earnings at beginning of year	\$ (3,201,770)	\$ (3,201,770)	\$ (197,398)	\$ (3,399,168)
Retained earnings at end of year	\$ (2,536,565)	\$ (2,536,565)	\$ (235,609)	\$ (2,772,174)

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



Combined Statement of Cash Flows  
 All Proprietary Funds and Discretely Presented Component Units  
 Year Ended June 30, 2002

	Proprietary Funds	"Memorandum Only"	Component Unit	"Memorandum Only"
	Enterprise	Primary Government	Industrial Development Authority	Reporting Entity
<u>Cash Flows From Operating Activities:</u>				
Net operating income (loss)	\$ 1,016,186	\$ 1,016,186	\$ 210,259	\$ 1,226,445
Adjustments to reconcile net income to net income to net cash provided by operating activities:				
Depreciation	566,929	566,929	278,994	845,923
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(84,286)	(84,286)	0	(84,286)
(Increase) decrease in inventory	7,802	7,802	0	7,802
(Increase) decrease in prepaid expenses	(1,080)	(1,080)	0	(1,080)
Increase (decrease) in accounts payable and accrued liabilities	218,397	218,397	(25,416)	192,981
Increase (decrease) in due to other funds	0	0	0	0
Increase (decrease) in meter deposits	2,211	2,211	0	2,211
Net cash provided by (used in) operating activities	\$ 1,726,159	\$ 1,726,159	\$ 463,837	\$ 2,189,996
<u>Cash Flows from Noncapital Financing Activities:</u>				
Net borrowings (repayments) under revolving loan agreement	\$ 0	\$ 0	\$ 0	\$ 0
Interest paid on revolving loan	0	0	0	0
Tax revenue	\$ 37,727	37,727	\$ 0	37,727
Refund contributed capital to Virginia Department of Transportation	0	0	(280,089)	(280,089)
Operating transfers--in from primary government and other funds	500,000	500,000	0	500,000
Operating transfers--out to other funds	0	0	0	0
Net cash proved by (used in) noncapital activities	\$ 537,727	\$ 537,727	\$ (280,089)	\$ 257,638
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Acquisition of capital assets	\$ (2,371,606)	(2,371,606)	\$ 0	(2,371,606)
Contributed capital	0	0	0	0
Principal payment on bonds, leases and notes payable	(18,201,473)	(18,201,473)	(342,586)	(18,544,059)
Interest paid on bonds and leases	(1,985,403)	(1,985,403)	(306,615)	(2,292,018)
Proceeds from indebtedness	17,535,096	17,535,096	391,000	17,926,096
Proceeds from sale of equipment	26,796	26,796	0	26,796
Advances between funds	(26,796)	(26,796)	0	(26,796)
Net cash provided by (used in) capital and related financing activities	\$ (5,023,386)	\$ (5,023,386)	\$ (258,201)	\$ (5,281,587)
<u>Cash Flows From Investing Activities:</u>				
Purchase of investment securities	\$ 0	\$ 0	\$ 0	\$ 0
Proceeds from sale and maturities of investment securities	0	0	0	0
Interest and dividends on investments	\$ 344,557	344,557	\$ 1,135	345,692
Net cash provided by (used in) investing activities	\$ 344,557	\$ 344,557	\$ 1,135	\$ 345,692
Increase (decrease) in cash and cash equivalents	\$ (2,414,943)	(2,414,943)	\$ (73,318)	(2,488,261)
Cash and cash equivalents at beginning of year	12,169,213	12,169,213	147,734	12,316,947
Cash and cash equivalents at end of year	\$ 9,754,270	\$ 9,754,270	\$ 74,416	\$ 9,828,686

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

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## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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The County of Gloucester is governed by an elected seven member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and volunteer fire protection and rescue services; sanitation services; recreational activities; cultural events; education and social services.

#### **A. The 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 general purpose 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 the reporting entity. These financial statements present the County of Gloucester (the primary government) and its component units. Blended component units, although legally separate entities, are in substance, part of the primary 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.

#### **B. Individual Component Unit Disclosures**

##### Blended Component Units

The County has no blended component units to be included for the fiscal year ended June 30, 2002.

##### Discretely Presented Component Units

The Gloucester County School Board members are elected by the citizens of Gloucester County. The School Board is responsible for the operations of the County's School System and is fiscally dependent upon the County. The County has the ability to approve its budget and any amendments. The primary funding of the School Board is from the General Fund of the County. 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, 2002.

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### ***NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)***

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#### **B. Individual Component Unit Disclosures (continued)**

The Gloucester County Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority consists of eight members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2002. Complete financial statements for the Authority are available from the Authority in Gloucester, Virginia.

#### **C. Other Related Organizations**

##### **Included in the County's Comprehensive Annual Financial Report**

None

##### **Middle Peninsula Northern Neck Community Services Board**

The Middle Peninsula Northern Neck Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The Board of Supervisors of Gloucester appoints only one of ten members to the Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding. Gloucester County contributed \$89,580 to the Middle Peninsula Northern Neck Community Services Board for the fiscal year ended June 30, 2002.

#### **D. Financial Statement Presentation**

The accompanying financial statements are presented 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 accounts of the government are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds that are not recorded directly in those funds. The various funds and account groups are grouped in the financial statements as follows:

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### ***NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)***

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#### **D. Financial Statement Presentation (Continued)**

1. Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Similar Trust Funds. The Governmental Funds measurement focus is on determination of financial position and changes in financial position, rather than on net income determination. The individual Governmental Funds are:

General Fund - The General Fund accounts for all revenues and expenditures of the County which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, other local taxes, licenses and permits, and revenues from other governmental units.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund accounts for all resources to be used for the acquisition, construction or improvement of the major capital facilities of the County with the exception of those financed by the enterprise funds.

2. Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges.

3. Fiduciary Funds (Trust and Agency Funds) - account for assets held by the County in a Trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds.

Agency Funds - An Agency Fund is used to account for assets held by a governmental unit as an agent for individuals, private organizations, other governmental units and/or other funds.

4. Account Groups - are used to establish accounting control over general fixed assets and long-term liabilities. A general long-term obligation account group is included herein. Generally accepted accounting principles require the County to maintain a record of its fixed assets.

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### ***NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)***

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#### **D. Financial Statement Presentation (Continued)**

General Fixed Assets Account Group - The General Fixed Assets Account Group is a self-balancing account group utilized to account for certain fixed assets of the County, except those included in the enterprise funds.

##### 5. Memorandum Only - Total Columns on Combined Statements - Overview

The total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### **E. Basis of Accounting**

##### 1. Governmental Funds

Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 45 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 when the exchange transaction occurs.

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, such as entitlement programs, are recognized in the period to which the grant applies.

Expenditures, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Interest on long-term debt is recognized when due except for amounts due on July 1, which is accrued.

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### ***NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)***

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#### **E. Basis of Accounting (Continued)**

##### **2. Proprietary Funds**

The accrual basis of accounting is used for the Enterprise Funds. Under the accrual method, revenues are recognized when earned, while expenses are recognized when incurred. The County follows all applicable GASB pronouncements and FASB pronouncements issued before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

##### **3. Fiduciary Funds**

Agency Funds utilize the modified accrual basis of accounting.

#### **F. Budgets and Budgetary Accounting**

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

- A. Prior to March 15, 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 budget and capital budget includes proposed expenditures and the means of financing them.
  1. The operating budget 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 level 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 Component Unit - School Board is also authorized to transfer budgeted amounts within the school system's categories.
  5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds and the Capital Projects Fund of the Primary Government and for all other than trust funds of the Component Unit School Board.
  6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### ***NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)***

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#### **F. Budgets and Budgetary Accounting (Continued)**

7. All appropriations lapse on June 30, for all County units. Several supplemental appropriations were necessary during this fiscal year.
8. All budget data presented in the accompanying financial statements is the revised budget for the year.

#### **G. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and investments with original maturities of 90 days or less.

#### **H. Investments**

Investments are stated at fair value. Certificates of deposits and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

#### **I. Inventory**

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Public Utilities Fund consists of expendable supplies held for consumption. Inventory in the Component Unit—School Board Cafeteria Fund consists of the purchased food and supplies held for consumption. The cost is recorded as an expense at the time individual inventory items are consumed. Inventory in the Component Unit-Industrial Development Authority consists of land held for resale.

#### **J. Property, Plant and Equipment**

All purchased property, plant and equipment are valued at historical or estimated historical cost. Donated fixed assets are valued at their estimated fair market value at the date of donation.

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the assets capitalized in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized for the primary government. Such assets are immovable and of value only to the government.



## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### ***NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)***

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#### **J. Property, Plant and Equipment (Continued)**

The Component Unit Industrial Development Authority, a proprietary fund type, is required to capitalize all its fixed assets including the infrastructure constructed at the business park.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation for property, plant and equipment in the proprietary fund types is computed over the following useful lives using the straight-line method.

Plant, equipment and system	35-45 years
Motor vehicles	5-10 years
Equipment	2-15 years
Infrastructure	25 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period.

#### **K. Allowance for Uncollectible Accounts**

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$348,708 at June 30, 2002, and is composed solely of property taxes.

#### **L. Property Taxes**

Real property is assessed at its value on January 1. Real property taxes attach as an enforceable lien on property as of January 1. Real property taxes are payable in two installments on June 30<sup>th</sup> and December 5<sup>th</sup>. Personal property taxes are assessed as if January 1 and are payable on June 30<sup>th</sup> and December 5<sup>th</sup>. The County bills and collects its own property taxes.

#### **M. Bond Issuance Costs**

Bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges.

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### ***NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)***

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#### **N. Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase order, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

#### **O. Prepaid Items**

Prepaid expenditures in governmental funds are offset by a reservation of fund balance.

#### **P. Estimates**

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

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### ***NOTE 2—DEPOSITS AND INVESTMENTS:***

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Deposits - All cash of the County of Gloucester 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. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Of the bank balance, none was uninsured and uncollateralized in banks and savings and loans not qualifying under the Act at June 30, 2002.

All cash of the School Board, a discretely presented component unit, 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.

All cash of the Industrial Development Authority, a discretely presented component unit, 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.

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### **NOTE 2—DEPOSITS AND INVESTMENTS: (Continued)**

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Investments - Statutes authorize local governments and other public bodies 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).

Investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the government or its safekeeping agent in the government's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or safekeeping agent in the government's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty's, or by its trust department or safekeeping agent but not in the government's name.

At year-end, the primary government's investment balances were as follows:

	<b>Category</b>			<b>Carrying Amount</b>
	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>3</u></b>	
Repurchase agreement	\$ 7,136,770	\$ -	\$ -	\$ 7,136,770
	<u>\$ 7,136,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,136,770</u>

Add investments not subject to categorization:

Investment in State Treasurer's Local Government Investments Pool (LGIP)	6,248,006
Investment in Virginia State Non-Arbitrage Fund	5,362,638
United States Treasury Money Market Funds	<u>3,023,917</u>
Total Investments	\$ 21,771,331
Add:	
Total Deposits	<u>1,603,373</u>
Total Deposits and Investments	<u>\$ 23,374,704</u>

**COUNTY OF GLOUCESTER, VIRGINIA**

Notes to Financial Statements  
June 30, 2002 (Continued)

**NOTE 2—DEPOSITS AND INVESTMENTS: (Continued)**

At year-end, the School Board's investment balances were as follows:

<u>Category</u>			<u>Carrying Amount</u>
<u>1</u>	<u>2</u>	<u>3</u>	
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Add investments not subjected to categorization:

Investment in State Treasurer's Local Government Investments Pool (LGIP) 799,262

Add:

Total Deposits 187,983

Total Deposits and Investments \$ 987,245

At year-end, the Industrial Development Authority's investment balances were as follows:

<u>Category</u>			<u>Carrying Amount</u>
<u>1</u>	<u>2</u>	<u>3</u>	
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Add:

Total Deposits 74,416

Total Deposits and Investments \$ 74,416

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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**NOTE 3—DUE FROM/TO OTHER GOVERNMENTAL UNITS:**

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Amounts due from other governments are as follows:

	<u>Primary Government</u>	<u>Component Unit-School Board</u>
<b>Other Local Governments:</b>		
County of Gloucester	\$ -	\$ 2,702,100
Gloucester County Cafeteria	150,000	-
Gloucester County Industrial Development	458,909	-
<b>Commonwealth of Virginia:</b>		
School funds	23,029	95,558
Technology funds	-	310,000
State sales taxes	-	843,836
Local sales taxes	450,779	-
Chesapeake Bay grant	6,114	-
Recordation tax	30,646	-
ABC and wine taxes	25,198	-
Other	73,586	-
VPA funds	48,296	-
CSA funds	82,227	-
Mobile home titling tax	20,653	-
Constitutional officers	216,933	-
<b>Federal Government:</b>		
School funds	-	589,882
Cafeteria funds	-	21,872
VPA funds	133,346	-
COPS Fast Grant	4,250	-
Vstop Prosecutor	4,344	-
ISTEA grant	165,315	-
Beaver Dam grant	36,056	-
Other	88,066	-
	<u>\$ 2,017,747</u>	<u>\$ 4,563,248</u>

Amounts due to other governments are as follows:

<b>Other Local Governments:</b>		
Gloucester County School Board	<u>\$ 2,702,100</u>	<u>\$ -</u>

# COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

## **NOTE 4—INTERFUND OBLIGATIONS:**

Details of the Primary Government's interfund receivables, payables, and advances as of June 30, 2002, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 817,570	\$ -
Capital Projects	-	623,177
Comprehensive Services Act	-	48,434
Utility	-	2,370
Virginia Public Assistance	-	143,589
Total	<u>\$ 817,570</u>	<u>\$ 817,570</u>

<u>Fund</u>	<u>Interfund Advance Receivable</u>	<u>Interfund Advance Payable</u>
Sanitary District Number 1	\$ 280,629	\$ -
Utility	-	280,629
Total	<u>\$ 280,629</u>	<u>\$ 280,629</u>

## **NOTE 5—PROPRIETARY FIXED ASSETS:**

A summary of proprietary fund property, plant, and equipment at June 30, 2002 follows:

### **Primary Government:**

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2002</u>
Land	\$ 3,559,796	\$ -	\$ -	\$ 3,559,796
Buildings	3,260,292	380,000	-	3,640,292
Plant in service	23,072,096	-	33,751	23,038,345
Equipment	441,441	-	79,488	361,953
Construction in progress	1,216,613	2,371,606	-	3,588,219
Totals	<u>\$ 31,550,238</u>	<u>\$ 2,751,606</u>	<u>\$ 113,239</u>	<u>\$ 34,188,605</u>
Less: Accumulated Depreciation				8,526,470
Net Fixed Asset Total				<u>\$ 25,662,135</u>

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### **NOTE 5—PROPRIETARY FIXED ASSETS: (Continued)**

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The County amortizes contributed capital for enterprise activities on the same basis as the related assets are depreciated. Changes in contributed capital for the year ended June 30, 2002 are as follows:

	<u><b>Total</b></u>
Contributed capital July 1, 2001	\$ 6,164,217
Current year contributions	-
Amortization during the year	<u>(224,725)</u>
Contributed capital June 30, 2002	<u><u>\$ 5,939,492</u></u>

The component unit, Gloucester County Industrial Development Authority, also amortizes contributed capital on the same basis as the related assets are depreciated. Changes in contributed capital for the year ended June 30, 2002 are as follows:

	<u><b>Total</b></u>
Contributed capital July 1, 2001	\$ 1,590,965
Amortization during the year	(57,010)
Refund contributed capital to VA Department of Transportation	<u>(280,089)</u>
Contributed capital June 30, 2002	<u><u>\$ 1,253,866</u></u>

### **Component Unit—Industrial Development Authority:**

A summary of the component unit Industrial Development Authority property, plant and equipment at June 30, 2002 follows:

	<u><b>Balance</b></u>			<u><b>Balance</b></u>
	<u><b>July 1, 2001</b></u>	<u><b>Additions</b></u>	<u><b>Deletions</b></u>	<u><b>June 30, 2002</b></u>
Land	\$ 473,735	\$ -	\$ -	\$ 473,735
Buildings	4,537,831	-	-	4,537,831
Infrastructure	2,418,942	-	-	2,418,942
Equipment	7,234	-	-	7,234
Totals	<u>\$ 7,437,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,437,742</u>
Less: Accumulated Depreciation				<u>1,394,971</u>
Net Fixed Asset Total				<u><u>\$ 6,042,771</u></u>

# COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

## **NOTE 6—CHANGES IN GENERAL FIXED ASSETS:**

A summary of changes in general fixed assets for the year ended June 30, 2002 follows:

### **Primary Government:**

	<b>Balance July 1, 2001</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclassi- fications Per Senate Bill 276 (A)</b>	<b>Balance June 30, 2002</b>
Land	\$ 3,502,549	\$ 101,800	\$ -	\$ -	\$ 3,604,349
Buildings	7,168,114	-	108,400	16,923,520	23,983,234
Construction in progress	1,635,739	5,150,220	-	-	6,785,959
Equipment	6,664,744	440,005	2,730,281	1,745,000	6,119,468
Totals	<u>\$ 18,971,146</u>	<u>\$ 5,692,025</u>	<u>\$ 2,838,681</u>	<u>\$ 18,668,520</u>	<u>\$ 40,493,010</u>

(A) Under the new law Senate Bill 276 - Accounting for Local School Capital Assets and Related Debt, local governments now have a "tenancy in common" with the School Board whenever the locality incurs any financial obligation for any school property which is payable for more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The new law is effective immediately. The "tenancy in common" will terminate when the debt has been paid in full.

