

COUNTY OF SUSSEX,
VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2000

COUNTY OF SUSSEX, VIRGINIA

BOARD OF SUPERVISORS

Rufus E. Tyler, Chairman

Charlie E. Caple, Jr.

J. A. Stringfield

W. M. Harrell

W. J. Collins, Jr.

Alice W. Jones

DEPARTMENT OF SOCIAL SERVICES

Clifton Owens, Chairman

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Johnnie Wiggins

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COUNTY SCHOOL BOARD

Waverly L. Burrow, Chairman

Clyde E. Gay

James A. Thorpe, Jr.

Rose M. Rivers

Rosa D. Overby

Ward T. Griffin

OTHER OFFICIALS

Judge of the Circuit Court	Robert G. O'Hara, Jr.
Clerk of the Circuit Court	Gary M. Williams
Commonwealth's Attorney	J. David Chappell
Commissioner of the Revenue	Ellen G. Boone
Treasurer	Onnie L. Woodruff
Sheriff	E. S. Kitchen, Jr.
Superintendent of Schools	John W. Hicks
Director of Social Services,	Chequila H. Fields
County Administrator	Mary E. Jones
Judge of the General District Court	Gammiel G. Poindexter
Judge of the Juvenile and Domestic Relations Court	Charles A. Perkinson, Jr.

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF SUPERVISORS COUNTY OF SUSSEX, VIRGINIA

We have audited the accompanying general-purpose and combining financial statements of the County of Sussex, Virginia, as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County of Sussex, Virginia's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit 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 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.

As described more fully in Note 1, the general purpose financial statements referred to above do not include a general fixed assets account group which should be included to conform with generally accepted accounting principles.

In our opinion, except that the omission of the general fixed asset account group described above results in an incomplete presentation, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of Sussex, Virginia, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual funds 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 Sussex, Virginia, as of June 30, 2000, and the results of operations of such funds and the cash flow of its individual nonexpendable trust fund types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2000 on our consideration of the County of Sussex, Virginia'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 financial statements of the County of Sussex, Virginia, taken as a whole and on the combining and individual account group financial statements. The accompanying financial information listed as supporting schedules in the table of contents and the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is 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, combining and individual account group 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, Fanner, Cox Associate

Richmond, Virginia
November 1, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

COUNTY OF SUSSEX, VIRGINIA

Combined Balance Sheet - All Funds, Account Groups, and Discretely Presented Component Unit

At June 30, 2000

	Governmental Funds		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
Assets:			
Cash and cash equivalents (Note 2)	\$ 2,592,140	\$ 280,712	\$ 7,123,251
Receivables (Net of allowances for uncollectibles):			
Taxes, including penalties (Note 1)	518,262	0	0
Accounts	84,231	10,949	2,302
Due from component unit (Note 5)	114,930	0	0
Due from other governmental units (Note 4)	360,885	0	0
Other debits:			
Amount to be provided for the retirement of general long-term obligations	0	0	0
Total assets and other debits	\$ 3,670,448	\$ 291,661	\$ 7,125,553
LIABILITIES			
Accounts payable	\$ 63,354	\$ 3,114	\$ 143,814
Accrued liabilities	0	0	0
Due to primary government (Note 5)	0	0	0
Amounts held for social service clients	0	0	0
Deferred revenue (Note 9)	460,990	0	0
Lease revenue bond payable (Note 8)	0	0	0
General obligation bonds payable (Note 8)	0	0	0
Landfill post closure care (Note 12)	0	0	0
Claims, judgments and compensated absences (Note 7)	0	0	0
Liability for net pension obligation (Notes 6,8)	0	0	0
Amortization of retirement incentive (Note 8)	0	0	0
Total liabilities	\$ 524,344	\$ 3,114	\$ 143,814
EQUITY			
Fund balances:			
Reserved for:			
Scholarships	\$ 0	\$ 0	\$ 0
Capital projects	0	0	6,981,739
Indoor plumbing program	15,215	0	0
Drug forfeiture	4,180	0	0
Unreserved:			
Undesignated	3,126,709	288,547	0
Total retained earnings/fund balances	\$ 3,146,104	\$ 288,547	\$ 6,981,739
Total equity	\$ 3,146,104	\$ 288,547	\$ 6,981,739
Total liabilities and equity	\$ 3,670,448	\$ 291,661	\$ 7,125,553

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Exhibit 1

Fiduciary Funds	Account Group	Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)
Trust and Agency	General Long-term Obligations	Primary Government	School Board	Reporting Entity
\$ 2,704	\$ 0	\$ 9,998,807	\$ 4,870,175	\$ 14,868,982
0	0	518,262	0	518,262
0	0	97,482	0	97,482
0	0	114,930	0	114,930
0	0	360,885	567,976	928,861
<u>0</u>	<u>4,302,172</u>	<u>4,302,172</u>	<u>8,918,063</u>	<u>13,220,235</u>
<u>\$ 2,704</u>	<u>\$ 4,302,172</u>	<u>\$ 15,392,538</u>	<u>\$ 14,356,214</u>	<u>\$ 29,748,752</u>
\$ 0	\$ 0	\$ 210,282	\$ 434,251	\$ 644,533
0	0	0	564,703	564,703
0	0	0	114,930	114,930
2,704	0	2,704	0	2,704
0	0	460,990	0	460,990
0	2,855,000	2,855,000	0	2,855,000
0	0	0	7,430,000	7,430,000
0	1,270,150	1,270,150	0	1,270,150
0	153,412	153,412	164,329	317,741
0	23,610	23,610	0	23,610
0	0	0	1,323,734	1,323,734
<u>\$ 2,704</u>	<u>\$ 4,302,172</u>	<u>\$ 4,976,148</u>	<u>\$ 10,031,947</u>	<u>\$ 15,008,095</u>
\$ 0	\$ 0	\$ 0	\$ 42,535	\$ 42,535
0	0	6,981,739	0	6,981,739
0	0	15,215	0	15,215
0	0	4,180	0	4,180
<u>0</u>	<u>0</u>	<u>3,415,256</u>	<u>4,281,732</u>	<u>7,696,988</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,416,390</u>	<u>\$ 4,324,267</u>	<u>\$ 14,740,657</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,416,390</u>	<u>\$ 4,324,267</u>	<u>\$ 14,740,657</u>
<u>\$ 2,704</u>	<u>\$ 4,302,172</u>	<u>\$ 15,392,538</u>	<u>\$ 14,356,214</u>	<u>\$ 29,748,752</u>

COUNTY OF SUSSEX, VIRGINIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds and Discretely presented Component Unit

Year Ended June 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Revenues:			
General property taxes	\$ 5,337,214	\$ 0	\$ 0
Other local taxes	765,833	128,032	0
Permits, privilege fees and regulatory licenses	46,704	0	0
Fines and forfeitures	172,973	0	0
Revenue from use of money and property	288,408	12,504	244,255
Charges for services	1,534,353	1,254	28,230
Miscellaneous	97,049	792	0
Recovered costs	143,640	0	0
Intergovernmental:			
Commonwealth	3,038,089	0	0
Federal	1,033,032	0	0
Total revenues	\$ 12,457,295	\$ 142,582	\$ 272,485
Expenditures:			
Current:			
General government administration	\$ 957,030	\$ 0	\$ 0
Judicial administration	370,020	1,744	0
Public safety	2,434,537	91,236	0
Public works	589,031	0	0
Health and welfare	1,783,652	0	0
Education	163,553	0	0
Parks, recreation, and cultural	88,911	0	0
Community development	763,384	0	0
Capital projects	0	0	284,639
Debt service:			
Principal retirement	0	0	395,000
Interest and other fiscal charges	0	0	169,403
Total expenditures	\$ 7,150,118	\$ 92,980	\$ 849,042
Excess (deficiency) of revenues over expenditures	\$ 5,307,177	\$ 49,602	\$ (576,557)
Other financing sources (uses):			
Operating transfers in	\$ 2,293,264	\$ 0	\$ 2,523,837
Operating transfers out	(2,523,837)	0	0
Operating transfers from/to primary government	(5,387,224)	0	(32,500)
Total other financing sources (uses)	\$ (5,617,797)	\$ 0	\$ 2,491,337
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ (310,620)	\$ 49,602	\$ 1,914,780
Fund balances at beginning of year	\$ 3,456,724	\$ 238,945	\$ 5,066,959
Fund balances at end of year	\$ 3,146,104	\$ 288,547	\$ 6,981,739