### **Component Unit - School Board:**

	<b>Balance July 1, 2001</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclassi- fications Per Senate Bill 276 (A)</b>	<b>Balance June 30, 2002</b>
Land	\$ 614,319	\$ -	\$ -	\$ -	\$ 614,319
Buildings	39,645,066	-	1,983,615	(16,923,520)	20,737,931
Equipment	8,884,084	1,124,223	1,190,269	(1,745,000)	7,073,038
Totals	<u>\$ 49,143,469</u>	<u>\$ 1,124,223</u>	<u>\$ 3,173,884</u>	<u>\$ (18,668,520)</u>	<u>\$ 28,425,288</u>

(A) See earlier footnote disclosure related to primary government fixed assets.



## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### **NOTE 7—DEFINED PENSION BENEFIT OBLIGATION:**

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#### **A. Plan Description**

The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years service. Employees are eligible for an unreduced benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with 25 years for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7% of their average final salary (AFS) for each year of credited service. An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. In addition, retirees qualify for annual cost-of-living limited increases limited to 5% per year beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. 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 obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

#### **B. Funding Policy**

##### **Primary Government:**

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. The employer has assumed this 5% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2002 was 2.50 % of annual covered payroll.

##### **Discretely Presented Component Unit-School Board:**

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. The employer has assumed this 5% member contribution. In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended June 30, 2002 was 5.00% of annual covered payroll.

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### **NOTE 7—DEFINED PENSION BENEFIT OBLIGATION: (Continued)**

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#### **C. Annual Pension Cost**

##### **Primary Government:**

The County did not have a net pension obligation to the VRS at June 30, 2002.

##### **Discretely presented Component Unit - School Board:**

The Component Unit - School Board did not have a net pension obligation to the VRS at June 30, 2002.

	<b><u>Primary Government</u></b>	<b><u>Discretely Presented Component Unit</u></b>
	<b><u>County Retirement Plan</u></b>	<b><u>School Board Non-Professional Retirement Plan</u></b>
Contribution rates:		
Employer	2.50%	5.00%
Plan members <sup>1</sup>	5.00%	5.00%
Annual pension cost	\$ 218,440	\$ 165,947
Contributions made	\$ 218,440	\$ 165,947
Actuarial valuation date	06/30/01	06/30/01
Asset valuation method	Modified Market	Modified Market
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent, open	Level percent, open
Actuarial assumptions:	8.0%	8.0%
Investment rate of return*		
Projected salary increases	4.25% to 6.10%	4.25% to 6.10%
*Includes inflation at	3.00%	3.00%
Cost-of-Living adjustments	3.00%	3.00%

<sup>1</sup> This member contribution has been assumed by the employer.

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### ***NOTE 7—DEFINED PENSION BENEFIT OBLIGATION: (Continued)***

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#### **C. Annual Pension Cost (Continued)**

##### **Primary Government:**

For fiscal year 2002, The County's annual pension cost of \$218,440 was equal to the County's actual and required contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method.

##### **Discretely Presented Component Unit-School Board:**

For fiscal year 2002, the School Board's annual pension cost of \$165,947 was equal to the School Board's required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information				
	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government:				
County	06/30/00	\$ 437,257	100%	0
	06/30/01	460,700	100%	0
	06/30/02	218,440	100%	0
Discretely Presented Component Unit:				
School Board Non- Professional	06/30/00	\$ 204,111	99.98%	\$ 1,547
	06/30/01	178,131	100.00%	0
	06/30/02	165,947	100.00%	0

<sup>1</sup> Employer portion only

# COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

## **NOTE 7—DEFINED PENSION BENEFIT OBLIGATION: (Continued)**

### **C. Annual Pension Cost (Continued)**

Required Supplementary Information: Schedule of Funding Progress

#### **Primary Government:**

##### **County Retirement Plan**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA) (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)(b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
06-30-01	\$ 20,729,714	\$ 18,449,913	\$ (2,279,801)	112.36%	\$ 8,607,360	(26.49%)
06-30-00	18,302,032	14,619,472	(3,682,560)	125.27%	7,976,299	(46.17%)
06-30-99	15,350,268	14,002,604	(1,347,664)	109.6%	7,493,342	(18.00%)
06-30-98	12,905,194	12,239,599	(665,595)	105.4%	6,965,933	(9.60%)
06-30-96	8,926,205	9,222,707	296,502	96.8%	5,691,637	5.20%
06-30-94	6,349,120	5,798,235	(550,885)	109.5%	5,366,698	(10.21%)

#### **Discretely Presented Component Unit:**

##### **School Board Non-Professional Retirement Plan**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA) (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)(b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
06-30-01	\$ 7,081,682	\$ 6,239,031	\$ (842,651)	(842,651)	113.51%	\$ 3,154,094
06-30-00	6,288,434	5,503,038	(785,396)	(785,396)	114.3%	2,958,960
06-30-99	5,304,625	5,503,186	(198,561)	(198,561)	96.4%	2,692,761
06-30-98	4,493,309	4,839,534	(346,255)	(346,255)	98.8%	2,455,228
06-30-96	3,133,926	3,807,401	(673,475)	(673,475)	82.3%	2,168,337
06-30-94	2,260,063	2,765,158	(505,095)	(505,095)	81.7%	2,043,658

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### **NOTE 7—DEFINED PENSION BENEFIT OBLIGATION: (Continued)**

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#### **Discretely Component Unit School Board:**

##### **Professional Employees:**

##### **A. Plan Description**

The Gloucester County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be obtained by writing to the System at P.O. Box 2500, Richmond, Virginia 23218-2500.

##### **B. Funding Policy**

Plan members are required to contribute 5.0% of their annual covered salary and Gloucester County School Board is required to contribute at an actuarially determined rate. The current rate is 1.98% of annual covered payroll. The contribution requirements of plan members and Gloucester County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2002, 2001, and 2000 were \$824,203, \$1,719,718, and \$1,927,247, respectively, equal to the required contributions for year.

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### **NOTE 8—COMPENSATED ABSENCES:**

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In accordance with GASB Statement 16 "Accounting for Compensated Absences," the County has accrued the liability arising from outstanding compensated absences.

County and School Board employees earn vacation and sick leave at various rates established by each Board. Accrued vacation leave is paid by most departments at termination. Accrued sick leave is paid by County departments based on years of service. At June 30, 2002 the County recorded accrued compensated absences totaling \$1,466,349 in the General Long-Term Obligations Account Group.

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### ***NOTE 8—COMPENSATED ABSENCES: (Continued)***

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Employees of the Utility Fund earn and accrue vacation and sick leave based on the County policy. At June 30, 2002 the Utility Fund recorded accrued compensated absences of \$160,172.

At June 30, 2002, the Component Unit-School Board recorded accrued compensated absences totaling \$2,997,905 in the General Long-Term Obligations Account Group.

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### ***NOTE 9—DEFERRED COMPENSATION PLAN:***

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The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the trustee that is managing the plan assets.

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# COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

## **NOTE 10—LONG-TERM DEBT:**

### **Primary Government:**

General Government Debt, Payable from the General Fund:

Annual requirement to amortize long-term debt and related interest are as follows:

Year Ending June 30	Capital Leases		Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 320,886	\$ 519,775	\$ 651,871	\$ 1,858,092	\$ 28,176	\$ 13,392
2004	316,417	505,551	608,614	1,895,099	29,731	11,837
2005	334,298	490,734	572,043	1,935,170	31,252	10,316
2006	325,872	475,248	715,038	1,970,675	32,851	8,717
2007	343,564	459,946	696,219	1,988,751	34,532	7,036
2008	315,530	443,984	676,320	2,007,104	36,299	5,269
2009	190,000	432,802	1,428,787	1,257,444	38,156	3,412
2010	200,000	423,783	1,454,493	1,197,828	40,108	1,460
2011	205,000	414,264	1,510,234	1,137,067	9,524	144
2012	220,000	404,060	1,586,014	1,061,307	-	-
2013	230,000	393,119	1,661,833	981,743	-	-
2014	240,000	381,512	1,742,694	898,377	-	-
2015	255,000	368,659	1,818,599	810,682	-	-
2016	265,000	354,684	1,914,551	718,890	-	-
2017	280,000	340,038	2,000,551	622,107	-	-
2018	295,000	324,584	2,106,603	520,195	-	-
2019	315,000	308,191	2,212,708	412,860	-	-
2020	330,000	290,856	388,870	300,098	-	-
2021	350,000	272,581	388,505	278,912	-	-
2022	370,000	253,000	410,000	257,320	-	-
2023	390,000	232,100	430,000	234,360	-	-
2024	410,000	210,100	455,000	210,280	-	-
2025	435,000	186,862	480,000	184,800	-	-
2026	460,000	162,250	505,000	157,920	-	-
2027	485,000	136,263	535,000	129,640	-	-
2028	515,000	108,763	560,000	99,680	-	-
2029	540,000	79,750	595,000	68,320	-	-
2030	575,000	49,087	625,000	35,000	-	-
2031	605,000	16,637	-	-	-	-
	<u>\$ 10,116,567</u>	<u>\$ 9,039,183</u>	<u>\$ 28,729,547</u>	<u>\$ 23,229,721</u>	<u>\$ 280,629</u>	<u>\$ 61,583</u>

# COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

## **NOTE 10—LONG-TERM DEBT: (Continued)**

### **Primary Government: (Continued)**

School Board Debt, Payable From the General Fund:

Annual requirement to amortize long-term debt and related interest are as follows:

Year Ending June 30	Capital Leases and Notes Payable		General Obligation Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 167,512	\$ 144,836	\$ 1,160,000	\$ 507,995	\$ 640,000	\$ 253,150
2004	179,677	134,301	1,050,000	439,039	640,000	232,700
2005	191,966	123,022	1,150,000	369,666	640,000	212,250
2006	204,388	110,991	965,000	302,820	640,000	191,800
2007	216,949	98,200	805,000	247,674	640,000	171,350
2008	234,658	84,486	750,000	200,238	640,000	150,900
2009	247,523	69,840	590,000	160,568	540,000	130,450
2010	265,554	54,255	565,000	126,960	540,000	113,000
2011	253,759	38,397	515,000	95,453	540,000	95,550
2012	272,150	22,249	485,000	66,276	540,000	78,100
2013	65,736	12,048	345,000	42,250	513,196	60,650
2014	69,528	8,255	140,000	28,368	250,000	44,110
2015	73,540	4,243	140,000	20,300	250,000	36,610
2016	-	-	140,000	12,180	250,000	29,110
2017	-	-	140,000	4,060	250,000	21,610
2018	-	-	-	-	250,000	14,110
2019	-	-	-	-	220,324	6,610
	<u>\$ 2,442,940</u>	<u>\$ 905,123</u>	<u>\$ 8,940,000</u>	<u>\$ 2,623,847</u>	<u>\$ 7,983,520</u>	<u>\$ 1,842,060</u>

### Debt:

On January 3, 2002, the County issued \$16,675,000 in Water System Revenue Refunding Bonds through the Virginia Resources Authority with an average interest rate of 4.41% to advance refund \$16,900,000 of its current interest Water System Revenue Refunding Bonds, 1992 Series A. The net proceeds of \$17,535,096 (after payment of \$252,615 of issuance costs plus an original issue premium of \$860,096) plus an additional \$212,811 of 1992 Debt Service Reserve Fund monies were used to purchase U.S. Government Securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for the payment on April 1, 2002 of the 1992 Series, their call date. The liability for the current interest 1992 Bonds has been removed from the financial report.



## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

### **NOTE 10—LONG-TERM DEBT: (Continued)**

#### **Primary Government: (Continued)**

As a result of the refunding, the County in effect reduced its debt service payments by \$3,587,125 over the next 17 years and obtained an economic gain (difference between the present values of the old and new debt service) of \$2,474,035.

The following is a summary of general government long-term debt transactions, payable from the General Fund, for the year ended June 30, 2002:

	<b><u>Amounts payable at July 1, 2001</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Amounts payable at June 30, 2002</u></b>
General Long-term Obligation Account Group:				
Capital lease obligations	\$ 10,553,179	\$ 59,715	\$ 496,327	\$ 10,116,567
Claims, judgments, and compensated absences payable	<u>1,343,089</u>	<u>123,260</u>	<u>-</u>	<u>1,466,349</u>
	<u>\$ 11,896,268</u>	<u>\$ 182,975</u>	<u>\$ 496,327</u>	<u>\$ 11,582,916</u>
Enterprise Fund:				
General obligation bonds	\$ 307,425	\$ -	\$ 26,796	\$ 280,629
Revenue bonds payable	32,493,742	302,381	1,325,267	31,470,856
Claims, judgments, and compensated absences payable	<u>144,334</u>	<u>15,838</u>	<u>-</u>	<u>160,172</u>
	<u>\$ 32,945,501</u>	<u>318,219</u>	<u>\$ 1,352,063</u>	<u>\$ 31,911,657</u>

The following is a summary of School Board long-term debt transactions, payable from the General Fund, for the year June 30, 2002:

	<b><u>Amounts payable at July 1, 2001</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Amounts payable at June 30, 2002</u></b>
General Long-term Obligation Account Group:				
General obligation bonds	\$ 10,100,000	\$ -	\$ 1,160,000	\$ 8,940,000
Literary fund loans payable	8,623,520	-	640,000	7,983,520
Capital lease and notes payable obligations	<u>2,783,825</u>	<u>-</u>	<u>340,885</u>	<u>2,442,940</u>
	<u>\$ 21,507,345</u>	<u>-</u>	<u>\$ 2,140,885</u>	<u>\$ 19,366,460</u>

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### **NOTE 10—LONG-TERM DEBT: (Continued)**

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#### **Primary Government: (Continued)**

General Long-Term Obligation Account Group:

	<b><u>Amount Outstanding</u></b>
<u>Capital Lease Obligations:</u>	
\$1,429,000 capital lease obligation (payable from the General Fund) issued March 3, 1999, secured by the building, due in monthly installments of principal and interest of \$14,934 through March 2008, interest at 4.68%	\$ 904,859
\$750,000 capital lease obligation (payable from the General Fund) issued August 17, 1998, secured by computer equipment, due in various annual installments, interest at 4.36% through 2003	16,993
\$59,715 capital lease obligation (payable from the General Fund) issued August 31, 2001, secured by voting equipment, due in various annual installments, interest at 4.4% through 2005	59,715
\$9,275,000 capital lease obligation (payable from the General Fund) issued September 14, 2000, secured by courthouse construction, principal due in various annual installments through 2031, interest payable semi-annually at coupon rates from 5.375% to 5.500%	<u>9,135,000</u>
Total Capital Lease Obligations	\$ 10,116,567
Compensated absences	<u>1,466,349</u>
Total General Long-Term Obligation Account Group, General Government Debt	\$ <u><u>11,582,916</u></u>

#### **General obligation bonds:**

##### **Enterprise Funds:**

##### Sanitary District No. 1 Fund:

\$670,000 general obligation Farmers Home Administration water and sewer bonds issued June 15, 1976, due in monthly installments of \$3,464 including principal and interest, interest at 5%

\$ 280,629

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### **NOTE 10—LONG-TERM DEBT: (Continued)**

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#### **Primary Government: (Continued)**

	<b><u>Amount Outstanding</u></b>
<u>Revenue Bonds:</u>	
\$421,600 Farmers Home Administration water and sewer revenue bonds issued December 23, 1980, due in monthly installments of \$2,054 including principal and interest, interest at 5%	\$ 294,116
Water System Revenue Refunding Bonds Series 2002 dated January 1, 2002:	
\$16,675,000 current interest bonds payable annually in various amounts through April 1, 2019, interest payable semi-annually at coupon rates from 2.5% to 5.0%. Face amount of bonds, \$16,675,000 original issuance premium paid \$860,096, to be recognized over life of loan, deferred amount on refunding \$727,227, to be amortized over life of loan. Net acquisition price \$16,807,869.	16,637,280
\$5,727,000 capital appreciation bonds payable annually April 1, 1999 through 2008 including interest, accreted value	5,629,460
\$8,910,000 Virginia Resource Authority bonds dated November 7, 2000, principal payable in various annual installments through 2030, interest payable semi-annually at coupon rates from 5.1% to 5.6%	<u>8,910,000</u>
Total revenue bonds	\$ <u>31,470,856</u>
Compensated absences	\$ <u>160,172</u>
Total enterprise funds	\$ <u>31,631,028</u>

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### **NOTE 10—LONG-TERM DEBT: (Continued)**

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#### **Primary Government: (Continued)**

School Board Debt, Payable From the General Fund:

	<b><u>Amount Outstanding</u></b>
<u>Details of Long-Term Indebtedness:</u>	
<u>General obligation bonds:</u>	
School bonds:	
\$1,760,000 School Bonds issued May 10, 1985 payable in various annual installments each December 15 through 2005, interest payable semi-annually at 8.74%	\$ 255,000
\$8,565,000 School Bonds issued January 3, 1994 payable in various annual installments each December 15 through 2013, interest payable semi-annually at an average rate of 6.45%	3,240,000
\$4,335,000 School Bonds issued April 28, 1992 payable in various annual installments each December 15 through 2013, interest payable semiannually at 5.83%	2,200,000
\$2,100,000 School Bonds issued April 28, 1993 payable in various annual installments each December 15 through 2013, interest payable semi-annually at 5.33%	1,145,000
\$2,800,000 School Bonds issued May 2, 1996 payable in various annual installments each July 15 through 2017, interest payable semi-annually at 5.56%	<u>2,100,000</u>
Total school bonds	<u><u>\$ 8,940,000</u></u>

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### **NOTE 10—LONG-TERM DEBT: (Continued)**

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#### **Primary Government: (Continued)**

	<b><u>Amount Outstanding</u></b>
<u>State Literary Fund Loans:</u>	
\$2,000,000, issued February 1, 1988, due in annual installments of \$100,000 each February 1, interest payable annually at 3%	\$ 600,000
\$1,678,784, issued December 15, 1992, due in annual installments of \$84,000 each December 15, interest payable annually at 3%	922,784
\$1,604,993, issued December 15, 1992, due in annual installments of \$81,000 each December 15, interest payable annually at 3%	875,993
\$2,489,419, issued December 15, 1992 due in annual installments of \$125,000 each December 15, interest payable annually at 4%	1,364,419
\$4,970,324 issued June 23, 1998 due in annual installments of \$250,000 each July 15, interest payable annually at 3%	<u>4,220,324</u>
Total State Literary Fund Loans	\$ <u>7,983,520</u>
<u>Capital Lease Obligations:</u>	
\$2,324,524 capital lease obligation issued March 11, 1997 secured by equipment, due in various semi-annual installments of over 15 years, interest at 5.97%	\$ 1,745,000
<u>Notes Payable Obligations:</u>	
\$811,302 general obligation refunding note, series 1998 issued October 30, 1998, due in annual installments of \$77,784 through July 15, 2014, interest at 6.77%	<u>697,940</u>
Total Capital Lease and Notes Payable Obligations	\$ <u>2,442,940</u>
Total School Board Long-Term Indebtedness, payable from the General Fund	\$ <u><u>19,366,460</u></u>

**COUNTY OF GLOUCESTER, VIRGINIA**

Notes to Financial Statements  
June 30, 2002 (Continued)

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**NOTE 10—LONG-TERM DEBT: (Continued)**

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**Component Unit School Board:**

The following is a summary of long-term debt transactions of the School Board Component Unit for the year ended June 30, 2002:

	<b>Amounts payable at July 1, 2001</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts payable at June 30, 2002</b>
Claims, judgements, and compensated absences	\$ <u>2,663,993</u>	\$ <u>333,912</u>	\$ <u>-</u>	\$ <u>2,997,905</u>

Details of Long-Term Indebtedness:

Compensated Absences Liability	\$ <u>2,997,905</u>
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**Component Unit Industrial Development Authority:**

The following is a summary of long-term debt transactions of the Industrial Development Authority-Component Unit for the year ended June 30, 2002:

	<b>Amounts payable at July 1, 2001</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts payable at June 30, 2002</b>
General obligation bonds payable	\$ 5,079,737	\$ -	\$ 307,383	\$ 4,772,354
Revenue note payable	-	391,000	22,434	368,566
Note payable	<u>83,461</u>	<u>-</u>	<u>12,769</u>	<u>70,692</u>
Total	\$ <u>5,163,198</u>	\$ <u>391,000</u>	\$ <u>342,586</u>	\$ <u>5,211,612</u>

# COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

## NOTE 10—LONG-TERM DEBT: (Continued)

### Component Unit Industrial Development Authority: (Continued)

	<u>Amount Outstanding</u>
<u>Details of Long-Term Indebtedness:</u>	
\$391,000 restated revenue note payable to SunTrust Bank Series 1997, issued December 21, 2001, secured by a deed of trust, creating a lien on real estate in the business park, due in quarterly installments of principal of \$14,500 interest at 4.25% through 2007	\$ 368,566
<u>General Obligation Bonds:</u>	
\$5,260,000 general obligation Crestar Securities Corporation bonds issued February 13, 1997, due in quarterly installments of \$100,443 over 10 years, with a balloon payment due February 14, 2007, interest at 5.85%	4,772,354
<u>Notes Payable:</u>	
Promissory Note Payable for value received, due in monthly installments of \$1,646.79 including principal and interest at 9%	<u>70,692</u>
Total Long-Term Indebtedness, component unit Industrial Development Authority	<u>\$ 5,211,612</u>

Year Ending June 30	General Obligation Bonds		Notes Payable		Revenue Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 125,309	\$ 276,467	\$ 13,966	\$ 5,795	\$ 43,015	\$ 14,985
2004	132,802	268,974	15,276	4,485	44,873	13,127
2005	140,743	261,033	16,709	3,052	46,811	11,189
2006	149,159	252,617	18,276	1,485	48,832	9,168
2007	<u>4,224,341</u>	<u>183,638</u>	<u>6,465</u>	<u>123</u>	<u>185,035</u>	<u>5,497</u>
Total	<u>\$ 4,772,354</u>	<u>\$ 1,242,729</u>	<u>\$ 70,692</u>	<u>\$ 14,940</u>	<u>\$ 368,566</u>	<u>\$ 53,966</u>

## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### **NOTE 11—DEFERRED REVENUE:**

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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 \$14,569,187 for the primary government is comprised of the following:

- A. Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$14,501,037 at June 30, 2002.
- B. Prepaid Property Taxes - Property taxes due subsequent to June 30, 2002, but paid in advance by the taxpayers totaled \$68,150 at June 30, 2002.

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### **NOTE 12—COMMITMENTS:**

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The County and the Hampton Roads Sanitation District have entered into an agreement where the District constructed a sewer interceptor line from the County to a district sewer treatment plant. The District owns the sewer line. The agreement required the County to make quarterly payments in an amount equal to interest on the construction cost. The County's obligation will be gradually reduced through credits provided by the District until 9,800 connections are made. At this point, credits will equal the cost, and there will be no further liability to the County. The County incurred an expenditure of \$579,312 during the fiscal year ended June 30, 2002.

At June 30, 2002 Gloucester County was obligated for \$1,279,461 in a contract for courthouse construction and was obligated for \$3,818,806 on a construction contract for a water pump station project.

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### **NOTE 13—SURETY BOND INFORMATION:**

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Commonwealth of Virginia, Department of General Services,  
Division of Risk Management—Surety

E. Ann Gentry, Clerk of the Circuit Court	\$	103,000
Tara L. Thomas, Treasurer		500,000
Charles H. Stubblefield, Commissioner of the Revenue		3,000
Robin P. Stanaway, Sheriff		30,000
The above constitutional officer's employees blanket bond		50,000

Wester Surety

Diane Gamache, Clerk of the School Board . . . . .	10,000
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Fidelity and Deposit Company of Maryland - Surety

All County and Social Services employees - blanket bond . . . . .	100,000
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## COUNTY OF GLOUCESTER, VIRGINIA

Notes to Financial Statements  
June 30, 2002 (Continued)

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### ***NOTE 14—DEFICIT FUND BALANCE:***

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At June 30, 2002, the Utility Fund, an enterprise fund of the primary government, had a deficit retained earnings of \$(2,624,553). The intent of management is that this deficit be recovered through future earnings from utility operations.

The Component Unit Industrial Development Authority had a deficit retained earnings balance of \$(235,609). The Authority intends to recover this deficit through the sale of land in the business park.

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### ***NOTE 15—LANDFILL POST-CLOSURE COST:***

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The County closed its landfill prior to the date mandated by state and federal laws and regulations so as to be liable for post-closure monitoring for a period of only ten years. The County has contracted with a third party, Waste Management, to provide funds in the amount of \$75,000 per year for post-closure monitoring of the landfill site. This amount appears adequate to fund the County's liability for post-closure monitoring of the landfill. No amounts have been recorded in the general long-term debt account group for this liability because the third party has assumed all post-closure obligations.

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### ***NOTE 16—RISK MANAGEMENT:***

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The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool 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 loss, including employee dishonesty and employee health and accident insurance. The component units - School Board and Industrial Development Authority, carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**COUNTY OF GLOUCESTER, VIRGINIA**

Notes to Financial Statements  
June 30, 2002 (Continued)

**NOTE 17—SEGMENT INFORMATION—ENTERPRISE FUNDS:**

The County maintains three enterprise funds. The Utility Fund accounts for the provision of basic water and sewer services to citizens residing in the service areas. The Sanitary District Number 1 Fund and the Gloucester Point Sanitary District Funds account for the provision of street lights within the sanitary district service areas.

	<u>Utility Fund</u>	<u>Sanitary District Number 1 Fund</u>	<u>Gloucester Point Sanitary District Fund</u>	<u>Total</u>
Operating revenues	\$ 2,773,329	\$ 14,772	\$ -	\$ 2,788,101
Taxes	-	15,998	21,729	37,727
Depreciation	566,929	-	-	566,929
Operating income (loss)	1,029,413	546	(13,773)	1,016,186
Operating transfers (out)	500,000	-	-	500,000
Net income (loss)	428,992	2,620	8,868	440,480
Current capital contributions	-	-	-	-
Fixed assets additions	2,371,606	-	-	2,371,606
Net working capital	9,307,100	11,190	48,622	9,366,912
Total assets	35,953,103	320,944	49,755	36,323,802
Bonds payable	31,470,856	280,629	-	31,751,485
Total equity	3,314,939	39,366	48,622	3,402,927

**NOTE 18—ADJUSTMENT TO BEGINNING FUND BALANCE:**

The following adjustment was made to beginning fund balance:

General Fund balance, per audit at June 30, 2001	\$ 8,953,330
Adjustment to record prior year local sales tax from the Commonwealth of Virginia received in the current year	209,834
Adjustment to record prior year state sales tax from the Commonwealth of Virginia received in the current year	<u>382,010</u>
General fund balance, as restated at July 1, 2001	<u><u>\$ 9,545,174</u></u>

## **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purpose.

Virginia Public Assistance Fund - This fund is used to account for the County's social services agency, providing assistance to eligible County residents. Funding is provided from the Commonwealth of Virginia (including pass-through Federal funds) and General Fund transfers.

Comprehensive Services Act Fund - The fund is used to account for the County's participation in the Virginia Comprehensive Youth Services Act program. Funding is provided by the Commonwealth and General Fund transfers.

SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
At June 30, 2002

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	Totals
<b>ASSETS</b>			
<u>Assets:</u>			
Receivables (Net of allowances for uncollectibles):			
Accounts	\$ 17,206	\$ 1,202	\$ 18,408
Due from other governmental units (Note 3)	178,417	85,452	263,869
	<u>195,623</u>	<u>86,654</u>	<u>282,277</u>
Total assets	\$ <u>195,623</u>	\$ <u>86,654</u>	\$ <u>282,277</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 46,617	\$ 38,220	\$ 84,837
Accrued liabilities	5,417	0	5,417
Due to other funds (Note 4)	143,589	48,434	192,023
	<u>195,623</u>	<u>86,654</u>	<u>282,277</u>
Total liabilities	\$ <u>195,623</u>	\$ <u>86,654</u>	\$ <u>282,277</u>
<b>EQUITY</b>			
Fund balances:			
Unreserved:			
Undesignated	\$ 0	\$ 0	\$ 0
	<u>0</u>	<u>0</u>	<u>0</u>
Total fund balances	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>
Total equity and other credits	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
	<u>195,623</u>	<u>86,654</u>	<u>282,277</u>
Total liabilities and equity	\$ <u>195,623</u>	\$ <u>86,654</u>	\$ <u>282,277</u>

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

## Special Revenue Funds

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2002

	<b>Virginia Public Assistance Fund</b>	<b>Comprehensive Services Act Fund</b>	<b>Totals</b>
Revenues:			
Miscellaneous	\$ 3,362	\$ 663	\$ 4,025
Intergovernmental			
Commonwealth	458,457	219,874	678,331
Federal	1,268,160	36,113	1,304,273
Total revenues	\$ 1,729,979	\$ 256,650	\$ 1,986,629
Expenditures:			
Current:			
Health and welfare	\$ 2,019,412	\$ 437,195	\$ 2,456,607
Excess (deficiency) of revenues over expenditures	\$ (289,433)	\$ (180,545)	\$ (469,978)
Other financing sources (uses):			
Operating transfers in	\$ 289,433	\$ 180,545	\$ 469,978
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 0	\$ 0	\$ 0
Fund balances at beginning of year	\$ 0	\$ 0	\$ 0
Fund balances at end of year	\$ 0	\$ 0	\$ 0

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

**COUNTY OF GLOUCESTER, VIRGINIA**

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes

In Fund Balances -- Budget and Actual

Year Ended June 30, 2002

	<b>Virginia Public Assistance Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Revenues:			
Miscellaneous	\$ 0	\$ 3,362	\$ 3,362
Intergovernmental:			
Commonwealth	512,558	458,457	(54,101)
Federal	1,232,739	1,268,160	35,421
Total revenues	\$ 1,745,297	\$ 1,729,979	\$ (15,318)
Expenditures:			
Current:			
Health and welfare	\$ 2,380,152	\$ 2,019,412	\$ 360,740
Excess (deficiency) of revenues over expenditures	\$ (634,855)	\$ (289,433)	\$ 345,422
Other financing sources (uses):			
Operating transfers in	\$ 634,855	\$ 289,433	\$ (345,422)
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 0	\$ 0	\$ 0
Fund balances at beginning of year	0	0	0
Fund balances at end of year	\$ 0	\$ 0	\$ 0

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

Comprehensive Services Act Fund			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 4,000	\$ 663	\$ (3,337)	\$ 4,000	\$ 4,025	\$ 25
291,000	219,874	(71,126)	803,558	678,331	(125,227)
30,000	36,113	6,113	1,262,739	1,304,273	41,534
\$ 325,000	\$ 256,650	\$ (68,350)	\$ 2,070,297	\$ 1,986,629	\$ (83,668)
\$ 565,000	\$ 437,195	\$ 127,805	\$ 2,945,152	\$ 2,456,607	\$ 488,545
\$ (240,000)	\$ (180,545)	\$ 59,455	\$ (874,855)	\$ (469,978)	\$ 404,877
\$ 240,000	\$ 180,545	\$ (59,455)	\$ 874,855	\$ 469,978	\$ (404,877)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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## **ENTERPRISE FUNDS**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the government’s council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Board of Supervisors has decided that periodic determination of net income is appropriate for accountability purposes.