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Exhibit 2

Totals "Memorandum Only"	Component Unit	Totals "Memorandum Only"
Primary Government	School Board	Reporting Entity
\$ 5,337,214	\$ 0	\$ 5,337,214
893,865	0	893,865
46,704	0	46,704
172,973	0	172,973
545,167	353,304	898,471
1,563,837	256,278	1,820,115
97,841	85,496	183,337
143,640	316,560	460,200
3,038,089	6,547,602	9,585,691
<u>1,033,032</u>	<u>880,602</u>	<u>1,913,634</u>
\$ <u>12,872,362</u>	\$ <u>8,439,842</u>	\$ <u>21,312,204</u>
\$ 957,030	\$ 0	\$ 957,030
371,764	0	371,764
2,525,773	0	2,525,773
589,031	0	589,031
1,783,652	0	1,783,652
163,553	13,098,116	13,261,669
88,911	0	88,911
763,384	0	763,384
284,639	3,458,887	3,743,526
395,000	18,358	413,358
<u>169,403</u>	<u>107,368</u>	<u>276,771</u>
\$ <u>8,092,140</u>	\$ <u>16,682,729</u>	\$ <u>24,774,869</u>
\$ <u>4,780,222</u>	\$ <u>(8,242,887)</u>	\$ <u>(3,462,665)</u>
\$ 4,817,101	\$ 228,234	\$ 5,045,335
(2,523,837)	(228,234)	(2,752,071)
<u>(5,419,724)</u>	<u>5,419,724</u>	<u>0</u>
\$ <u>(3,126,460)</u>	\$ <u>5,419,724</u>	\$ <u>2,293,264</u>
\$ 1,653,762	\$ (2,823,163)	\$ (1,169,401)
\$ <u>8,762,628</u>	\$ <u>7,104,895</u>	\$ <u>15,867,523</u>
\$ <u><u>10,416,390</u></u>	\$ <u><u>4,281,732</u></u>	\$ <u><u>14,698,122</u></u>

COUNTY OF SUSSEX, 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, 2000

	General Fund		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
General property taxes	\$ 5,882,100	\$ 5,337,214	\$ (544,886)
Other local taxes	778,700	765,833	(12,867)
Permits, privilege fees and regulatory licenses	41,475	46,704	5,229
Fines and forfeitures	211,000	172,973	(38,027)
Revenue from use of money and property	227,300	288,408	61,108
Charges for services	4,249,957	1,534,353	(2,715,604)
Miscellaneous	116,025	97,049	(18,976)
Recovered costs	108,328	143,640	35,312
Intergovernmental:			
Commonwealth	3,251,372	3,038,089	(213,283)
Federal	75,000	1,033,032	958,032
Total revenues	\$ 14,941,257	\$ 12,457,295	\$ (2,483,962)
Expenditures:			
Current:			
General government administration	\$ 925,580	\$ 957,030	\$ (31,450)
Judicial administration	322,687	370,020	(47,333)
Public safety	2,417,134	2,434,537	(17,403)
Public works	439,714	589,031	(149,317)
Health and welfare	1,926,336	1,783,652	142,684
Education	176,606	163,553	13,053
Parks, recreation, and cultural	88,911	88,911	0
Community development	459,771	763,384	(303,613)
Capital projects	0	0	0
Debt service:			
Principal retirement	0	0	0
Interest and other fiscal charges	0	0	0
Total expenditures	\$ 6,756,739	\$ 7,150,118	\$ (393,379)
Excess (deficiency) of revenues over expenditures	\$ 8,184,518	\$ 5,307,177	\$ (2,877,341)
Other financing sources (uses):			
Proceeds of general obligation bonds	\$ 0	\$ 0	\$ 0
Operating transfers in	0	2,293,264	2,293,264
Operating transfers out	(2,993,837)	(2,523,837)	470,000
Operating transfers from/to primary government	(5,190,681)	(5,387,224)	(196,543)
Total other financing sources (uses)	\$ (8,184,518)	\$ (5,617,797)	\$ 2,566,721
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 0	\$ (310,620)	\$ (310,620)
Fund balances at beginning of year	\$ 3,189,000	\$ 3,456,724	\$ 267,724
Fund balances at end of year	\$ 3,189,000	\$ 3,146,104	\$ (42,896)

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Special Revenue Funds			Capital Projects Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
122,000	128,032	6,032	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3,200	12,504	9,304	100,000	244,255	144,255
1,300	1,254	(46)	18,000	28,230	10,230
600	792	192	0	0	0
0	0	0	0	0	0
0	0	0	700,000	0	(700,000)
0	0	0	0	0	0
<u>\$ 127,100</u>	<u>\$ 142,582</u>	<u>\$ 15,482</u>	<u>\$ 818,000</u>	<u>\$ 272,485</u>	<u>\$ (545,515)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2,500	1,744	756	0	0	0
76,229	91,236	(15,007)	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	1,270,000	284,639	985,361
0	0	0	1,629,852	395,000	1,234,852
0	0	0	169,403	169,403	0
<u>\$ 78,729</u>	<u>\$ 92,980</u>	<u>\$ (14,251)</u>	<u>\$ 3,069,255</u>	<u>\$ 849,042</u>	<u>\$ 2,220,213</u>
<u>\$ 48,371</u>	<u>\$ 49,602</u>	<u>\$ 1,231</u>	<u>\$ (2,251,255)</u>	<u>\$ (576,557)</u>	<u>\$ 1,674,698</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	3,133,837	2,523,837	(610,000)
(140,000)	0	140,000	0	0	0
0	0	0	(32,500)	(32,500)	0
<u>\$ (140,000)</u>	<u>\$ 0</u>	<u>\$ 140,000</u>	<u>\$ 3,101,337</u>	<u>\$ 2,491,337</u>	<u>\$ (610,000)</u>
\$ (91,629)	\$ 49,602	\$ 141,231	\$ 850,082	\$ 1,914,780	\$ 1,064,698
<u>\$ 218,000</u>	<u>\$ 238,945</u>	<u>\$ 20,945</u>	<u>\$ 3,600,000</u>	<u>\$ 5,066,959</u>	<u>\$ 1,466,959</u>
<u>\$ 126,371</u>	<u>\$ 288,547</u>	<u>\$ 162,176</u>	<u>\$ 4,450,082</u>	<u>\$ 6,981,739</u>	<u>\$ 2,531,657</u>

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, 2000

	Component Unit School Board		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
General property taxes	\$ 0	\$ 0	\$ 0
Other local taxes	0	0	0
Permits, privilege fees and regulatory licenses	0	0	0
Fines and forfeitures	0	0	0
Revenue from use of money and property	0	353,304	353,304
Charges for services	185,171	256,278	71,107
Miscellaneous	35,000	85,496	50,496
Recovered costs	0	316,560	316,560
Intergovernmental:			
Commonwealth	6,837,434	6,547,602	(289,832)
Federal	1,064,600	880,602	(183,998)
Total revenues	\$ 8,122,205	\$ 8,439,842	\$ 317,637
Expenditures:			
Current:			
General government administration	\$ 0	\$ 0	\$ 0
Judicial administration	0	0	0
Public safety	0	0	0
Public works	0	0	0
Health and welfare	0	0	0
Education	12,714,080	13,098,116	(384,036)
Parks, recreation, and cultural	0	0	0
Community development	0	0	0
Capital projects	15,427,580	3,458,887	11,968,693
Debt service:			
Principal retirement	24,358	18,358	6,000
Interest and other fiscal charges	107,368	107,368	0
Total expenditures	\$ 28,273,386	\$ 16,682,729	\$ 11,590,657
Excess (deficiency) of revenues over expenditures	\$ (20,151,181)	\$ (8,242,887)	\$ 11,908,294
Other financing sources (uses):			
Proceeds of general obligation bonds	\$ 14,928,000	\$ 0	\$ (14,928,000)
Operating transfers in	567,080	228,234	(338,846)
Operating transfers out	(567,080)	(228,234)	338,846
Operating transfers from/to primary government	5,223,181	5,419,724	196,543
Total other financing sources (uses)	\$ 20,151,181	\$ 5,419,724	\$ (14,731,457)
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 0	\$ (2,823,163)	\$ (2,823,163)
Fund balances at beginning of year	\$ 110,000	\$ 7,104,895	\$ 6,994,895
Fund balances at end of year	\$ 110,000	\$ 4,281,732	\$ 4,171,732