Utility Fund - This fund is used to account for the County’s provisions of water and sewer services.

Sanitary District Number 1 Fund - The fund is used to account for the street lights provided to the sanitary district and for the servicing of a utility bond issue, the assets of which have subsequently been sold. Funding is primarily by direct charges to residents.

Gloucester Point Sanitary District Fund - The fund is used to account for the street lights provided to the sanitary district area. Funding is provided by direct charges to residents.

## ENTERPRISE FUNDS

## Combining Balance Sheet

At June 30, 2002

	Utility Fund	Sanitary District Number 1 Fund	Gloucester Point Sanitary District Fund	Totals
<b>ASSETS</b>				
<u>Assets:</u>				
Cash and cash equivalents (Note 2)	\$ 9,666,101	\$ 39,097	\$ 49,072	\$ 9,754,270
Receivables (Net of allowances for uncollectibles):				
Taxes including penalties (Note 1)	0	1,218	683	1,901
Accounts	347,355	0	0	347,355
Advances to other funds	0	280,629	0	280,629
Inventory	25,124	0	0	25,124
Prepaid items	4,080	0	0	4,080
Fixed assets (Net of accumulated depreciation) (Note 5)	25,662,135	0	0	25,662,135
Deferred charge, unamortized debt cost	248,308	0	0	248,308
Total assets	\$ 35,953,103	\$ 320,944	\$ 49,755	\$ 36,323,802
<b>LIABILITIES</b>				
Accounts payable	\$ 371,372	\$ 872	\$ 1,133	\$ 373,377
Accrued liabilities	3,200	0	0	3,200
Accrued general obligation bond interest payable	282	77	0	359
Accrued revenue bond interest payable	321,329	0	0	321,329
Due to other funds (Note 4)	2,370	0	0	2,370
General obligation bonds payable - Current (Note 10)	0	28,176	0	28,176
Revenue bonds payable - Current (Note 10)	10,173	0	0	10,173
Advances from other funds (Note 10)	280,629	0	0	280,629
General obligation bonds payable (Note 10)	0	252,453	0	252,453
Revenue bonds payable (Note 10)	31,460,683	0	0	31,460,683
Claims, judgements and compensated absences (Note 8)	160,172	0	0	160,172
Meter deposits	27,954	0	0	27,954
Total liabilities	\$ 32,638,164	\$ 281,578	\$ 1,133	\$ 32,920,875
<b>EQUITY</b>				
Contributed capital	\$ 5,939,492	\$ 0	\$ 0	\$ 5,939,492
Retained earnings:				
Unreserved	(2,624,553)	39,366	48,622	(2,536,565)
Total retained earnings/fund balances	\$ (2,624,553)	\$ 39,366	\$ 48,622	\$ (2,536,565)
Total equity	\$ 3,314,939	\$ 39,366	\$ 48,622	\$ 3,402,927
Total liabilities and equity	\$ 35,953,103	\$ 320,944	\$ 49,755	\$ 36,323,802

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

## Enterprise Funds

## Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Year Ended June 30, 2002

	Utility Fund	Sanitary District Number 1 Fund	Gloucester Point Sanitary District Fund	Totals
Operating revenues:				
Charges for services	\$ 2,767,102	\$ 14,772	\$ 0	\$ 2,781,874
Miscellaneous	6,227	0	0	6,227
Total revenues	\$ 2,773,329	\$ 14,772	\$ 0	\$ 2,788,101
Operating expenses:				
Personal services	\$ 572,683	\$ 178	\$ 178	\$ 573,039
Fringe benefits	147,749	0	0	147,749
Contractual services	55,537	0	0	55,537
Other charges	401,018	14,048	13,595	428,661
Depreciation	566,929	0	0	566,929
Total expenses	\$ 1,743,916	\$ 14,226	\$ 13,773	\$ 1,771,915
Operating income	\$ 1,029,413	\$ 546	\$ (13,773)	\$ 1,016,186
Nonoperating revenues (expenses):				
Amortization of loan costs	\$ (49,613)	\$ 0	\$ 0	\$ (49,613)
Taxes	0	15,998	21,729	37,727
Interest	342,804	841	912	344,557
Interest and fiscal charges	(1,773,612)	(14,765)	0	(1,788,377)
Total nonoperating revenues (expenses)	\$ (1,480,421)	\$ 2,074	\$ 22,641	\$ (1,455,706)
Income before contributions and operating transfers	\$ (451,008)	\$ 2,620	\$ 8,868	\$ (439,520)
Operating transfers in	\$ 500,000	\$ 0	\$ 0	\$ 500,000
Capital contributions	380,000	0	0	380,000
Net income	\$ 428,992	\$ 2,620	\$ 8,868	\$ 440,480
Amortization of contributed capital	224,725	0	0	224,725
Increase in retained earnings	\$ 653,717	\$ 2,620	\$ 8,868	\$ 665,205
Retained earnings at beginning of year	(3,278,270)	36,746	39,754	(3,201,770)
Retained earnings at end of year	\$ (2,624,553)	\$ 39,366	\$ 48,622	\$ (2,536,565)

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

Enterprise Funds  
Combining Statement of Cash Flows  
Year Ended June 30, 2002

	Utility Fund	Sanitary District Number 1 Fund	Gloucester Point Sanitary District Fund	Totals
<u>Cash Flows From Operating Activities:</u>				
Net operating income (loss)	\$ 1,029,413	\$ 546	\$ (13,773)	\$ 1,016,186
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	566,929	0	0	566,929
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(85,632)	327	1,019	(84,286)
(Increase) decrease in inventory	7,802	0	0	7,802
(Increase) decrease in prepaid expenses	(1,080)	0	0	(1,080)
Increase (decrease) in accounts payable and accrued liabilities	221,937	(3,505)	(35)	218,397
Increase (decrease) in meter deposits	2,211	0	0	2,211
Net cash provided by (used in) operating activities	\$ 1,741,580	\$ (2,632)	\$ (12,789)	\$ 1,726,159
<u>Cash Flows from Noncapital Financing Activities:</u>				
Tax revenue	\$ 0	\$ 15,998	\$ 21,729	\$ 37,727
Operating transfers--in from other funds	500,000	0	0	500,000
Net cash proved by (used in) noncapital financing activities	\$ 500,000	\$ 15,998	\$ 21,729	\$ 537,727
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Acquisition of capital assets	\$ (2,371,606)	\$ 0	\$ 0	\$ (2,371,606)
Principal payment on bonds and leases	(18,174,677)	(26,796)	0	(18,201,473)
Interest paid on revenue bonds and bond issuance costs	(1,970,638)	(14,765)	0	(1,985,403)
Proceeds from VRA bond	17,535,096	0	0	17,535,096
Advances to other funds	(26,796)	0	0	(26,796)
Advances from other funds	0	26,796	0	26,796
Net cash provided by (used in) capital and related financing activities	\$ (5,008,621)	\$ (14,765)	\$ 0	\$ (5,023,386)
<u>Cash Flows From Investing Activities:</u>				
Interest and dividends on investments	\$ 342,804	\$ 841	\$ 912	\$ 344,557
Net cash provided by (used in) investing activities	\$ 342,804	\$ 841	\$ 912	\$ 344,557
Increase (decrease) in cash and cash equivalents	\$ (2,424,237)	\$ (558)	\$ 9,852	\$ (2,414,943)
Cash and cash equivalents at beginning of year	12,090,338	39,655	39,220	12,169,213
Cash and cash equivalents at end of year	\$ 9,666,101	\$ 39,097	\$ 49,072	\$ 9,754,270

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

## **AGENCY FUNDS**

Agency funds are used to account for assets held by the government as an agent for individuals, private organization, other government and/or other funds.

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FIDUCIARY FUNDS  
Combining Balance Sheet  
At June 30, 2002

	Agency Funds				
	Special Welfare	Middle Peninsula Regional Special Ed. Program	Flexible Benefits	Jail	Totals
<b>ASSETS</b>					
<u>Assets:</u>					
Cash and cash equivalents (Note 2)	\$ 11,014	\$ 11,643	\$ 16,727	\$ 11,437	\$ 50,821
Due from other governmental units (Note 3)	0	23,029	0	0	23,029
Total assets	\$ <u>11,014</u>	\$ <u>34,672</u>	\$ <u>16,727</u>	\$ <u>11,437</u>	\$ <u>73,850</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 0	\$ 1,435	\$ 8,971	\$ 0	\$ 10,406
Accrued liabilities	0	25,662	0	0	25,662
Amounts held for others	11,014	7,575	7,756	11,437	37,782
Total liabilities	\$ <u>11,014</u>	\$ <u>34,672</u>	\$ <u>16,727</u>	\$ <u>11,437</u>	\$ <u>73,850</u>

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

Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2002

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
Assets:				
Cash	\$ 7,638	\$ 29,521	\$ 26,145	\$ 11,014
Liabilities:				
Amounts held for others	\$ 7,638	\$ 29,521	\$ 26,145	\$ 11,014
<b>Middle Peninsula Regional Special Education Program Fund:</b>				
Assets:				
Cash	\$ 9,541	\$ 233,836	\$ 231,734	\$ 11,643
Due from other governmental units	26,000	23,029	26,000	23,029
Prepaid expenses	391	0	391	0
Total assets	\$ 35,932	\$ 256,865	\$ 258,125	\$ 34,672
Liabilities:				
Accounts payable	\$ 12	\$ 1,435	\$ 12	\$ 1,435
Accrued liabilities	18,889	25,662	18,889	25,662
Amounts held for others	17,031	229,768	239,224	7,575
Total liabilities	\$ 35,932	\$ 256,865	\$ 258,125	\$ 34,672
<b>Flexible Benefits Fund:</b>				
Assets:				
Cash	\$ 16,976	\$ 103,993	\$ 104,242	\$ 16,727
Liabilities:				
Accounts payable	\$ 8,385	\$ 8,971	\$ 8,385	\$ 8,971
Amounts held for others	8,591	95,022	95,857	7,756
Total liabilities	\$ 16,976	\$ 103,993	\$ 104,242	\$ 16,727
<b>Jail Fund:</b>				
Assets:				
Cash	\$ 13,351	\$ 119,128	\$ 121,042	\$ 11,437
Liabilities:				
Amounts held for others	\$ 13,351	\$ 119,128	\$ 121,042	\$ 11,437
<b>Totals -- All Agency Funds</b>				
Assets:				
Cash	\$ 47,506	\$ 486,478	\$ 483,163	\$ 50,821
Due from other governmental units	26,000	23,029	26,000	23,029
Prepaid expenses	391	0	391	0
Total assets	\$ 73,897	\$ 509,507	\$ 509,554	\$ 73,850
Liabilities:				
Accounts payable	\$ 8,397	\$ 10,406	\$ 8,397	\$ 10,406
Accrued liabilities	18,889	25,662	18,889	25,662
Amounts held for others	46,611	473,439	482,268	37,782
Total liabilities	\$ 73,897	\$ 509,507	\$ 509,554	\$ 73,850

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



## **GENERAL FIXED ASSETS ACCOUNT GROUP**

General Fixed Assets Account Group - Fixed assets in governmental type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. No depreciation has been provided on general fixed assets.

Schedule of General Fixed Assets by Source - Primary  
Government and Discretely Presented Component Units  
At June 30, 2002

	Primary Government	Component Unit- School Board	Total (Memorandum Only)
<u>GENERAL FIXED ASSETS:</u>			
Land	\$ 3,604,349	\$ 614,319	\$ 4,218,668
Buildings	23,983,234	20,737,931	44,721,165
Construction in progress	6,785,959	0	6,785,959
Equipment	6,817,408	4,323,448	11,140,856
	<u>41,190,950</u>	<u>25,675,698</u>	<u>66,866,648</u>
Total general fixed assets	\$ <u>41,190,950</u>	\$ <u>25,675,698</u>	\$ <u>66,866,648</u>

INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE:

Initial start of system	\$ 31,475,286	\$ 16,144,917	\$ 47,620,203
General fund	9,660,752	0	9,660,752
Special revenue funds	54,912	0	54,912
Component unit, school fund	0	9,530,781	9,530,781
	<u>41,190,950</u>	<u>25,675,698</u>	<u>66,866,648</u>
	\$ <u>41,190,950</u>	\$ <u>25,675,698</u>	\$ <u>66,866,648</u>

Schedule of General Fixed Assets by Function and Activity -  
 Primary Government and Discretely Presented Component Units  
 At June 30, 2002

	Land	Buildings	Construction in Progress	Equipment	Total
<b>FUNCTION AND ACTIVITY</b>					
General government:					
Board of supervisors	\$ 3,395,949	\$ 2,749,552	\$ 6,785,959	\$ 0	\$ 12,931,460
Personnel	0	0	0	38,299	38,299
Commissioner of revenue	0	0	0	15,728	15,728
Assessor	0	0	0	8,995	8,995
Central accounting	0	0	0	17,769	17,769
Data processing	0	0	0	731,475	731,475
Purchasing	0	0	0	5,264	5,264
Total general government	\$ 3,395,949	\$ 2,749,552	\$ 6,785,959	\$ 817,530	\$ 13,748,990
Judicial administration:					
General district court	\$ 0	\$ 0	\$ 0	\$ 9,494	\$ 9,494
Juvenile and domestic relations district court	0	0	0	17,396	17,396
Clerk of the circuit court	0	0	0	144,795	144,795
Commonwealth attorney	0	0	0	23,048	23,048
Total judicial administration	\$ 0	\$ 0	\$ 0	\$ 194,733	\$ 194,733
Public safety:					
Sheriff	\$ 0	\$ 2,127,475	\$ 0	\$ 1,810,460	\$ 3,937,935
911 system	0	0	0	89,515	89,515
Jail	0	0	0	104,681	104,681
Building inspections	0	0	0	157,652	157,652
Animal control	0	359,600	0	51,571	411,171
Total public safety	\$ 0	\$ 2,487,075	\$ 0	\$ 2,213,879	\$ 4,700,954
Public works:					
Engineering	\$ 0	\$ 12,230	\$ 0	\$ 193,849	\$ 206,079
Building and grounds	0	108,732	0	492,284	601,016
Total public works	\$ 0	\$ 120,962	\$ 0	\$ 686,133	\$ 807,095
Health and welfare:					
Mosquito control	\$ 0	\$ 0	\$ 0	\$ 52,012	\$ 52,012
Health department	0	221,724	0	0	221,724
Social services	0	758,240	0	144,406	902,646
Total health and welfare	\$ 0	\$ 979,964	\$ 0	\$ 196,418	\$ 1,176,382
Education:					
School board	\$ 0	\$ 16,923,520	\$ 0	\$ 2,442,940	\$ 19,366,460
Parks and recreation:					
Recreation	\$ 183,400	\$ 67,820	\$ 0	\$ 112,020	\$ 363,240
Beaverdam	0	171,458	0	0	171,458
Historical committee	0	155,783	0	0	155,783
Public library	25,000	306,600	0	134,613	466,213
Total parks and recreation	\$ 208,400	\$ 701,661	\$ 0	\$ 246,633	\$ 1,156,694
Community development:					
Community development	\$ 0	\$ 0	\$ 0	\$ 19,142	\$ 19,142
VPI extension program	0	20,500	0	0	20,500
Total community development	\$ 0	\$ 20,500	\$ 0	\$ 19,142	\$ 39,642
Total general fixed assets - primary government	\$ 3,604,349	\$ 23,983,234	\$ 6,785,959	\$ 6,817,408	\$ 41,190,950
Component unit - school board					
Education	\$ 614,319	\$ 20,737,931	\$ 0	\$ 4,323,448	\$ 25,675,698

Schedule of Changes General Fixed Assets by Function -  
 Primary Government and Discretely Presented Component Units  
 Year Ended June 30, 2002

<u>Function</u>	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassifications per Senate Bill 276</u>	<u>Balance June 30, 2002</u>
<b>Primary government:</b>					
General government	\$ 9,937,610	\$ 5,169,219	\$ 1,357,839	\$ 0	\$ 13,748,990
Judicial administration	312,684	9,495	127,446	0	194,733
Public safety	5,384,087	174,979	858,112	0	4,700,954
Public works	873,548	34,816	101,269	0	807,095
Health and welfare	1,189,317	26,902	39,837	0	1,176,382
Education	29,660	0	29,660	19,366,460	19,366,460
Parks, recreation and cultural	1,187,728	276,614	307,648	0	1,156,694
Community development	56,512	0	16,870	0	39,642
Total general fixed assets	<u>\$ 18,971,146</u>	<u>\$ 5,692,025</u>	<u>\$ 2,838,681</u>	<u>\$ 19,366,460</u>	<u>\$ 41,190,950</u>
<b>Component unit - school board:</b>					
Education	<u>\$ 49,143,469</u>	<u>\$ 1,124,223</u>	<u>\$ 5,225,534</u>	<u>\$ (19,366,460)</u>	<u>\$ 25,675,698</u>

## **DISCRETELY PRESENTED COMPONENT UNIT—SCHOOL BOARD**

### **SPECIAL REVENUE FUNDS**

School Operating Fund - The School Operating Fund accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as appropriations from the County of Gloucester.

School Cafeteria Fund - The School Cafeteria Fund accounts for the County's school lunch program. Financing is provided from lunch sales and State and Federal reimbursements.

School Capital Projects Fund - The School Capital Projects Fund is used to account for renovation and construction of new schools. Funding is generally provided from the proceeds of general obligation bonds and from transfers from the County's General Fund.

### **FIDUCIARY FUNDS**

Scholarship Fund - This fund is used to account for the principal contributions received and related investment earnings. The earnings may be used to provide various scholarships to students.

Beneflex Fund - This fund is used to account for employee contributions to the Section 125 Cafeteria Plan. Funds are expended to provide medical and other benefits for contributing employees.

### **ACCOUNT GROUPS**

General Fixed Assets Account Group - Fixed assets used in governmental type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. No depreciation has been provided on general fixed assets.

General Long-term Debt Account Group - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

**COUNTY OF GLOUCESTER, VIRGINIA**

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

Combining Balance Sheet

At June 30, 2002

	Governmental Funds		
	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund
<b>ASSETS AND OTHER DEBITS</b>			
<u>Assets:</u>			
Cash and cash equivalents (Note 2)	\$ 0	\$ 453,003	\$ 295,394
Receivables (Net of allowances for uncollectibles):			
Accounts	11,074	3,281	0
Due from other governmental units (Note 3)	4,541,376	21,872	0
Inventory	0	18,509	0
Prepaid items	327,990	0	0
Fixed assets (Note 6)	0	0	0
<u>Other debits:</u>			
Amount to be provided for the retirement of general long-term obligations	0	0	0
 Total assets and other debits	<u>\$ 4,880,440</u>	<u>\$ 496,665</u>	<u>\$ 295,394</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,034,464	\$ 25,787	\$ 0
Accrued liabilities	3,845,976	114,960	0
Due to other governmental units (Note 3)	0	150,000	0
Amounts held for others	0	0	0
Claims, judgements and compensated absences (Note 8)	0	0	0
 Total liabilities	<u>\$ 4,880,440</u>	<u>\$ 290,747</u>	<u>\$ 0</u>
<b>EQUITY AND OTHER CREDITS</b>			
Investment in general fixed assets	\$ 0	\$ 0	\$ 0
Fund balances:			
Reserved for:			
Prepaid items	327,990	0	0
Inventory	0	18,509	0
Unreserved:			
Designated for school construction	0	0	295,394
Designated for subsequent expenditure	0	0	0
Undesignated	(327,990)	187,409	0
 Total retained earnings/fund balances	<u>\$ 0</u>	<u>\$ 205,918</u>	<u>\$ 295,394</u>
 Total equity and other credits	<u>\$ 0</u>	<u>\$ 205,918</u>	<u>\$ 295,394</u>
 Total liabilities, equity and other credits	<u>\$ 4,880,440</u>	<u>\$ 496,665</u>	<u>\$ 295,394</u>

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

Exhibit E-1

Fiduciary Funds	Account Groups		Totals
	Trust and Agency Funds	General Long-Term Debt	General Fixed Assets
\$ 238,848	\$ 0	\$ 0	\$ 987,245
0	0	0	14,355
0	0	0	4,563,248
0	0	0	18,509
0	0	0	327,990
0	0	25,675,698	25,675,698
0	2,997,905	0	2,997,905
<u>\$ 238,848</u>	<u>\$ 2,997,905</u>	<u>\$ 25,675,698</u>	<u>\$ 34,584,950</u>
\$ 0	\$ 0	\$ 0	\$ 1,060,251
0	0	0	3,960,936
0	0	0	150,000
31,245	0	0	31,245
0	2,997,905	0	2,997,905
<u>\$ 31,245</u>	<u>\$ 2,997,905</u>	<u>\$ 0</u>	<u>\$ 8,200,337</u>
\$ 0	\$ 0	\$ 25,675,698	\$ 25,675,698
0	0	0	327,990
0	0	0	18,509
0	0	0	295,394
207,603	0	0	207,603
0	0	0	(140,581)
<u>\$ 207,603</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 708,915</u>
<u>\$ 207,603</u>	<u>\$ 0</u>	<u>\$ 25,675,698</u>	<u>\$ 26,384,613</u>
<u>\$ 238,848</u>	<u>\$ 2,997,905</u>	<u>\$ 25,675,698</u>	<u>\$ 34,584,950</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Discretely Presented Component Unit -- School Board  
Year Ended June 30, 2002

	Governmental Fund Types			Fiduciary Fund	
	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Expendable Trust Fund	Totals
Revenues:					
Revenue from use of money and property	\$ 1,000	\$ 6,011	\$ 7,408	\$ 5,079	\$ 19,498
Charges for services	78,512	1,148,306	0	0	1,226,818
Miscellaneous	25,265	12,133	0	23,542	60,940
Recovered costs	100,688	0	0	0	100,688
Intergovernmental:					
Other local governments	14,409,148	0	65,000	0	14,474,148
Commonwealth	24,695,350	27,363	0	0	24,722,713
Federal	2,477,796	504,901	0	0	2,982,697
Total revenues	\$ 41,787,759	\$ 1,698,714	\$ 72,408	\$ 28,621	\$ 43,587,502
Expenditures:					
Current:					
Education	\$ 41,787,759	\$ 1,698,478	\$ 0	\$ 15,400	\$ 43,501,637
Total expenditures	\$ 41,787,759	\$ 1,698,478	\$ 0	\$ 15,400	\$ 43,501,637
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 236	\$ 72,408	\$ 13,221	\$ 85,865
Fund balances at beginning of year	0	205,682	222,986	194,382	623,050
Fund balances at end of year	\$ 0	\$ 205,918	\$ 295,394	\$ 207,603	\$ 708,915

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

**COUNTY OF GLOUCESTER, VIRGINIA**

Combing Statement of Revenues, Expenditures and Changes in Fund Balances --  
 Budget and Actual -- Discretely Presented Component Unit -- School Board  
 Year Ended June 30, 2002

	<b>School Operating Fund</b>			<b>School Cafeteria Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Revenues:						
Revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 0	\$ 20,000	\$ 6,011	\$ (13,989)
Charges for services	96,200	78,512	(17,688)	1,402,500	1,148,306	(254,194)
Miscellaneous	19,000	25,265	6,265	19,000	12,133	(6,867)
Recovered costs	150,000	100,688	(49,312)	0	0	0
Intergovernmental:						
Other local governments	14,715,347	14,409,148	(306,199)	0	0	0
Commonwealth	25,367,982	24,695,350	(672,632)	30,000	27,363	(2,637)
Federal	2,256,129	2,477,796	221,667	676,631	504,901	(171,730)
Total revenues	<u>\$ 42,605,658</u>	<u>\$ 41,787,759</u>	<u>\$ (817,899)</u>	<u>\$ 2,148,131</u>	<u>\$ 1,698,714</u>	<u>\$ (449,417)</u>
Expenditures:						
Current:						
Education	\$ 42,605,658	\$ 41,787,759	\$ 817,899	\$ 2,148,131	\$ 1,698,478	\$ 449,653
Capital projects	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>\$ 42,605,658</u>	<u>\$ 41,787,759</u>	<u>\$ 817,899</u>	<u>\$ 2,148,131</u>	<u>\$ 1,698,478</u>	<u>\$ 449,653</u>
Excess (deficiency) of revenues over expenditures	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>236</u>	\$ <u>236</u>
Fund balances at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>205,682</u>	<u>205,682</u>
Fund balances at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 205,918</u></u>	<u><u>\$ 205,918</u></u>

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

School Capital Projects Fund			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 7,408	\$ 7,408	\$ 21,000	\$ 14,419	\$ (6,581)
0	0	0	1,498,700	1,226,818	(271,882)
0	0	0	38,000	37,398	(602)
0	0	0	150,000	100,688	(49,312)
65,000	65,000	0	14,780,347	14,474,148	(306,199)
0	0	0	25,397,982	24,722,713	(675,269)
0	0	0	2,932,760	2,982,697	49,937
<u>\$ 65,000</u>	<u>\$ 72,408</u>	<u>\$ 7,408</u>	<u>\$ 44,818,789</u>	<u>\$ 43,558,881</u>	<u>\$ (1,259,908)</u>
\$ 0	\$ 0	\$ 0	\$ 44,753,789	\$ 43,486,237	\$ 1,267,552
<u>287,986</u>	<u>0</u>	<u>287,986</u>	<u>287,986</u>	<u>0</u>	<u>287,986</u>
<u>\$ 287,986</u>	<u>\$ 0</u>	<u>\$ 287,986</u>	<u>\$ 45,041,775</u>	<u>\$ 43,486,237</u>	<u>\$ 1,555,538</u>
\$ (222,986)	\$ 72,408	\$ (295,394)	\$ (222,986)	\$ 72,644	\$ 295,630
<u>222,986</u>	<u>222,986</u>	<u>0</u>	<u>222,986</u>	<u>428,668</u>	<u>205,682</u>
<u>\$ 0</u>	<u>\$ 295,394</u>	<u>\$ 295,394</u>	<u>\$ 0</u>	<u>\$ 501,312</u>	<u>\$ 501,312</u>

## DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

## Combining Balance Sheet - Fiduciary Funds

At June 30, 2002

	Expendable Trust Fund	Agency Fund	
	Scholarship	Beneflex	Totals
<b>ASSETS</b>			
<u>Assets:</u>			
Cash and cash equivalents (Note 2)	\$ 207,603	\$ 31,245	\$ 238,848
<b>LIABILITIES</b>			
Amounts held for others	\$ 0	\$ 31,245	\$ 31,245
<b>EQUITY</b>			
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ 207,603	\$ 0	\$ 207,603
Total equity	\$ 207,603	\$ 0	\$ 207,603
Total liabilities and equity	\$ 207,603	\$ 31,245	\$ 238,848

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

## Supporting Schedules

Governmental Funds and Discretely Presented Component Units  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2002

<b>Fund, Major and Minor Revenue Source</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Primary Government:			
General Fund:			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 16,788,555	\$ 17,621,750	\$ 833,195
Real and personal public service corporation property taxes	750,000	594,926	(155,074)
Personal property taxes	2,570,000	2,938,930	368,930
Mobile home taxes	110,000	150,723	40,723
Penalties	210,500	274,503	64,003
Interest	95,350	154,975	59,625
Total general property taxes	\$ 20,524,405	\$ 21,735,807	\$ 1,211,402
Other local taxes:			
Local sales and use taxes	\$ 2,500,000	\$ 2,440,687	\$ (59,313)
Consumers' utility taxes	1,339,997	1,393,587	53,590
Electric consumption taxes	0	103,673	103,673
Business license taxes	1,000,000	900,846	(99,154)
Cable TV franchise taxes	64,000	92,020	28,020
Motor vehicle licenses	750,000	782,357	32,357
Bank stock taxes	130,000	161,011	31,011
Taxes on recordation and wills	178,000	232,940	54,940
Hotel and motel room taxes	56,000	67,709	11,709
Restaurant food taxes	990,000	1,076,281	86,281
Emergency telephone service taxes	290,000	283,139	(6,861)
Total other local taxes	\$ 7,297,997	\$ 7,534,250	\$ 236,253
Permits, privilege fees and regulatory licenses:			
Animal licenses	\$ 21,400	\$ 19,789	\$ (1,611)
Building and related permits	315,145	281,852	(33,293)
Total permits, privilege fees and regulatory licenses	\$ 336,545	\$ 301,641	\$ (34,904)
Fines and forfeitures:			
Court fines and forfeitures	\$ 75,000	\$ 71,302	\$ (3,698)
Parking fines	10,000	5,975	(4,025)
Total fines and forfeitures	\$ 85,000	\$ 77,277	\$ (7,723)
Revenue from use of money and property:			
Revenue from use of money	\$ 421,800	\$ 151,356	\$ (270,444)
Revenue from use of property	17,000	18,676	1,676
Total revenue from use of money and property	\$ 438,800	\$ 170,032	\$ (268,768)

Governmental Funds and Discretely Presented Component Units  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2002 (Continued)