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Combined Statement of Revenues, Expenses and Changes in Fund Balances

Discretely Presented Component Unit - Nonexpendable Trust Funds

Year Ended June 30, 2000

		Nonexpendable Trust Funds <hr/> Component Unit
Operating revenues:		
Revenue from use of money and property	\$	1,979
Miscellaneous		<hr/> 6,765
Total revenues	\$	<hr/> 8,744
Operating expenses:		
Current:		
Scholarships	\$	<hr/> 1,200
Net operating income	\$	<hr/> 7,544
Fund balances at beginning of year	\$	<hr/> 34,991
Fund balances at end of year	\$	<hr/> <hr/> 42,535

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Combined Statement of Cash Flows

Discretely Presented Component Unit - Nonexpendable Trust Funds

Year Ended June 30, 2000

	<u>Nonexpendable Trust Funds Component Unit</u>
<u>Cash Flows From Operating Activities:</u>	
Net operating income (loss)	\$ <u>7,544</u>
Cash and cash equivalents at beginning of year	<u>34,991</u>
Cash and cash equivalents at end of year	\$ <u><u>42,535</u></u>

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements

As of June 30, 2000

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. The Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements present the County (primary government) and its component units. The component units discussed in Note B are included in the County reporting entity because of the significance of their operational or financial relationships with the County.

B. Individual Component Unit Disclosures

Blended Component Units - The County has no blended component units.

Discretely Presented Component Units - The component unit column in the combined financial statement include the financial data of the County's component unit. They are reported in a separate column to emphasize that they are legally separate from the County.

The Sussex County School Board operates the elementary and secondary public schools in the County. School Board members are appointed directly by the Board of Supervisors. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board 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, 2000.

C. Financial Statement Presentation

The accounts of the County and its component units are organized on the basis of funds and account groups, each which is considered to be a separate accounting entity. Each fund is a separate set of self-balancing accounts that consists of assets, liabilities, fund equity, revenues, and expenditures or expenses. Account groups are a reporting device used 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 SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 Fund 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 is the general operating fund of the County. This fund accounts for all revenues and expenditures of the County which are not accounted for in the other funds.

Special Revenue Funds

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

Capital Project Funds

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

2. Fiduciary Funds (Trust and Agency Funds) account for assets held by the County and its component units in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Nonexpendable Trust and Agency Funds.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Financial Statement Presentation (Continued)

3. 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 for the County and its component units. Generally accepted accounting principles require the County and its component units to maintain a record of its fixed assets; however, a General Fixed Asset Account Group is not included in the financial statements.

4. 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.

D. 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. Property taxes not collected within 60 days after year end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

1. Governmental Funds (Continued)

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies.

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 interest due on July 1, which is accrued.

2. Fiduciary Funds

Nonexpendable Trust Funds utilize the accrual basis of accounting. Agency Funds utilize the modified accrual basis of accounting.

E. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (Continued)

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 School Board is 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 for the General Fund, Special Revenue Funds (except School Funds), and the General Capital Projects Funds. The School Fund, School Cafeteria and School Textbook Funds are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all county units.
8. All budget data presented in the accompanying financial statements is the original budget approved by the Board of Supervisors.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations, is not utilized in Sussex County.

G. Cash and Cash Equivalents

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, and includes all certificates of deposit in accordance with the Code of Virginia.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Investments

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

I. Inventory

The County does not record inventory in any Governmental Fund. Management does not believe this practice has a material effect on the financial statements.

J. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th. The County bills and collects its own property taxes.

K. Estimates

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

NOTE 2--DEPOSITS AND INVESTMENTS

Deposits: All cash of the County of Sussex is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.1-359et. seq. of the Code of Virginia or covered by federal depository insurance.

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 2.1-359et. seq. of the Code of Virginia or covered by federal depository insurance.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 2—DEPOSITS AND INVESTMENTS (Continued)

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 at year end assumed by the entity. 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 broker's or dealer'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 broker or dealer, or by its trust department or safekeeping agent but not in the government's name.

At year end, the County's investment balances were as follows:

	Category			Fair Value
	1	2	3	
Mentor Money Market fund	\$3,224,589	\$ -	\$ -	\$3,224,589
U.S. Treasury Notes	471,553	-	-	471,553
Investments not subject to categorization:				
SNAP	-	-	-	17,277
Local Government Investment Pool	-	-	-	<u>2,874,899</u>
	<u>\$3,696,142</u>	<u>\$ -</u>	<u>\$ -</u>	6,588,318
Total deposits for primary government Treasurer's deferred account				3,410,126 (712)
Cash on Hand				<u>1,075</u>
Total Deposits and Investments for primary government				<u>\$9,998,807</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 2--DEPOSITS AND INVESTMENTS (Continued)

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

	<u>Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments not subject to categorization:				
SNAP				\$ 4,503,105
Total Deposits for component unit				<u>367,070</u>
Total Deposits and Investments for the component unit				<u>\$ 4,870,175</u>

NOTE 3--AMOUNT OF 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 \$39,791 at June 30, 2000 and is composed solely of property taxes.

NOTE 4--DUE FROM OTHER GOVERNMENTAL UNITS

	<u>Primary Government</u>	<u>Component Units</u>
Commonwealth of Virginia:		
Mobile home titling tax	\$ 30,308	\$ -
Rolling Stock	78,380	-
School funds	-	210,077
Local sales taxes	66,076	-
VPA funds	27,721	-
Comprehensive services act	39,411	-
Shared expenses	6,148	-
Registrar	6,835	-
Federal government:		
Internal Revenue Service	-	225,861
Indoor plumbing	39,750	-
School funds	-	132,038
VPA funds	<u>66,256</u>	<u>-</u>
Totals	<u>\$360,885</u>	<u>\$567,976</u>

COUNTY OF SUSSEX, VIRGINIA
NOTE 5--DUE TO/FROM OTHER FUNDS AND PRIMARY
GOVERNMENT/COMPONENT UNITS

Due to/From Primary Governments/Component Units:

<u>Fund</u>	<u>Due To</u> <u>Primary Government</u>	<u>Due From</u> <u>Component Unit</u>
Primary Government:		
General	\$ -	\$114,930
Component Unit:		
School Board	<u>114,930</u>	<u>-</u>
Totals:	<u>\$114,930</u>	<u>\$114,930</u>

NOTE 6--DEFINED PENSION BENEFIT OBLIGATION

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 law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years for participating law enforcement officers and firefighters). Employees who retire with reduced benefit at age 55 (age 50 for participating law enforcement officers and firefighters) with at least 5 years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7% if 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 increases 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 law enforcement officers and firefighters 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 the System at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 6--DEFINED PENSION BENEFIT OBLIGATION (Continued)

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 5% member contribution may be assumed by employer. 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, 2000 was 4.55 % of the 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 5% member contribution may be assumed by employer. 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, 2000 was 5.87% of the annual covered payroll.

C. Annual Pension Cost

Primary Government:

The County's annual pension cost and net pension obligation to the VRS for the current year were calculated as follows:

Annual required contribution	\$ 136,117
Interest on net pension obligation	1,446
Adjustment to annual required contribution	<u>(1,637)</u>
Annual pension cost	\$ 135,926
Contribution made	<u>(130,386)</u>
Increase in net pension obligation	\$ 5,540
Net pension obligation, beginning of year	<u>18,070</u>
Net pension obligation, end of year	<u>\$ 23,610</u>

Discretely presented Component Unit-School Board:

The School Board did not have a net pension obligation to the VRS at June 30, 2000.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 6--DEFINED PENSION BENEFIT OBLIGATION (Continued)

C. Annual Pension Cost (Continued)

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
	County <u>Retirement Plan</u>	School Board Non-Professional <u>Retirement Plan</u>
Contribution rates:		
Employer	4.55%	5.87%
Plan members ¹	5.00%	5.00%
Annual pension cost	\$ 135,926	\$45,141
Contributions made	\$ 130,386	\$45,141
Actuarial valuation date	06/30/99	06/30/99
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed
Remaining amortization period	10 years	27 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return*	8.0%	8.0%
Projected salary increases*	4.0% to 6.15%	4.0% to 6.15%
*Includes inflation at	4.0%	4.0%
Cost-of-Living adjustments	3.50%	3.50%

¹This member contribution has been assumed by the employer.

Primary Government:

For 2000, The County's annual pension cost of \$135,926 was not equal to the County's actual and required contributions of \$130,386 due to the County's selection of the Phase In Advance COLA Funding Basis. The required contribution was determined as part of the June 30, 1996 actuarial valuation using the entry age normal actuarial cost method.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2000

NOTE 6--DEFINED PENSION BENEFIT OBLIGATION (Continued)

C. Annual Pension Cost (Continued)

Discretely Presented Component - School Board:

For 2000, the School Board's annual pension cost of \$45,141 was equal to the School Board's actual and required contributions of \$45,141. The required contribution was determined as part of the June 30, 1996 actuarial valuation using the entry age normal actuarial cost method.

Three-Year Trend Information

	Fiscal Year <u>Ending</u>	Annual Pension Cost (APC) ¹ <u>Cost (APC)¹</u>	Percentage of APC <u>Contributed</u>	Net Pension Obligation <u>Obligation</u>
Primary Government:				
County	06/30/98	\$139,868	87.4%	\$17,659
	06/30/99	122,754	99.6%	18,070
	06/30/00	135,926	95.9%	23,610
Discretely Presented Component Unit				
School Board Non- Professional	06/30/98	\$ 74,453	100%	\$ 0
	06/30/99	42,892	100%	0
	06/30/00	45,141	100%	0

¹Employer portion only

**Required Supplementary Information
Schedule of Funding Progress**

PRIMARY GOVERNMENT:

County Retirement Plan

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets (AVA) <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (a-b) <u>(UAAL) (a-b)</u>	Funded Ratio (a/b) <u>(a/b)</u>	Annual Covered Payroll <u>(c)</u>	UAAL as % of Covered Payroll <u>((a-b)/c)</u>
06/30/94	\$3,457,934	\$3,021,183	(436,751)	114.4%	\$2,186,103	(20.0%)
06/30/96	4,502,895	4,357,863	(145,032)	103.3%	2,303,999	(6.3%)
06/30/98	6,398,723	5,740,685	(658,038)	111.5%	2,836,398	(23.2%)
06/30/00	7,506,851	6,544,544	(962,307)	114.7%	2,523,234	(38.1%)

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 6--DEFINED PENSION BENEFIT OBLIGATION (Continued)

C. Annual Pension Cost (Continued)

DISCRETELY PRESENTED COMPONENT UNIT:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll ((a-b)/c)
06/30/94	Not available					
06/30/96	\$207,220	\$293,224	\$86,004	70.7%	\$631,484	13.6%
06/30/98	462,676	505,638	42,962	91.5%	674,561	6.4%
06/30/99	601,907	664,137	62,230	90.6%	724,781	8.6%

D. Discretely Component Unit School Board

PROFESSIONAL EMPLOYEES:

Plan Description

The Sussex 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.

Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and Sussex County School Board is required to contribute at an actuarially determined rate. The current rate is 9.04% of annual covered payroll. The contribution requirements of plan members and Sussex 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, 2000, 1999, and 1998 were \$586,581, \$512,774, and \$409,048, respectively, equal to the required contributions for each year.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 7--CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES

The County has outstanding accrued vacation pay totaling \$153,412 in the General Long-Term Obligation Account Group. The County does not pay for accumulated sick leave upon termination of employment. The Component Unit School Board has outstanding accrued sick leave totaling \$164,329 in its General Long-Term Obligation Account Group.

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-term Obligation Account Group. No expenditure is reported for these amounts. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

NOTE 8--LONG-TERM DEBT

Primary Government

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

General Long Term Obligations

<u>Year Ending</u> <u>June 30</u>	<u>Capital Lease Obligations</u>	
	<u>Principal</u>	<u>Interest</u>
2001	\$ 415,000	\$ 148,736
2002	435,000	126,203
2003	460,000	101,693
2004	485,000	75,348
2005	515,000	46,961
After 2005	<u>545,000</u>	<u>16,077</u>
Total	<u>\$2,855,000</u>	<u>\$ 515,018</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2000

NOTE 8--LONG-TERM DEBT (Continued)

Changes In Long-Term Obligations

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2000:

	<u>Amounts Payable at July 1, 1999</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2000</u>
General Long-Term Obligation Account Group:				
Capital Lease Obligations	\$ 3,250,000	\$ -	\$ 395,000	\$2,855,000
Landfill Post Closure Care	1,066,383	203,767	-	1,270,150
Net Pension Obligation Payable	18,070	5,540	-	23,610
Claims, Judgments, and Compensated Absences Payable	<u>152,918</u>	<u>494</u>	<u>-</u>	<u>153,412</u>
	<u>\$ 4,487,371</u>	<u>\$209,801</u>	<u>\$ 395,000</u>	<u>\$4,302,172</u>

Details of Long-Term Indebtedness

General Long-Term Obligation Account Groups:

Lease Revenue bond payable \$4,330,000 lease revenue bond issued June 29, 1994 secured by a leasehold interest in the construction of a courthouse facility and jail renovation, due in annual installments through August 1, 2005, interest payable annually at varying rates from 4.3% to 5.90%	\$2,855,000
Landfill Post Closure Care	1,270,150
Net Pension Obligation	23,610
Compensated Absences	<u>153,412</u>
Total general long-term obligation debt	<u>\$4,302,172</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

Component Unit-School Board

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

<u>Year Ending</u> <u>June 30</u>	<u>General Long Term Obligations</u>			
	<u>General Obligation Bond</u>		<u>Early Retirement Incentive</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2001	\$ 375,000	\$ 340,456	\$ 19,827	\$ 105,899
2002	375,000	323,675	21,413	104,313
2003	375,000	305,488	23,126	102,600
2004	375,000	287,300	24,976	100,750
2005	375,000	270,050	26,974	98,752
After 2005	<u>5,555,000</u>	<u>2,045,277</u>	<u>1,207,418</u>	<u>1,181,376</u>
Total	<u>\$7,430,000</u>	<u>\$3,572,246</u>	<u>\$1,323,734</u>	<u>\$1,693,690</u>

Changes In Long-Term Obligations

The following is a summary of long-term obligations transactions of the School Board for the year ended June 30, 2000:

	<u>Amounts</u> <u>Payable at</u> <u>July 1, 1999</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts</u> <u>Payable at</u> <u>June 30, 2000</u>
General Long-Term Obligation Account Group:				
General Obligation Bond	\$7,430,000	-	\$ -	\$7,430,000
Early Retirement Incentive Claims, Judgments, and Compensated Absences Payable	1,342,092	-	18,358	1,323,734
	<u>170,164</u>	<u>-</u>	<u>5,835</u>	<u>164,329</u>
	<u>\$8,942,256</u>	<u>\$ -</u>	<u>\$24,193</u>	<u>\$8,918,063</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

Details of Long-Term Indebtedness:

General Obligation Bond:

\$7,430,000 VPSA bond issued April 26, 1999, due in annual installments, interest payable semi-annually at coupon rates of 4.100% to 5.225% through July 15, 2019	\$7,430,000
Early Retirement Incentive	1,323,734
Compensated absence liability	<u>164,329</u>
Total general long-term obligation debt	<u>\$8,918,063</u>

NOTE 9--DEFERRED REVENUE

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$460,990 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$458,540 at June 30, 2000.

B. Prepaid Property Taxes

Property taxes due subsequent to June 30, 2000 but paid in advance by the taxpayers totaled \$2,450 at June 30, 2000.