<b>Fund, Major and Minor Revenue Source</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Primary Government: (Continued)			
General Fund: (Continued)			
Charges for services:			
Excess fees of the clerk	\$ 10,000	\$ 0	\$ (10,000)
Charges for Commonwealth's attorney	1,000	1,263	263
Charges for law enforcement and traffic control	8,800	9,449	649
Charges for courthouse maintenance	18,000	16,299	(1,701)
Circuit court judge fees	24,000	24,426	426
Charges for other protection	10,500	6,627	(3,873)
Charges for sanitation and waste removal	523,574	504,384	(19,190)
Charges for library	16,000	14,873	(1,127)
Charges for rental assistance	7,000	15,380	8,380
Charges for parks and recreation	223,440	230,677	7,237
Charges for publications and other commemorative items	10,000	9,268	(732)
Charges for sale of historical material	500	1,008	508
Charges for daffodil festival	33,686	35,851	2,165
Charges for community education fees	4,000	4,327	327
Total charges for services	\$ 890,500	\$ 873,832	\$ (16,668)
Miscellaneous revenue:			
Miscellaneous	\$ 98,430	\$ 179,392	\$ 80,962
Total miscellaneous revenue	\$ 98,430	\$ 179,392	\$ 80,962
Recovered costs:			
Federal prisoners	\$ 300,000	\$ 229,800	\$ (70,200)
Other	0	78,360	78,360
Health department	5,812	0	(5,812)
Total recovered costs	\$ 305,812	\$ 308,160	\$ 2,348
Total revenue from local sources	\$ 29,977,489	\$ 31,180,391	\$ 1,202,902
Revenue from the Commonwealth:			
Noncategorical aid:			
ABC profits	\$ 92,000	\$ 92,330	\$ 330
Wine taxes	47,000	49,093	2,093
Motor vehicle carriers' tax	2,000	1,778	(222)
Mobile home titling taxes	86,000	75,062	(10,938)
Tax on deeds	125,000	116,740	(8,260)
Auto rental tax	33,000	33,774	774
Personal property tax relief	2,730,000	2,436,654	(293,346)
Total noncategorical aid	\$ 3,115,000	\$ 2,805,431	\$ (309,569)

Governmental Funds and Discretely Presented Component Units  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2002 (Continued)

<b>Fund, Major and Minor Revenue Source</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Primary Government: (Continued)			
Revenue from the Commonwealth: (Continued)			
Categorical aid:			
Shared expenses:			
Commonwealth's attorney	\$ 288,000	\$ 296,588	\$ 8,588
Sheriff	2,134,133	2,122,344	(11,789)
Commissioner of the Revenue	140,000	128,189	(11,811)
Treasurer	138,000	135,438	(2,562)
Medical examiner	500	450	(50)
Registrar/electoral board	52,000	44,829	(7,171)
Clerk of the Circuit Court	260,000	240,355	(19,645)
Total shared expenses	\$ 3,012,633	\$ 2,968,193	\$ (44,440)
Other categorical aid:			
Emergency medical services	\$ 16,281	\$ 16,281	\$ 0
Fire programs	46,054	46,054	0
Library aid	142,901	130,879	(12,022)
Abandoned vehicles program	47,600	38,000	(9,600)
Litter control	7,031	7,255	224
Virginia Housing Authority	68,000	50,947	(17,053)
State highway grant	4,460	0	(4,460)
Victim/witness grant	46,468	45,269	(1,199)
E-911 grant	204,260	204,260	0
Bay transit grant	470,598	470,598	0
Animal friendly plates	830	830	0
Youth smoking prevention	9,080	9,080	0
Chesapeake Bay grant	25,072	17,862	(7,210)
Other state aid	1,374	61,525	60,151
Total other categorical aid	\$ 1,090,009	\$ 1,098,840	\$ 8,831
Total categorical aid	\$ 4,102,642	\$ 4,067,033	\$ (35,609)
Total revenue from the Commonwealth	\$ 7,217,642	\$ 6,872,464	\$ (345,178)
Revenue from the Federal Government:			
Categorical aid:			
Emergency medical services	\$ 12,000	\$ 12,092	\$ 92
Highway safety grant	10,000	0	(10,000)
Drug enforcement grant	194	194	0
Library aid	\$ 11,319	\$ 9,694	\$ (1,625)
Ground transportation safety	7,500	7,849	349
COPS grant	281,764	282,475	711
V-stop prosecutor grant	22,541	20,196	(2,345)
Arts grant	0	875	875
Other federal aid	28,125	0	(28,125)
Total categorical aid	\$ 373,443	\$ 333,375	\$ (40,068)
Total revenue from the Federal Government	\$ 373,443	\$ 333,375	\$ (40,068)
Total General Fund	\$ 37,568,574	\$ 38,386,230	\$ 817,656



Governmental Funds and Discretely Presented Component Units  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2002 (Continued)

<b>Fund, Major and Minor Revenue Source</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Primary Government: (Continued)			
Special Revenue Funds:			
Virginia Public Assistance Fund:			
Revenue from local sources:			
Miscellaneous revenue:			
Miscellaneous	\$ 0	\$ 3,362	\$ 3,362
Revenue from the Commonwealth:			
Categorical aid:			
Welfare:			
Public assistance and welfare administration	\$ 512,558	\$ 458,457	\$ (54,101)
Revenue from the federal government:			
Categorical aid:			
Public assistance and welfare administration	\$ 1,232,739	\$ 1,268,160	\$ 35,421
Total Virginia Public Assistance Fund	\$ 1,745,297	\$ 1,729,979	\$ (15,318)
Comprehensive Services Act Fund:			
Revenue from local sources:			
Miscellaneous revenue	\$ 4,000	\$ 663	\$ (3,337)
Revenue from the Commonwealth:			
Categorical aid:			
Comprehensive services act	\$ 285,000	\$ 211,342	\$ (73,658)
Public assistance and welfare administration	6,000	8,532	2,532
Total categorical aid	\$ 291,000	\$ 219,874	\$ (71,126)
Total revenue from the Commonwealth	\$ 291,000	\$ 219,874	\$ (71,126)
Revenue from the federal government:			
Categorical aid:			
Public assistance and welfare administration	\$ 30,000	\$ 36,113	\$ 6,113
Total Comprehensive Services Act Fund	\$ 325,000	\$ 256,650	\$ (68,350)
Total Special Revenue Funds	\$ 2,070,297	\$ 1,986,629	\$ (83,668)
Capital Projects Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ 500	\$ 1,000	\$ 500
Total revenue from local sources	\$ 500	\$ 1,000	\$ 500
Revenue from the Commonwealth:			
Categorical aid:			
State construction funds	\$ 388,989	\$ 389,070	\$ 81
Total revenue from the Commonwealth	\$ 388,989	\$ 389,070	\$ 81
Revenue from the federal government:			
Categorical aid:			
Main Street grant (ISTEA)	\$ 420,000	\$ 344,413	\$ (75,587)
Community development block grant	557,710	160,696	(397,014)
Total revenue from the federal government	\$ 977,710	\$ 505,109	\$ (472,601)
Total Capital Projects Fund	\$ 1,367,199	\$ 895,179	\$ (472,020)
Grand Total Revenues -- Primary Government	\$ 41,006,070	\$ 41,268,038	\$ 261,968

Governmental Funds and Discretely Presented Component Units  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2002 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Component Unit -- School Board:			
Special Revenue Funds:			
School Operating Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of property	\$ 1,000	\$ 1,000	\$ 0
Charges for services:			
Charges for education	\$ 96,200	\$ 78,512	\$ (17,688)
Miscellaneous revenue	\$ 19,000	\$ 25,265	\$ 6,265
Recovered costs	\$ 150,000	\$ 100,688	\$ (49,312)
Contribution from County of Gloucester	\$ 14,715,347	\$ 14,409,148	\$ (306,199)
Total revenue from local sources	\$ 14,981,547	\$ 14,614,613	\$ (366,934)
Revenue from the Commonwealth:			
Categorical aid:			
Share of state sales tax	\$ 4,824,053	\$ 4,577,941	\$ (246,112)
Basic school aid	13,250,534	13,100,638	(149,896)
Regular foster care	25,776	24,799	(977)
General adult education	3,096	3,735	639
Gifted and talented	157,226	154,191	(3,035)
SOL remediation	95,300	99,347	4,047
Special education	1,336,421	1,310,621	(25,800)
Vocational education	259,810	249,404	(10,406)
Homebound program	40,607	73,369	32,762
ISAEF	15,717	16,405	688
Special education - regional program	349,340	329,046	(20,294)
Textbook payments	267,502	262,338	(5,164)
Jobs for Virginia graduates	30,000	22,234	(7,766)
At risk	263,798	190,520	(73,278)
Maintenance supplement	65,511	64,246	(1,265)
Reading intervention	71,690	60,285	(11,405)
Social security instructional	764,294	751,053	(13,241)
Social security non-instructional	21,206	21,207	1
Teacher retirement instructional	489,113	351,213	(137,900)
Teacher retirement non-instructional	23,835	23,801	(34)
Teacher group life instructional	30,572	23,184	(7,388)
Teacher group life non-instructional	935	935	0
Lottery proceeds	842,269	974,387	132,118
Health incentive	12,026	11,818	(208)
Remedial education	343,003	311,501	(31,502)
SOL teaching materials	43,674	42,831	(843)
SOL training	97,125	95,250	(1,875)
Primary class size	434,354	399,397	(34,957)
Dropout prevention	74,645	74,645	0
Additional teachers	193,954	191,698	(2,256)
Truancy	13,490	13,490	0
Enrollment loss	0	88,176	88,176
Salary supplement	375,595	359,778	(15,817)
Adult literacy services	4,860	0	(4,860)
English as a second language	5,944	0	(5,944)
VPSA technology	310,000	310,000	0
Algebra readiness	89,450	45,597	(43,853)
Technology assistance	17,537	35,074	17,537
Alternative education pilot vi	33,500	24,229	(9,271)
Other state aid	90,220	6,967	(83,253)
Total categorical aid	\$ 25,367,982	\$ 24,695,350	\$ (672,632)
Total revenue from the Commonwealth	\$ 25,367,982	\$ 24,695,350	\$ (672,632)

Governmental Funds and Discretely Presented Component Units  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2002 (Continued)

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Component Unit -- School Board:			
Revenue from the federal government:			
Categorical aid:			
Title I	\$ 782,552	\$ 876,979	\$ 94,427
Title VI	35,150	227,856	192,706
Title VI -- B -- Special Education	773,740	779,147	5,407
Impact aid	50,000	72,004	22,004
Vocational education	88,000	111,401	23,401
Adult literacy services	32,730	39,945	7,215
Drug free school	39,500	31,851	(7,649)
Workforce investment act	53,596	32,299	(21,297)
Common thread	82,066	62,832	(19,234)
School to work	50,000	18,210	(31,790)
Charter schools	0	30,000	30,000
Goals 2000	100,000	57,677	(42,323)
Project serve	25,000	7,668	(17,332)
Title II	37,295	59,776	22,481
Naval Junior ROTC program	48,000	59,301	11,301
High schools that work	13,500	10,850	(2,650)
Other federal aid	45,000	0	(45,000)
Total categorical aid	\$ 2,256,129	\$ 2,477,796	\$ 221,667
Total revenue from the federal government	\$ 2,256,129	\$ 2,477,796	\$ 221,667
Total School Operating Fund	\$ 42,605,658	\$ 41,787,759	\$ (817,899)
School Cafeteria Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ 20,000	\$ 6,011	\$ (13,989)
Charges for services:			
Cafeteria sales	\$ 1,402,500	\$ 1,148,306	\$ (254,194)
Miscellaneous revenue	\$ 19,000	\$ 12,133	\$ (6,867)
Total revenue from local sources	\$ 1,441,500	\$ 1,166,450	\$ (275,050)
Revenue from the Commonwealth:			
Categorical aid:			
School food program grant	\$ 30,000	\$ 27,363	\$ (2,637)
Total revenue from the Commonwealth	\$ 30,000	\$ 27,363	\$ (2,637)
Revenue from the federal government:			
Categorical aid:			
School food program grant	\$ 676,631	\$ 504,901	\$ (171,730)
Total School Cafeteria Fund	\$ 2,148,131	\$ 1,698,714	\$ (449,417)
Total Special Revenue Funds	\$ 44,753,789	\$ 43,486,473	\$ (1,267,316)
School Capital Projects Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ 0	\$ 7,408	\$ 7,408
Contribution from County of Gloucester	\$ 65,000	\$ 65,000	\$ 0
Total revenue from local sources	\$ 65,000	\$ 72,408	\$ 7,408
Total School Capital Projects Fund	\$ 65,000	\$ 72,408	\$ 7,408
Grand Total Revenues -- Component Unit -- School Board	\$ 44,818,789	\$ 43,558,881	\$ (1,259,908)

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Expenditures -- Budget and Actual  
 Year Ended June 30, 2002

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Primary Government:			
General Fund:			
General government administration:			
Legislative:			
Board of supervisors	\$ 135,237	\$ 135,219	\$ 18
General and financial administration:			
County administrator	\$ 310,325	\$ 306,442	\$ 3,883
Human resources	156,450	154,904	1,546
County attorney	235,219	235,111	108
Commissioner of the revenue	370,790	351,006	19,784
Assessor	306,421	320,306	(13,885)
Treasurer	468,293	453,084	15,209
Central accounting	250,947	240,190	10,757
Information technology	680,635	667,452	13,183
Purchasing	190,976	173,683	17,293
Virginia housing and development authority	84,052	83,277	775
Insurance	72,150	70,556	1,594
Total general and financial administration	\$ 3,126,258	\$ 3,056,011	\$ 70,247
Board of Elections:			
Electoral board and registrar	\$ 128,695	\$ 105,173	\$ 23,522
Total general government administration	\$ 3,390,190	\$ 3,296,403	\$ 93,787
Judicial administration:			
Courts:			
Circuit court	\$ 53,470	\$ 51,330	\$ 2,140
General district court	15,850	14,077	1,773
Commissioner of accounts	500	445	55
Magistrates	5,675	3,341	2,334
Juvenile and domestic relations district court	20,135	21,759	(1,624)
Clerk of the circuit court	306,539	301,147	5,392
Victim and witness assistance	48,914	45,909	3,005
Court services unit	195,785	250,302	(54,517)
Group home commission	116,641	116,296	345
Total courts	\$ 763,509	\$ 804,606	\$ (41,097)
Commonwealth's attorney:			
Commonwealth's attorney	\$ 395,587	\$ 389,671	\$ 5,916
Total judicial administration	\$ 1,159,096	\$ 1,194,277	\$ (35,181)
General Fund:			
Public safety:			
Law enforcement and traffic control:			
Sheriff	\$ 3,241,116	\$ 3,008,138	\$ 232,978
911 System	562,003	307,933	254,070
Total law enforcement and traffic control	\$ 3,803,119	\$ 3,316,071	\$ 487,048
Fire and rescue services:			
Volunteer fire department	\$ 608,889	\$ 608,348	\$ 541
Volunteer rescue squads	539,560	539,431	129
State forestry service	4,714	4,714	0
Office of emergency services	2,000	0	2,000
Total fire and rescue services	\$ 1,155,163	\$ 1,152,493	\$ 2,670

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Expenditures -- Budget and Actual  
 Year Ended June 30, 2002 (Continued)