NOTE 10--CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

At June 30, 2000, there were not matters of litigation involving the County which would materially affect the County's financial position should any court decision or pending matter not be favorable to the County.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2000

NOTE 10--CONTINGENT LIABILITIES (Continued)

At June 30, 2000, the reporting entity had the following construction contracts outstanding:

	<u>Project</u>	<u>Contractor</u>	<u>Contract Amount</u>	<u>Balance June 30, 2000</u>
Component Unit School Board	High School Renovation	Hathaway Duke Construction	\$13,019,348	\$10,324,438

This contract will be funded through additional bonded debt in the future.

NOTE 11--SURETY BOND INFORMATION (Continued)

	<u>Amount</u>
Commonwealth of Virginia, Department of General Services Division of Risk Management - Faithful Performance of Duty Bond:	
Gary M. Williams, Clerk of the Circuit Court	\$ 25,000
Onnie L. Woodruff, Treasurer	400,000
Ellen G. Boone, Commissioner of the Revenue	3,000
E. S. Kitchen, Jr., Sheriff	30,000

Continental Insurance Company - Surety

Position Bonds:

John W. Hicks, Superintendent of Schools and Clerk of School Board	\$ 10,000
All County, Social Service and School Board Employees	\$100,000

NOTE 12--LANDFILL CLOSURE AND POSTCLOSURE CARE COST

The County closed its two landfills and is liable for post-closure monitoring for a period of thirty years. The \$1,270,150 reported as landfill closure and post-closure liability at June 30, 2000, represents the estimated liability for post-closure monitoring, over a period of thirty years. These amounts are based on what it would cost to perform all closure and post-closure care in 2000. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2000

NOTE 13--RISK MANAGEMENT

The County and the Component Unit School Board are 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 and Component Unit carry commercial insurance for all risks of loss.

NOTE 14--JOINTLY GOVERNED ORGANIZATIONS

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the cities of Colonial Heights, Emporia, Hopewell, Petersburg and the Counties of Dinwiddie, Greensville, Surry and Sussex. 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 or has oversight responsibility over its operations. Sussex County contributed \$43,987 to the District 19 Community Services Board for the fiscal year ended June 30, 2000.

Management has been advised of this potential problem not only with its own systems, but also the potential effect of malfunctions in the systems of its customers, suppliers, vendors, etc. Management has begun a program of due diligence in addressing the potential impact of the year 2000 software problems on their operations. The County of Sussex currently utilizes a general ledger system that has already been tested and deemed to be year 2000 compliant.

COMBINING FINANCIAL STATEMENTS

COUNTY OF SUSSEX, VIRGINIA

Exhibit A-1

SPECIAL REVENUE FUNDS

Combining Balance Sheet

At June 30, 2000

	<u>Law Library Fund</u>	<u>E 911 Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
<u>Assets:</u>			
Cash and cash equivalents	\$ 23,090	\$ 257,622	\$ 280,712
Receivables (Net of allowances for uncollectibles): Accounts	<u>104</u>	<u>10,845</u>	<u>10,949</u>
Total assets	<u>\$ 23,194</u>	<u>\$ 268,467</u>	<u>\$ 291,661</u>
<u>LIABILITIES</u>			
Accounts payable	<u>\$ 0</u>	<u>\$ 3,114</u>	<u>\$ 3,114</u>
Total liabilities	<u>\$ 0</u>	<u>\$ 3,114</u>	<u>\$ 3,114</u>
<u>EQUITY</u>			
<u>Fund balances:</u>			
Unreserved: Undesignated	<u>\$ 23,194</u>	<u>\$ 265,353</u>	<u>288,547</u>
Total fund balances	<u>\$ 23,194</u>	<u>\$ 265,353</u>	<u>\$ 288,547</u>
Total equity	<u>\$ 23,194</u>	<u>\$ 265,353</u>	<u>\$ 288,547</u>
Total liabilities and equity	<u>\$ 23,194</u>	<u>\$ 268,467</u>	<u>\$ 291,661</u>

The independent auditors' report and 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, 2000

	Law Library Fund	E911 Fund	Totals
Revenues:			
Other local taxes	\$ 0	\$ 128,032	\$ 128,032
Revenue from use of money and property	1,091	11,413	12,504
Charges for services	1,254	0	1,254
Miscellaneous	0	792	792
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 2,345	\$ 140,237	\$ 142,582
Expenditures:			
Current:			
Judicial administration	\$ 1,744	\$ 0	\$ 1,744
Public safety	0	91,236	91,236
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 1,744	\$ 91,236	\$ 92,980
Excess (deficiency) of revenues over expenditures	\$ 601	\$ 49,001	\$ 49,602
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 601	\$ 49,001	\$ 49,602
Fund balances at beginning of year	\$ 22,593	\$ 216,352	\$ 238,945
Fund balances at end of year	\$ 23,194	\$ 265,353	\$ 288,547

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

COUNTY OF SUSSEX, VIRGINIA

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes

In Fund Balances -- Budget and Actual

Year Ended June 30, 2000

	<u>Law Library Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Other local taxes	\$ 0	\$ 0	\$ 0
Revenue from use of money and property	600	1,091	491
Charges for services	1,300	1,254	(46)
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	\$ <u>1,900</u>	\$ <u>2,345</u>	\$ <u>445</u>
Expenditures:			
Current:			
Judicial administration	\$ 2,500	\$ 1,744	\$ 756
Public safety	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	\$ <u>2,500</u>	\$ <u>1,744</u>	\$ <u>756</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(600)</u>	\$ <u>601</u>	\$ <u>1,201</u>
Other financing sources (uses):			
Operating transfers out	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total other financing sources (uses)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ (600)	\$ 601	\$ 1,201
Fund balances at beginning of year	\$ <u>22,000</u>	\$ <u>22,593</u>	\$ <u>593</u>
Fund balances at end of year	\$ <u><u>21,400</u></u>	\$ <u><u>23,194</u></u>	\$ <u><u>1,794</u></u>

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Exhibit A-3

E911 Fund			Totals		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 122,000	\$ 128,032	\$ 6,032	\$ 122,000	\$ 128,032	\$ 6,032
2,600	11,413	8,813	3,200	12,504	9,304
0	0	0	1,300	1,254	(46)
600	792	192	600	792	192
<u>\$ 125,200</u>	<u>\$ 140,237</u>	<u>\$ 15,037</u>	<u>\$ 127,100</u>	<u>\$ 142,582</u>	<u>\$ 15,482</u>
\$ 0	\$ 0	\$ 0	\$ 2,500	\$ 1,744	\$ 756
<u>76,229</u>	<u>91,236</u>	<u>(15,007)</u>	<u>76,229</u>	<u>91,236</u>	<u>(15,007)</u>
<u>\$ 76,229</u>	<u>\$ 91,236</u>	<u>\$ (15,007)</u>	<u>\$ 78,729</u>	<u>\$ 92,980</u>	<u>\$ (14,251)</u>
<u>\$ 48,971</u>	<u>\$ 49,001</u>	<u>\$ 30</u>	<u>\$ 48,371</u>	<u>\$ 49,602</u>	<u>\$ 1,231</u>
<u>\$ (140,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (140,000)</u>	<u>\$ 0</u>	<u>\$ 140,000</u>
<u>\$ (140,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (140,000)</u>	<u>\$ 0</u>	<u>\$ 140,000</u>
\$ (91,029)	\$ 49,001	\$ 30	\$ (91,629)	\$ 49,602	\$ 141,231
<u>\$ 196,000</u>	<u>\$ 216,352</u>	<u>\$ 20,352</u>	<u>\$ 218,000</u>	<u>\$ 238,945</u>	<u>\$ 20,945</u>
<u>\$ 104,971</u>	<u>\$ 265,353</u>	<u>\$ 20,382</u>	<u>\$ 126,371</u>	<u>\$ 288,547</u>	<u>\$ 162,176</u>

FIDUCIARY FUNDS

Combining Balance Sheet

At June 30, 2000

	<u>Agency Funds</u>			
	<u>Special Welfare</u>	<u>Landfill Escrow</u>		<u>Totals</u>
<u>ASSETS</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ <u>2,704</u>	\$ <u>0</u>	\$	<u>2,704</u>
<u>LIABILITIES</u>				
Amounts held for social service clients	\$ <u>2,704</u>	\$ <u>0</u>	\$	<u>2,704</u>

The independent auditors' report and 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, 2000

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash	\$ <u>2,772</u>	\$ <u>4,329</u>	\$ <u>4,397</u>	\$ <u>2,704</u>
Liabilities:				
Amounts held for social service clients	\$ <u>2,772</u>	\$ <u>4,329</u>	\$ <u>4,397</u>	\$ <u>2,704</u>
Landfill Escrow Fund:				
Assets:				
Investments	\$ <u>2,226,144</u>	\$ <u>67,120</u>	\$ <u>2,293,264</u>	\$ <u>0</u>
Liabilities:				
Landfill escrow payable	\$ <u>2,226,144</u>	\$ <u>67,120</u>	\$ <u>2,293,264</u>	\$ <u>0</u>
Totals -- All agency funds				
Assets:				
Cash	\$ 2,772	\$ 4,329	\$ 4,397	\$ 2,704
Investments	<u>2,226,144</u>	<u>67,120</u>	<u>2,293,264</u>	<u>0</u>
Total assets	\$ <u>2,228,916</u>	\$ <u>71,449</u>	\$ <u>2,297,661</u>	\$ <u>2,704</u>
Liabilities:				
Amounts held for social service clients	\$ 2,772	\$ 4,329	\$ 4,397	\$ 2,704
Landfill escrow payable	<u>2,226,144</u>	<u>67,120</u>	<u>2,293,264</u>	<u>0</u>
Total liabilities	\$ <u>2,228,916</u>	\$ <u>71,449</u>	\$ <u>2,297,661</u>	\$ <u>2,704</u>

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

COUNTY OF SUSSEX, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

Combining Balance Sheet

At June 30, 2000

	<u>Governmental Funds</u>		
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>School Capital Projects Fund</u>
<u>ASSETS AND OTHER DEBITS</u>			
<u>Assets:</u>			
Cash and cash equivalents	\$ 207,824	\$ 116,711	\$ 4,503,105
Due from other governmental units	546,188	21,788	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>\$ 754,012</u>	<u>\$ 138,499</u>	<u>\$ 4,503,105</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 76,446	\$ 7,073	\$ 350,732
Accrued liabilities	562,636	2,067	0
Due to primary government	114,930	0	0
General obligation bonds payable	0	0	0
Claims, judgments and compensated absences	0	0	0
Amortization of retirement incentive	0	0	0
Total liabilities	<u>\$ 754,012</u>	<u>\$ 9,140</u>	<u>\$ 350,732</u>
<u>EQUITY</u>			
<u>Fund balances:</u>			
Reserved for:			
Scholarships	\$ 0	\$ 0	\$ 0
Unreserved:			
Undesignated	0	129,359	4,152,373
Total fund balances	<u>\$ 0</u>	<u>\$ 129,359</u>	<u>\$ 4,152,373</u>
Total equity	<u>\$ 0</u>	<u>\$ 129,359</u>	<u>\$ 4,152,373</u>
Total liabilities and equity	<u>\$ 754,012</u>	<u>\$ 138,499</u>	<u>\$ 4,503,105</u>

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Exhibit C-1

<u>Fiduciary Funds</u>	<u>Account Group</u>	<u>Totals</u>
Trust and Agency	General Long - Term Obligation	
\$ 42,535	\$ 0	\$ 4,870,175
0	0	567,976
<u>0</u>	<u>8,918,063</u>	<u>8,918,063</u>
<u>\$ 42,535</u>	<u>\$ 8,918,063</u>	<u>\$ 14,356,214</u>
\$ 0	\$ 0	\$ 434,251
0	0	564,703
0	0	114,930
0	7,430,000	7,430,000
0	164,329	164,329
<u>0</u>	<u>1,323,734</u>	<u>1,323,734</u>
<u>\$ 0</u>	<u>\$ 8,918,063</u>	<u>\$ 10,031,947</u>
\$ 42,535	\$ 0	\$ 42,535
<u>0</u>	<u>0</u>	<u>4,281,732</u>
<u>\$ 42,535</u>	<u>\$ 0</u>	<u>\$ 4,324,267</u>
<u>\$ 42,535</u>	<u>\$ 0</u>	<u>\$ 4,324,267</u>
<u>\$ 42,535</u>	<u>\$ 8,918,063</u>	<u>\$ 14,356,214</u>

COUNTY OF SUSSEX, VIRGINIA

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

Discretely Presented Component Unit -- School Board

Year Ended June 30, 2000

	Governmental Fund Types		
	School Operating Fund	School Cafeteria Fund	School Textbook Fund
Revenues:			
Revenue from use of money and property	\$ 0	\$ 4,393	\$ 0
Charges for services	0	256,278	0
Miscellaneous	83,626	870	0
Recovered costs	316,560	0	0
Intergovernmental:			
Commonwealth	6,536,298	11,304	0
Federal	475,810	404,792	0
Total revenues	\$ 7,412,294	\$ 677,637	\$ 0
Expenditures:			
Current:			
Education	\$ 12,445,558	\$ 652,411	\$ 147
Capital projects	0	0	0
Debt service:			
Principal retirement	18,358	0	0
Interest and other fiscal charges	107,368	0	0
Total expenditures	\$ 12,571,284	\$ 652,411	\$ 147
Excess (deficiency) of revenues over expenditures	\$ (5,158,990)	\$ 25,226	\$ (147)
Other financing sources (uses):			
Proceeds of general obligation bonds	\$ 0	\$ 0	\$ 0
Operating transfers in	0	0	0
Operating transfers out	(228,234)	0	0
Operating transfers from/to primary government	5,387,224	0	0
Total other financing sources (uses)	\$ 5,158,990	\$ 0	\$ 0
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 0	\$ 25,226	\$ (147)
Fund balances at beginning of year	\$ 0	\$ 104,133	\$ 147
Fund balances at end of year	\$ 0	\$ 129,359	\$ 0

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Exhibit C-2

<u>School Capital Projects Fund</u>		<u>Totals</u>	
\$	348,911	\$	353,304
	0		256,278
	1,000		85,496
	0		316,560
	0		6,547,602
	0		880,602
<hr/>		<hr/>	
\$	<u>349,911</u>	\$	<u>8,439,842</u>
\$	0	\$	13,098,116
	3,458,887		3,458,887
	0		18,358
	0		107,368
<hr/>		<hr/>	
\$	<u>3,458,887</u>	\$	<u>16,682,729</u>
\$	<u>(3,108,976)</u>	\$	<u>(8,242,887)</u>
\$	0	\$	0
	228,234		228,234
	0		(228,234)
	32,500		5,419,724
<hr/>		<hr/>	
\$	<u>260,734</u>	\$	<u>5,419,724</u>
\$	(2,848,242)	\$	(2,823,163)
\$	<u>7,000,615</u>	\$	<u>7,104,895</u>
\$	<u><u>4,152,373</u></u>	\$	<u><u>4,281,732</u></u>

COUNTY OF SUSSEX, VIRGINIA

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

Budget and Actual -- Discretely Presented Component Unit -- School Board

Year Ended June 30, 2000

	School Operating Fund		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Revenue from use of money and property	\$ 0	\$ 0	\$ 0
Charges for services	0	0	0
Miscellaneous	35,000	83,626	48,626
Recovered costs	0	316,560	316,560
Intergovernmental:			
Commonwealth	6,825,605	6,536,298	(289,307)
Federal	531,600	475,810	(55,790)
	<u>7,392,205</u>	<u>7,412,294</u>	<u>20,089</u>
Total revenues	\$ <u>7,392,205</u>	\$ <u>7,412,294</u>	\$ <u>20,089</u>
Expenditures:			
Current:			
Education	\$ 11,884,080	\$ 12,445,558	\$ (561,478)
Capital projects	0	0	0
Debt service:			
Principal retirement	24,358	18,358	6,000
Interest and other fiscal charges	107,368	107,368	0
	<u>12,015,806</u>	<u>12,571,284</u>	<u>(555,478)</u>
Total expenditures	\$ <u>12,015,806</u>	\$ <u>12,571,284</u>	\$ <u>(555,478)</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(4,623,601)</u>	\$ <u>(5,158,990)</u>	\$ <u>(535,389)</u>
Other financing sources (uses):			
Proceeds of general obligation bonds	\$ 0	\$ 0	\$ 0
Operating transfers in	0	0	0
Operating transfers out	(567,080)	(228,234)	338,846
Operating transfers from/to primary government	5,190,681	5,387,224	196,543
	<u>4,623,601</u>	<u>5,158,990</u>	<u>535,389</u>
Total other financing sources (uses)	\$ <u>4,623,601</u>	\$ <u>5,158,990</u>	\$ <u>535,389</u>
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 independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