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Primary Government: (Continued)			
General Fund: (Continued)			
Correction and detention:			
Jail operations	\$ 1,818,862	\$ 1,664,960	\$ 153,902
Total correction and detention	\$ 1,818,862	\$ 1,664,960	\$ 153,902
Inspections:			
Building	\$ 537,782	\$ 504,185	\$ 33,597
Other protection:			
Animal control	\$ 223,411	\$ 213,042	\$ 10,369
Medical examiner (coroner)	1,000	900	100
Total other protection	\$ 224,411	\$ 213,942	\$ 10,469
Total public safety	\$ 7,539,337	\$ 6,851,651	\$ 687,686
Public works:			
Maintenance of highways, streets, bridges and sidewalks:			
General engineering	\$ 201,765	\$ 198,397	\$ 3,368
Sanitation and waste removal:			
Refuse disposal	\$ 52,100	\$ 37,082	\$ 15,018
Maintenance of general buildings and grounds:			
General properties	\$ 1,009,877	\$ 956,000	\$ 53,877
Total public works	\$ 1,263,742	\$ 1,191,479	\$ 72,263
Health and welfare:			
Health:			
Supplement of local health department	\$ 309,060	\$ 310,001	\$ (941)
Mosquito control	77,750	35,916	41,834
Total health	\$ 386,810	\$ 345,917	\$ 40,893
Mental health and mental retardation:			
Chapter X board	\$ 89,580	\$ 89,580	\$ 0
Total health and welfare	\$ 476,390	\$ 435,497	\$ 40,893
Education:			
Contributions to community colleges	\$ 24,499	\$ 24,499	\$ 0
Community education	368,457	359,564	8,893
School board	14,780,347	14,474,148	306,199
Total education	\$ 15,173,303	\$ 14,858,211	\$ 315,092
Parks, recreation and cultural:			
Parks and recreation:			
Recreation centers and playgrounds	\$ 446,239	\$ 423,016	\$ 23,223
Beach concession stand	25,730	25,955	(225)
Beaverdam reservoir park	173,934	171,315	2,619
Total parks and recreation	\$ 645,903	\$ 620,286	\$ 25,617

**Governmental Funds and Discretely Presented Component Unit**  
**Schedule of Expenditures -- Budget and Actual**  
**Year Ended June 30, 2002 (Continued)**

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Primary Government: (Continued)			
General Fund: (Continued)			
Parks, recreation and cultural: (Continued)			
Cultural enrichment:			
Daffodil festival	\$ 34,850	\$ 33,087	\$ 1,763
Historical committee	30,661	26,580	4,081
Total cultural enrichment	\$ 65,511	\$ 59,667	\$ 5,844
Library:			
Public library	\$ 434,733	\$ 404,594	\$ 30,139
Total parks, recreation and cultural	\$ 1,146,147	\$ 1,084,547	\$ 61,600
Community development:			
Planning and community development:			
Community development and code compliance	\$ 268,478	\$ 252,701	\$ 15,777
Economic development	281,783	277,488	4,295
Total planning and community development	\$ 550,261	\$ 530,189	\$ 20,072
Environmental management:			
Clean community program	\$ 57,034	\$ 48,545	\$ 8,489
Total environmental management	\$ 57,034	\$ 48,545	\$ 8,489
Cooperative extension program:			
VPI extension	\$ 69,167	\$ 67,822	\$ 1,345
Total community development	\$ 676,462	\$ 646,556	\$ 29,906
Nondepartmental:			
Contributions to civic organizations	\$ 689,719	\$ 668,639	\$ 21,080
Total nondepartmental	\$ 689,719	\$ 668,639	\$ 21,080
Debt service:			
Principal retirement	\$ 2,637,212	\$ 2,637,212	\$ 0
Interest and fiscal charges	2,145,847	2,144,126	1,721
Total debt service	\$ 4,783,059	\$ 4,781,338	\$ 1,721
Total General Fund	\$ 36,297,445	\$ 35,008,598	\$ 1,288,847
Special Revenue Funds:			
Virginia Public Assistance Fund:			
Health and welfare:			
Welfare/social services:			
Welfare administration	\$ 1,489,984	\$ 1,408,435	\$ 81,549
Public assistance	283,550	237,347	46,203
Purchased services	601,618	369,633	231,985
Board of public welfare	5,000	3,997	1,003
Total welfare/social services	\$ 2,380,152	\$ 2,019,412	\$ 360,740
Total health and welfare	\$ 2,380,152	\$ 2,019,412	\$ 360,740
Total Virginia Public Assistance Fund	\$ 2,380,152	\$ 2,019,412	\$ 360,740

Governmental Funds and Discretely Presented Component Unit  
 Schedule of Expenditures -- Budget and Actual  
 Year Ended June 30, 2002 (Continued)

<b>Fund, Function, Activity and Elements</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Primary Government: (Continued)			
Special Revenue Funds (Continued)			
Comprehensive Services Act Fund:			
Health and welfare:			
Welfare/social services:			
Comprehensive services act	\$ 565,000	\$ 437,195	\$ 127,805
Total Comprehensive Services Act Fund	\$ 565,000	\$ 437,195	\$ 127,805
Total Special Revenue Funds	\$ 2,945,152	\$ 2,456,607	\$ 488,545
Capital Projects Fund:			
County capital assets	\$ 14,182,303	\$ 5,885,986	\$ 8,296,317
Equipment and vehicles	725,002	672,418	52,584
School capital assets	761,616	761,616	0
Total Capital Projects Fund	\$ 15,668,921	\$ 7,320,020	\$ 8,348,901
Grand Total Expenditures -- Primary Government	\$ 54,911,518	\$ 44,785,225	\$ 10,126,293
Component Unit -- School Board:			
Special Revenue Funds:			
School Operating Fund:			
Education:			
Administration of schools:			
School board	\$ 76,701	\$ 74,429	\$ 2,272
Executive administrative services	306,603	292,570	14,033
Personnel	411,038	378,223	32,815
Fiscal services	254,291	254,267	24
Total administration of schools	\$ 1,048,633	\$ 999,489	\$ 49,144
Instruction Costs:			
Elementary and secondary schools	\$ 33,200,584	\$ 32,444,328	\$ 756,256
Operating costs:			
Attendance and health services	\$ 758,677	\$ 754,146	\$ 4,531
Pupil transportation	2,900,900	2,895,504	5,396
Operation and maintenance	4,696,864	4,694,292	2,572
Total operating costs	\$ 8,356,441	\$ 8,343,942	\$ 12,499
Total education	\$ 42,605,658	\$ 41,787,759	\$ 817,899
Total School Operating Fund	\$ 42,605,658	\$ 41,787,759	\$ 817,899
Component Unit -- School Board:			
Special Revenue Funds:			
School Cafeteria Fund:			
Education:			
School food services	\$ 2,148,131	\$ 1,698,478	\$ 449,653
Total School Cafeteria Fund	\$ 2,148,131	\$ 1,698,478	\$ 449,653
School Capital Project Fund:			
Capital projects	\$ 287,986	\$ 0	\$ 287,986
Grand Total Expenditures -- Component Unit -- School Board	\$ 45,041,775	\$ 43,486,237	\$ 1,555,538

Schedule of the Treasurer's Accountability  
At June 30, 2002

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## Assets held by the Treasurer:

Cash on hand	\$	5,792
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## Cash in banks:

## Checking:

SunTrust Bank	1,471,826
Chesapeake Bank	308,093

## Money market:

SunTrust Bank	275,464
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## Cash with fiscal agent:

Virginia Resources Authority	2,748,453
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## Investments:

Repurchase agreement	7,136,770
Virginia State Non-Arbitrage Fund	5,362,638
Local Government Investment Pool	7,047,268

Total assets	\$	<u>24,356,304</u>
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## Liabilities of the Treasurer:

Balance of County Funds, above	\$	24,356,304
Deferred account		<u>(447)</u>

Total liabilities	\$	<u>24,355,857</u>
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**Reconciliation with Exhibit 1:**

Balance of County Funds per above	\$	24,355,857
Component unit - Industrial Development Authority		74,416
Jail Fund		<u>11,437</u>

Total Cash per Exhibit 1	\$	<u>24,441,710</u>
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NOTE: This schedule is recorded on a cash basis. Assets and liabilities reflected in the other supplementary data and basic financial statements are recorded on the accrual and/or modified accrual basis, except as otherwise noted.



## Statistical Tables

**COUNTY OF GLOUCESTER, VIRGINIA**

General Government Revenues by Source (1)

Last Ten Fiscal Years

<b>Fiscal Year</b>		<b>General Property Taxes</b>		<b>Other Local Taxes</b>		<b>Permit Privilege Fees &amp; Regulatory Licenses</b>		<b>Fines &amp; Forfeitures</b>		<b>Revenues from the Use of Money &amp; Property</b>
1993	\$	14,576,510	\$	4,034,626	\$	196,366	\$	61,670	\$	207,480
1994		16,026,399		4,256,053		213,663		61,340		223,999
1995		16,410,841		4,531,933		250,741		61,818		440,817
1996		17,144,356		4,691,201		219,161		46,162		487,212
1997		17,639,740		5,262,108		229,320		111,241		500,313
1998		18,784,434		5,826,714		217,363		99,703		422,322
1999		20,099,408		6,205,078		220,689		79,746		528,935
2000		19,910,365		6,487,305		214,751		80,615		568,503
2001		22,058,778		6,984,009		187,847		65,891		447,692
2002		21,735,807		7,534,250		301,641		77,277		177,043

(1) Includes General and Special Revenue Funds of the primary government and its discretely presented component unit school board. Excludes capital projects funds and the expendable trust fund in the component unit school board.

Intergovernmental revenues between the primary government and component units are eliminated on this schedule.

Table 1

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	<b>Charges for Services</b>	<b>Miscellaneous</b>	<b>Recovered Costs</b>	<b>Inter- governmental</b>	<b>Total</b>
\$	1,371,758	\$ 137,549	\$ 125,294	\$ 20,063,215	\$ 40,774,468
	1,647,346	159,257	352,650	21,203,683	44,144,390
	1,480,068	101,878	397,673	22,834,451	46,510,220
	1,499,029	111,920	430,634	23,664,944	48,294,619
	1,668,556	465,710	485,008	26,020,731	52,382,727
	1,839,650	470,105	530,757	27,209,022	55,400,070
	1,955,625	322,203	401,550	30,651,995	60,465,229
	1,910,150	133,773	288,715	32,917,119	62,511,296
	2,103,247	413,879	355,465	34,820,856	67,437,664
	2,100,650	220,815	408,848	36,893,853	69,450,184

**COUNTY OF GLOUCESTER, VIRGINIA**

General Government Expenditures by Function (1)  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>General Administration</b>	<b>Judicial Administration</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Health and Welfare</b>	<b>Education</b>
1993	\$ 1,876,578	\$ 361,637	\$ 2,551,523	\$ 1,727,711	\$ 1,754,641	\$ 26,419,872
1994	2,019,920	383,056	3,086,177	1,189,749	1,947,997	27,576,831
1995	1,926,506	467,866	3,211,985	1,062,981	2,100,304	29,451,486
1996	2,025,150	515,031	3,495,375	1,026,907	2,142,633	31,097,923
1997	2,240,386	853,102	3,778,754	1,039,280	2,250,872	33,418,179
1998	2,658,986	977,773	4,387,359	1,146,937	2,591,448	35,468,207
1999	2,604,716	1,040,520	5,195,313	1,143,624	2,933,779	37,915,630
2000	2,936,991	1,099,412	5,743,208	1,157,294	2,923,566	41,051,542
2001	3,148,864	1,155,282	6,598,400	1,211,031	2,752,033	42,768,299
2002	3,296,403	1,194,277	6,851,651	1,191,479	2,892,104	43,870,300

(1) Includes General and Special Revenue Funds of the primary government and its discretely presented component unit school board. Excludes capital projects funds and the expendable trust fund in the component unit school board.

Expenditures from the primary government to component units are eliminated on this schedule.

Table 2

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<b>Recreation and Cultural</b>	<b>Community Development</b>	<b>Nonde- partmental</b>	<b>Debt Service</b>	<b>Total</b>
\$ 555,066	\$ 393,761	\$ 23,250	\$ 2,675,486	\$ 38,339,525
618,342	540,802	22,000	4,421,986	41,806,860
695,469	476,248	36,618	4,394,295	43,823,758
716,268	513,971	26,750	4,021,614	45,581,622
750,297	779,579	56,725	4,101,523	49,268,697
838,397	573,291	108,560	4,222,012	52,972,970
912,109	686,218	132,190	4,287,990	56,852,089
983,569	739,766	135,621	4,584,947	61,355,916
1,089,439	474,070	257,420	4,619,801	64,074,639
1,084,547	646,556	668,639	4,781,338	66,477,294

Assessed Value of Taxable Property (in thousands)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Utility		Total
				Real Estate	Personal Property	
1993	\$ 1,299,276	\$ 80,378	\$ 537	\$ 53,712	\$ 899	\$ 1,434,802
1994	1,334,370	85,129	557	59,233	843	1,480,132
1995	1,364,371	94,126	735	52,880	952	1,513,064
1996	1,393,305	106,230	788	54,334	840	1,555,497
1997	1,407,825	119,332	923	60,687	810	1,589,577
1998	1,529,486	125,848	859	51,809	679	1,708,681
1999	1,645,515	135,810	1,213	54,738	719	1,837,995
2000	1,720,584	144,047	3,045	65,052	544	1,933,272
2001	1,794,192	259,401	4,906	87,442	332	2,146,273
2002	1,900,137	394,328	3,362	91,735	268	2,389,830

Property Tax Rates (1)  
Last Ten Fiscal Years

Tax Years				Machinery and Tools	Public Utility	
	Real Estate	Personal Property			Real Estate	Personal Property
1993	\$ 0.97	\$ 3.50	\$ 3.50	\$ 0.97	\$ 3.50	
1994	0.93	3.50	3.50	0.93	3.50	
1995	0.93	3.50	3.50	0.93	3.50	
1996	0.93	3.50	3.50	0.93	3.50	
1997	0.93	3.50	3.50	0.93	3.50	
1998	0.91	3.50	3.50	0.91	3.50	
1999	0.91	3.50	3.50	0.91	3.50	
2000	0.92	3.50	3.50	0.92	3.50	
2001	0.95	3.50	3.50	0.95	3.50	
2002	0.95	3.50	3.50	0.95	3.50	

(1) Per \$100 of assessed value

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total (1)(3) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
1993	\$ 14,384,402	\$ 12,630,782	\$ 87.81%	\$ 1,579,120	\$ 14,209,902	\$ 98.79%	\$ 909,913	\$ 6.33%
1994	16,042,336	13,883,399	86.54%	1,800,201	15,683,600	97.76%	987,541	6.16%
1995	16,155,876	14,088,586	87.20%	1,939,738	16,028,324	99.21%	910,404	5.64%
1996	16,751,840	14,744,042	88.01%	2,029,283	16,773,325	100.13%	860,063	5.13%
1997	17,387,568	15,046,538	86.54%	2,194,143	17,240,681	99.16%	619,835	3.56%
1998	18,709,258	15,904,173	85.01%	2,069,520	17,973,693	96.07%	1,049,749	5.61%
1999	19,850,929	17,563,286	88.48%	2,183,055	19,746,341	99.47%	1,055,034	5.31%
2000	20,399,258	18,524,250	90.81%	1,906,540	20,430,790	100.15%	1,321,818	6.48%
2001	24,635,713	22,139,571	89.87%	2,248,184	24,387,755	98.99%	1,369,318	5.56%
2002	23,465,888	21,746,629	92.67%	2,061,926	23,808,555	101.46%	1,155,940	4.93%

(1) Exclusive of penalties and interest. Outstanding delinquent taxes include only those taxes assessed prior to December 31 of the fiscal year.

(2) Does not include land redemptions.

(3) 2001 levy includes 2000 personal property and first half of 2001 levy.