School Cafeteria Fund			School Textbook Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 4,393	\$ 4,393	\$ 0	\$ 0	\$ 0
185,171	256,278	71,107	0	0	0
0	870	870	0	0	0
0	0	0	0	0	0
11,829	11,304	(525)	0	0	0
<u>533,000</u>	<u>404,792</u>	<u>(128,208)</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>730,000</u>	\$ <u>677,637</u>	\$ <u>(52,363)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
\$ 730,000	\$ 652,411	\$ 77,589	\$ 100,000	\$ 147	\$ 99,853
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>730,000</u>	\$ <u>652,411</u>	\$ <u>77,589</u>	\$ <u>100,000</u>	\$ <u>147</u>	\$ <u>99,853</u>
\$ <u>0</u>	\$ <u>25,226</u>	\$ <u>25,226</u>	\$ <u>(100,000)</u>	\$ <u>(147)</u>	\$ <u>99,853</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	100,000	0	(100,000)
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>100,000</u>	\$ <u>0</u>	\$ <u>(100,000)</u>
\$ 0	\$ 25,226	\$ 25,226	\$ 0	\$ (147)	\$ (147)
\$ <u>110,000</u>	\$ <u>104,133</u>	\$ <u>(5,867)</u>	\$ <u>0</u>	\$ <u>147</u>	\$ <u>147</u>
\$ <u>110,000</u>	\$ <u>129,359</u>	\$ <u>19,359</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

COUNTY OF SUSSEX, VIRGINIA

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

Budget and Actual -- Discretely Presented Component Unit -- School Board

Year Ended June 30, 2000

	School Capital Projects Fund		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Revenue from use of money and property	\$ 0	\$ 348,911	\$ 348,911
Charges for services	0	0	0
Miscellaneous	0	1,000	1,000
Recovered costs	0	0	0
Intergovernmental:			
Commonwealth	0	0	0
Federal	0	0	0
Total revenues	<u>\$ 0</u>	<u>\$ 349,911</u>	<u>\$ 349,911</u>
Expenditures:			
Current:			
Education	\$ 0	\$ 0	\$ 0
Capital projects	15,427,580	3,458,887	11,968,693
Debt service:			
Principal retirement	0	0	0
Interest and other fiscal charges	0	0	0
Total expenditures	<u>\$ 15,427,580</u>	<u>\$ 3,458,887</u>	<u>\$ 11,968,693</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (15,427,580)</u>	<u>\$ (3,108,976)</u>	<u>\$ 12,318,604</u>
Other financing sources (uses):			
Proceeds of general obligation bonds	\$ 14,928,000	\$ 0	\$ (14,928,000)
Operating transfers in	467,080	228,234	(238,846)
Operating transfers out	0	0	0
Operating transfers from/to primary government	32,500	32,500	0
Total other financing sources (uses)	<u>\$ 15,427,580</u>	<u>\$ 260,734</u>	<u>\$ (15,166,846)</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	<u>\$ 0</u>	<u>\$ (2,848,242)</u>	<u>\$ (2,848,242)</u>
Fund balances at beginning of year	<u>\$ 0</u>	<u>\$ 7,000,615</u>	<u>\$ 7,000,615</u>
Fund balances at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 4,152,373</u></u>	<u><u>\$ 4,152,373</u></u>

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Exhibit C-3

Totals			
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	
\$ 0	\$ 353,304	\$ 353,304	
185,171	256,278	71,107	
35,000	85,496	50,496	
0	316,560	316,560	
6,837,434	6,547,602	(289,832)	
<u>1,064,600</u>	<u>880,602</u>	<u>(183,998)</u>	
\$ <u>8,122,205</u>	\$ <u>8,439,842</u>	\$ <u>317,637</u>	
\$ 12,714,080	\$ 13,098,116	\$ (384,036)	
15,427,580	3,458,887	11,968,693	
24,358	18,358	6,000	
<u>107,368</u>	<u>107,368</u>	<u>0</u>	
\$ <u>28,273,386</u>	\$ <u>16,682,729</u>	\$ <u>11,590,657</u>	
\$ <u>(20,151,181)</u>	\$ <u>(8,242,887)</u>	\$ <u>11,908,294</u>	
\$ 14,928,000	\$ 0	\$ (14,928,000)	
567,080	228,234	(338,846)	
(567,080)	(228,234)	338,846	
<u>5,223,181</u>	<u>5,419,724</u>	<u>196,543</u>	
\$ <u>20,151,181</u>	\$ <u>5,419,724</u>	\$ <u>(14,731,457)</u>	
\$ 0	\$ (2,823,163)	\$ (2,823,163)	
\$ <u>110,000</u>	\$ <u>7,104,895</u>	\$ <u>6,994,895</u>	
\$ <u>110,000</u>	\$ <u>4,281,732</u>	\$ <u>4,171,732</u>	

Discretely Presented Component Unit -- School Board

Combining Balance Sheet -- Fiduciary Funds

At June 30, 2000

	<u>Nonexpendable Trust Funds</u>			
	<u>Mitchell Scholarship</u>	<u>Waverly/ Wakefield Rotary Scholarship</u>	<u>Richard C. Moore, III Scholarship</u>	<u>Totals</u>
<u>ASSETS</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 28,228	\$ 7,252	\$ 7,055	\$ 42,535
Total assets	<u>\$ 28,228</u>	<u>\$ 7,252</u>	<u>\$ 7,055</u>	<u>\$ 42,535</u>
 <u>EQUITY</u>				
Fund balances:				
Reserved for:				
Scholarships	\$ 28,228	\$ 7,252	\$ 7,055	\$ 42,535
Total fund balances	<u>\$ 28,228</u>	<u>\$ 7,252</u>	<u>\$ 7,055</u>	<u>\$ 42,535</u>

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Discretely Presented Component Unit -- School Board

Combining Statement of Revenues, Expenses and Changes in Fund Balances - Nonexpendable Trust Funds

Year Ended June 30, 2000

	Nonexpendable Trust Funds			Totals
	Mitchell Scholarship Fund	Waverly/ Wakefield Rotary Scholarship	Richard C. Moore, III Scholarship	
Operating revenues:				
Revenue from use of money and property	\$ 1,333	\$ 356	\$ 290	\$ 1,979
Miscellaneous	<u>0</u>	<u>0</u>	<u>6,765</u>	<u>6,765</u>
Total operating revenues	\$ <u>1,333</u>	\$ <u>356</u>	\$ <u>7,055</u>	\$ <u>8,744</u>
Operating expenses:				
Scholarships	\$ <u>1,200</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,200</u>
Total operating expenses	\$ <u>1,200</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,200</u>
Operating income	\$ <u>133</u>	\$ <u>356</u>	\$ <u>7,055</u>	\$ <u>7,544</u>
Fund balance at beginning of year	\$ <u>28,095</u>	\$ <u>6,896</u>	\$ <u>0</u>	\$ <u>34,991</u>
Fund balance at end of year	\$ <u><u>28,228</u></u>	\$ <u><u>7,252</u></u>	\$ <u><u>7,055</u></u>	\$ <u><u>42,535</u></u>

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

Discretely Presented Component Unit -- School Board

Combining Statement of Cash Flows -- Nonexpendable Trust Funds

Year Ended June 30, 2000

	Nonexpendable Trust Funds			<u>Totals</u>
	<u>Mitchell Scholarship Fund</u>	<u>Waverly/ Wakefield Rotary Scholarship</u>	<u>Richard C. Moore, III Scholarship</u>	
<u>Cash Flows From Operating Activities:</u>				
Net operating income (loss)	\$ 133	\$ 356	\$ 7,055	\$ 7,544
Net cash provided by (used in) operating activities	\$ 133	\$ 356	\$ 7,055	\$ 7,544
Increase (decrease) in cash and cash equivalents	\$ 133	\$ 356	\$ 7,055	\$ 7,544
Cash and cash equivalents at beginning of year	<u>28,095</u>	<u>6,896</u>	<u>0</u>	<u>34,991</u>
Cash and cash equivalents at end of year	<u>\$ 28,228</u>	<u>\$ 7,252</u>	<u>\$ 7,055</u>	<u>\$ 42,535</u>

The independent auditors' report and accompanying notes to financial statements are an integral part of this statement.