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:		Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Payable from Enterprise Revenues (4)	Net Bonded Debt		
1993	30,131	\$ 1,434,802	\$ 51,854,605	\$ 27,138,972	\$ 24,715,633	0.0172	\$ 820
1994	30,131	1,480,132	50,326,874	27,396,028	22,930,846	0.0155	761
1995	30,131	1,513,064	48,442,768	27,272,822	21,169,946	0.0140	703
1996	30,131	1,555,497	49,256,702	26,899,656	22,357,046	0.0144	742
1997	30,131	1,589,577	52,163,151	26,404,005	25,759,146	0.0162	855
1998	30,131	1,708,681	49,899,412	25,867,492	24,031,920	0.0141	798
1999	30,131	1,837,995	48,476,292	25,274,770	23,201,522	0.0126	770
2000	30,131	1,933,272	45,949,604	24,639,147	21,310,457	0.0110	707
2001	34,780	2,146,273	52,258,093	32,801,167	19,456,926	0.0091	559
2002	34,780	2,389,830	53,815,925	31,751,485	22,064,440	0.0092	634

(1) Tayloe Murphy Institute at the University of Virginia for 1990 census and Weldon Cooper Center for Public Service for 2000 census information.

(2) From Table 3

(3) Includes all long-term general obligation bonded debt, Bond Anticipation Notes, and Literary Fund Loans. Excludes capital leases and compensated absences.

(4) Includes General Obligation Debt payable from enterprise revenues.

Principal Real Property Taxpayers  
Fiscal Year Ended June 2002

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2002 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Wal-Mart Real Estate Business Trust	Shopping Center	\$ 8,914,500	0.45%
York River Crossing Assoc., LLC	Shopping Center	8,169,600	0.41%
Waste Management Disposal Services	Landfill	5,749,500	0.29%
Evergreen Development	Developer	5,168,800	0.26%
Horn Harbor nursing Home Inc.	Nursing home	4,998,800	0.25%
Retail Trust III	Shopping Center	4,459,600	0.22%
Newport News General & Non-Sectarian Hospital	Hospital	4,381,217	0.22%
Thousand Trails, Inc.	Recreation	3,758,350	0.19%
York River Yacht Haven Associates	Yacht Club	3,083,300	0.15%
E. Claiborne Robins, Jr.	Individual	3,024,200	0.15%
Totals		<u>\$ 51,707,867</u>	<u>2.59%</u>

Revenue Bond Coverage  
Water and Sewer Bonds  
Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1993	\$ 2,132,529	\$ 881,635	\$ 1,250,894	\$ 236,021	\$ 1,253,571	\$ 1,489,592	0.84
1994	2,309,531	789,324	1,520,207	106,786	1,245,446	1,352,232	1.12
1995	2,503,085	820,847	1,682,238	511,493	1,241,239	1,752,732	0.96
1996	2,459,234	929,913	1,529,321	787,173	1,216,319	2,003,492	0.76
1997	2,399,127	888,395	1,510,732	932,542	1,163,908	2,096,450	0.72
1998	2,493,578	973,320	1,520,258	478,503	1,601,562	2,080,065	0.73
1999	2,671,064	962,537	1,708,527	569,645	1,575,807	2,145,452	0.80
2000	2,773,794	1,072,797	1,700,997	625,025	1,545,452	2,170,477	0.78
2001	3,256,550	1,099,590	2,156,960	731,964	1,833,956	2,565,920	0.84
2002	3,116,133	1,176,987	1,939,146	639,581	1,970,638	2,610,219	0.74

(1) Total revenues (including interest) exclusive of general fund transfer, utility fund only.

(2) Total operating expenses exclusive of depreciation.

Ratio of Annual Debt Service Expenditures for General Bonded  
Debt (1) to Total General Governmental Expenditures  
Last Ten Years

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures (3)</b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
1993	\$ 1,113,903	\$ 1,382,342	\$ 2,496,245	\$ 38,339,525	6.51%
1994	1,784,787	1,402,404	3,187,191	41,806,860	7.62%
1995	1,779,941	1,430,574	3,210,515	43,823,758	7.33%
1996	1,633,466	1,294,193	2,927,659	45,581,622	6.42%
1997	1,620,110	1,445,110	3,065,220	49,268,697	6.22%
1998	1,721,533	1,137,840	2,859,373	52,865,892	6.22%
1999	1,641,700	1,201,649	2,843,349	56,852,089	5.00%
2000	1,846,700	1,042,525	2,889,225	61,355,916	4.71%
2001	1,820,000	950,348	2,770,348	64,074,639	4.32%
2002	1,800,000	1,437,722	3,237,722	66,477,294	4.87%

(1) General obligation bonds reported in the enterprise funds and capital leases with government commitment have been excluded.

(2) Excludes bond issuance and other costs.

(3) Includes general and special revenue funds of the primary government and its component unit school board.

Demographic Statistics  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Income (1)</b>	<b>Unemployment Rate (2)</b>
1993	31,300	\$17,551	4.5%
1994	32,100	17,790	4.7%
1995	32,500	18,686	3.9%
1996	32,800	19,157	3.6%
1997	33,200	19,914	3.5%
1998	33,700	20,153	2.8%
1999	33,900	21,261	2.6%
2000	34,500	22,516	2.2%
2001	34,780	\$24,270	1.8%
2002	35,410	N/A	2.5%

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

(2) Virginia Employment Commission

Educational Data  
Last Ten Fiscal Years

Fiscal Year	School Facilities	Student Enrollment March ADM (1)	Annual Operating Costs (2)	Cost Per Student	Instructional Positions End of Year (3)	Student Teacher Ratio
1993	8	6037	\$ 25,002,719	\$ 4,142	405	14.9
1994	8	6231	26,010,215	4,174	424	14.7
1995	8	6358	27,890,623	4,387	441	14.4
1996	8	6528	29,534,926	4,524	446	14.6
1997	8	6541	31,681,627	4,844	450	14.5
1998	9	6555	33,544,095	5,117	469	14.0
1999	9	6613	35,903,284	5,429	478	13.8
2000	10	6526	39,004,891	5,977	491	13.3
2001	10	6411	40,748,366	6,356	458	14.0
2002	10	6350	41,787,759	6,581	457	13.9

**Source:**

- 1 County of Gloucester Public Schools
- 2 County of Gloucester's Financial Reports
- 3 Superintendent's Annual Report for Virginia

Residential and Commercial Construction and Bank Deposits  
Last Ten Years

Calendar Year	Residential		Commercial		Fiscal Year	Bank Deposits (2)
	Number	Value	Number	Value		
1992	353	\$ 22,882,269	7	\$ 706,419	1993	\$ 215,032,000
1993	329	21,234,816	9	2,396,490	1994	222,145,000
1994	366	23,877,960	22	6,319,800	1995	234,644,000
1995	348	20,921,661	16	1,908,395	1996	246,138,000
1996	348	23,234,151	13	16,100,065	1997	251,791,000
1997	352	28,254,161	20	3,496,700	1998	257,767,000
1998	347	23,442,187	9	3,041,134	1999	267,179,000
1999	307	24,583,927	23	4,446,850	2000	274,703,000
2000	272	22,790,508	20	4,512,540	2001	287,893,000
2001	304	27,715,663	23	23,645,750	2002	N/A

Source: (1) County of Gloucester Building Inspectors Office  
(2) State Corporation Commission, Bureau of Financial Institutions

## Miscellaneous Statistics

June 30, 2002

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	1651
Date Established	
Form of Government	County Administrator
Number of Employees	
Full Time	279
Permanent Part Time	25
Total	<hr/> 304
Area in square miles	225
Library:	
Number of Libraries	2
Number of Bookmobiles	1
Materials circulated	103,099
Library Patrons	15,118
Parks and Recreation:	
Number of Parks Maintained	8
Park Acreage	
Owned by County	185
Leased	40
Total	<hr/> 225
Water System:	
Number of Customers	3,932
Annual Consumption in Gallons	306,348,000
Daily Average Consumption in Gallons	839,309
Treatment Capacity per day in Gallons	2,000,000
Facilities and services not included in reporting entity:	
Volunteer Fire and Rescue	
Number of Volunteers:	
Fire and Rescue	210



High Volume Users of Water System  
Fiscal Year Ended June 2002

Customer Name	Monthly Average Water Usage	Daily	Percentage of Daily Use
Walter Reed Convalescence Center	446,000	\$ 14,867	1.24%
VIMS Byrd Hall	374,000	12,467	2.04%
Riverside Walter Reed Hospital	319,000	10,633	0.89%
York River Yacht Haven	313,000	10,433	0.87%
VIMS Franklin Hall	269,000	8,967	0.75%
Wal-Mart	256,000	8,533	0.71%
U-Do-It Laundry	213,000	7,100	0.59%
County Jail	210,000	7,000	0.58%
Sanders Nursing Home	191,000	6,367	0.53%
Gloucester County High School	191,000	6,367	0.53%
Totals		\$ 92,734	

Source: Gloucester County Utility Department as of January 1, 2002.

Principal Employers

Fiscal Year Ended June 2002

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Number of Employees</b>
Gloucester County	Government/Schools	1,150
Wal-mart	Retail	450
Virginia Institute of Marine Science	Marine Biology	429
Riverside Walter Reed Hospital	Medical Services	420
Industrial Resource Technologies, Inc.	Manufacturing/Recycling	180
Dominion Virginia Power	Utility-Power	100
Verizon	Utility-Telephone	100
BB & T	Banking	100
Gloucester Mathews Gazette Journal	Newspaper/Publishing	40
Rappahannock Concrete Corporation	Concrete and Masonry Supplies	30

Source: Gloucester County Department of Economic Development

# ROBINSON, FARMER, COX ASSOCIATES

*Certified Public Accountants*

*A Professional Limited Liability company*

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

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**To the Board of Supervisors  
County of Gloucester, Virginia**

We have audited the financial statements of the County of Gloucester, Virginia as of and for the year ended June 30, 2002, and have issued our report thereon dated October 16, 2002. We conducted our audit in accordance with the *Specifications for Audit of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the County of Gloucester's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered County of Gloucester's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of County of Gloucester, Virginia in a separate letter dated October 16, 2002.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the organization 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.

*Robinson, Farrow, Cox Associates*

Charlottesville, Virginia  
October 16, 2002

# ROBINSON, FARMER, COX ASSOCIATES

*Certified Public Accountants*

*A Professional Limited Liability company*

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

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**To the Board of Supervisors  
County of Gloucester, Virginia**

### ***Compliance***

We have audited the compliance of the County of Gloucester, 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, 2002. County of Gloucester's major federal programs are identified in the summary of auditors 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 County of Gloucester's management. Our responsibility is to express an opinion on County of Gloucester's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Gloucester'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 County of Gloucester's compliance with those requirements.

In our opinion, County of Gloucester, 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, 2002.

## **Internal Control Over Compliance**

The management of County of Gloucester, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Gloucester's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the organization 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.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

October 16, 2002

**COUNTY OF GLOUCESTER, VIRGINIA**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2002

<b>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</b>	<b>Federal Catalog Number</b>	<b>Expenditures</b>
<b>Primary Government</b>		
Department of Agriculture:		
Pass - through payments:		
Department of Agriculture and Consumer Services:		
Food distribution	10.550	\$ 1,429
Department of Social Services:		
State Administrative Matching Grants for Food Stamp Programs	10.561	239,603
Total Department of Agriculture		\$ 241,032
National Foundation on the Arts and Humanities:		
Pass - through payments:		
Virginia Commission for the Arts:		
Promotion of the Arts Partnership Agreement	45.025	\$ 875
Department of Housing and Urban Development:		
Pass - through payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	\$ 160,696
Department of Health and Human Services:		
Pass - through payments:		
Department of Social Services:		
Temporary Assistance to Needy Families	93.558	\$ 181,179
Family preservation assistance	93.556	10,488
Refugee and Entrant Assistance	93.566	606
Payments to States for Child Care Assistance	93.575	216,454
Low-income home energy assistance	93.568	7,410
Child Care and Development Fund	93.596	84,990
Adoption incentive payments program	93.603	430
Child Welfare Services	93.645	22,400
Foster care Title IV-E	93.658	88,706
Adoption Assistance	93.659	33,283
Social services block grant	93.667	246,911
Independent Living	93.674	1,182
Medical Assistance Program (Title XIX)	93.778	170,631
Total Department of Health and Human Services		\$ 1,064,670
Department of Transportation:		
Pass - through payments:		
Department of Motor Vehicles:		
Highway Planning and Construction (ISTEA)	20.205	\$ 344,413
State and community highway safety	20.600	7,849
Total Department of Transportation		\$ 352,262
Federal Emergency Management Agency:		
Pass - through payments:		
Department of Emergency Services:		
Emergency management preparedness grant	83.552	\$ 12,092

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2002 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
<b>Primary Government (cont.)</b>		
Institute of Museum and Library Services:		
Pass - through payments:		
Virginia State Library:		
State Library program	45.310	\$ 9,694
Department of Justice:		
Direct payments:		
Public Safety and Community Policing Grants	16.710	\$ 282,475
Pass - through payments:		
Department of Criminal Justice Services:		
Local Law Enforcement block Grant	16.592	20,196
Drug enforcement funds (payment of seized asset funds)	N/A	\$ 194
Total Department of Justice		\$ 302,865
Total Federal Expenditures, Primary Government		\$ 2,144,186
<b>Component Unit - School Board</b>		
Department of Agriculture:		
Pass - through payments:		
Department of Agriculture and Consumer Services:		
Food distribution	* 10.555	\$ 120,623
Department of Education:		
National school breakfast program	* 10.553	100,047
National school lunch program	* 10.555	404,854
Total Department of Agriculture		\$ 625,524
Department of Education:		
Direct payments:		
School assistance in federally affected areas	84.041	\$ 72,004
Pass - through payments:		
Department of Education:		
Adult education	84.002	39,945
Title I:		
Educationally deprived children	* 84.010	876,979
Title VI:		
Improving school programs state block grant	84.298	68,094
Class size reduction	84.34	159,762
Title VI-B:		
Special Education - Grants to states	84.027	718,590
Special Education - Preschool grants	84.173	60,557
Vocational education:		
Basic grants to states	84.048	111,401
Drug free schools and communities	84.186	31,851
Goals 2000:		
State Education Technology	84.318	57,677
Charter schools:		
Charter Schools payments	84.282	30,000
Special projects:		
State Grants for Strengthening the Skills of Teachers and Instruction in Mathematics, Foreign Languages and Computer Learning	84.164	59,776
National community services act	94.004	7,668
Total Department of Education		\$ 2,294,304



**COUNTY OF GLOUCESTER, VIRGINIA**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2002 (Continued)

<b>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</b>	<b>Federal Catalog Number</b>	<b>Expenditures</b>
<b>Component Unit - School Board (Continued)</b>		
U.S. Department of Labor:		
Pass - through payments:		
Governor's employment and training council:		
School to work transition program	17.249	\$ 113,341
Job training partnership act program	17.250	10,850
Total U.S. Department of Labor		\$ 124,191
Other Assistance:		
Department of the Navy		
Direct payments:		
ROTC	12.xxx	\$ 59,301
Total Federal Expenditures, Component Unit - School Board		\$ 3,103,320
Grand Total Federal Expenditures, Reporting Entity		\$ 5,247,506

**Notes to Schedule of Expenditures of Federal Awards**Note A - Basis of Accounting

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.

Note B - Food Distribution:

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2002, the Gloucester County Jail had food commodities totaling \$266 in inventory.

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2002

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Section I—Summary of Auditors' Results

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Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified?        Yes   X   No
- Reportable conditions identified that are not considered to be material weaknesses?        Yes   X   none reported

Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards

Internal control over major programs:

- Material weaknesses identified?        Yes   X   No
- Reportable conditions identified that are not considered to be material weaknesses?        Yes   X   No

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

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

Identification of major programs:

<u>CDFA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553	Nutrition Cluster - School Breakfast Program
10.555	Nutrition Cluster - National School Lunch Program
10.555	Nutrition Cluster - Food Distribution
84.027	Title VI-B - Special Education
20.205	Highway Planning and Construction (ISTEA)

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

Audittee qualified as low-risk audittee?   X   Yes        No

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Section II—Financial Statement Findings

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None

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Section III—Federal Award Findings and Questioned Costs

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None