SUPPORTING SCHEDULES

Governmental Funds and Discretely Presented Component Unit

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Primary Government:			
General Fund:			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 2,301,100	\$ 2,275,782	\$ (25,318)
Real and personal public service corporation property taxes	290,900	280,716	(10,184)
Personal property taxes	2,323,600	1,857,835	(465,765)
Mobile home taxes	58,500	64,054	5,554
Machinery and tools taxes	752,650	667,675	(84,975)
Merchant's capital taxes	52,350	82,250	29,900
Penalties	92,000	93,126	1,126
Interest	11,000	15,776	4,776
	<hr/>	<hr/>	<hr/>
Total general property taxes	\$ 5,882,100	\$ 5,337,214	\$ (544,886)
Other local taxes:			
Local sales and use taxes	\$ 395,000	\$ 385,595	\$ (9,405)
Consumers' utility taxes	143,000	147,319	4,319
Business license taxes	200	155	(45)
Franchise license taxes	41,000	37,001	(3,999)
Motor vehicle licenses	175,000	163,059	(11,941)
Bank stock taxes	4,500	3,260	(1,240)
Taxes on recordation and wills	20,000	29,444	9,444
	<hr/>	<hr/>	<hr/>
Total other local taxes	\$ 778,700	\$ 765,833	\$ (12,867)
Permits, privilege fees and regulatory licenses:			
Animal licenses	\$ 6,000	\$ 5,097	\$ (903)
Transfer fees	450	426	(24)
Building and related permits	28,000	35,352	7,352
Zoning and subdivision permits	6,000	5,205	(795)
Erosion and sediment control permit	1,000	624	(376)
Other permits, fees and licenses	25	0	(25)
	<hr/>	<hr/>	<hr/>
Total permits, privilege fees and regulatory licenses	\$ 41,475	\$ 46,704	\$ 5,229
Fines and forfeitures:			
Court fines and forfeitures	\$ 211,000	\$ 172,973	\$ (38,027)
	<hr/>	<hr/>	<hr/>
Total fines and forfeitures	\$ 211,000	\$ 172,973	\$ (38,027)
Revenue from use of money and property:			
Revenue from use of money	\$ 175,300	\$ 229,245	\$ 53,945
Revenue from use of property	52,000	59,163	7,163
	<hr/>	<hr/>	<hr/>
Total revenue from use of money and property	\$ 227,300	\$ 288,408	\$ 61,108

Governmental Funds and Discretely Presented Component Unit

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Primary Government:			
General Fund:			
Revenue from local sources:			
Charges for services:			
Court costs	\$ 800	\$ 665	\$ (135)
Charges for Commonwealth's attorney	350	419	69
Charges for correction and detention:			
Care of prisoners - local	10,000	5,854	(4,146)
Telephone fees - inmates	13,000	13,690	690
Charges for other protection	20	30	10
Charges for sanitation and waste removal:			
Tipping fees from Atlantic Development	4,093,800	1,393,815	(2,699,985)
Quality control fees	131,987	119,880	(12,107)
	<u>4,249,957</u>	<u>1,534,353</u>	<u>(2,715,604)</u>
Total charges for services	\$	\$	\$
Miscellaneous revenue:			
Miscellaneous	\$ 116,025	\$ 97,049	\$ (18,976)
	<u>116,025</u>	<u>97,049</u>	<u>(18,976)</u>
Total miscellaneous revenue	\$	\$	\$
Recovered costs:			
Medical expense - sheriff	\$ 6,000	\$ 6,437	\$ 437
Wakefield sheriff's patrol	42,828	37,541	(5,287)
Health department	0	7,300	7,300
Jail clean-up	48,000	49,036	1,036
Juror reimbursement	2,000	2,829	829
Indoor plumbing loan repayments	5,000	0	(5,000)
Clerk's pay-ins	4,500	5,320	820
VHDA administration	0	35,177	35,177
	<u>108,328</u>	<u>143,640</u>	<u>35,312</u>
Total recovered costs	\$	\$	\$
Total revenue from local sources	\$ 11,614,885	\$ 8,386,174	\$ (3,228,711)
Revenue from the Commonwealth:			
Noncategorical aid:			
ABC profits	\$ 17,000	\$ 20,176	\$ 3,176
Wine taxes	7,000	9,911	2,911
Mobile home titling taxes	28,000	96,411	68,411
Tax on Deeds	29,000	24,624	(4,376)
Auto rental tax	200	628	428
Railroad rolling stock taxes	74,000	78,379	4,379
Personal property tax relief reimbursements	0	396,549	396,549
	<u>155,200</u>	<u>626,678</u>	<u>471,478</u>
Total noncategorical aid	\$	\$	\$

Governmental Funds and Discretely Presented Component Unit

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Primary Government:			
General Fund:			
Categorical aid:			
Shared expenses:			
Commonwealth's attorney	\$ 163,000	\$ 188,615	\$ 25,615
Sheriff	1,040,000	1,121,063	81,063
Commissioner of the revenue	76,500	73,118	(3,382)
Treasurer	76,500	77,267	767
Medical examiner	1,000	180	(820)
Registrar/electoral board	35,000	44,851	9,851
Correction grant - jail	<u>122,374</u>	<u>134,164</u>	<u>11,790</u>
 Total shared expenses	 <u>\$ 1,514,374</u>	 <u>\$ 1,639,258</u>	 <u>\$ 124,884</u>
 Welfare:			
Welfare administration and assistance	\$ 1,203,502	\$ 353,549	\$ (849,953)
Abstinence grant	125,000	160,504	35,504
Comprehensive services	<u>155,000</u>	<u>107,392</u>	<u>(47,608)</u>
 Total welfare	 <u>\$ 1,483,502</u>	 <u>\$ 621,445</u>	 <u>\$ (862,057)</u>
 Other categorical aid:			
Emergency services grants	\$ 4,000	\$ 8,287	\$ 4,287
Disaster recovery	0	2,032	2,032
Indoor plumbing grant	0	84,000	84,000
Litter control	3,700	0	(3,700)
Virginia Housing Development Authority	25,000	0	(25,000)
Drug forfeiture	0	4,055	4,055
VJCCCS grant	0	18,722	18,722
Victim witness program	53,096	11,112	(41,984)
Arts grant	2,500	2,500	0
Fire programs funds	<u>10,000</u>	<u>20,000</u>	<u>10,000</u>
 Total other categorical aid	 <u>\$ 98,296</u>	 <u>\$ 150,708</u>	 <u>\$ 52,412</u>
 Total categorical aid	 <u>\$ 3,096,172</u>	 <u>\$ 2,411,411</u>	 <u>\$ (684,761)</u>
 Total revenue from the Commonwealth	 <u>\$ 3,251,372</u>	 <u>\$ 3,038,089</u>	 <u>\$ (213,283)</u>
 Revenue from the Federal Government:			
Categorical aid:			
Welfare administration and assistance	\$ 0	\$ 821,561	\$ 821,561
Disaster recovery	0	7,205	7,205
Community development block grant	0	55,904	55,904
Emergency food and shelter grant	0	9,391	9,391
BJA block grant	0	13,027	13,027
Victim witness grant	0	44,444	44,444
Indoor plumbing grant	<u>75,000</u>	<u>81,500</u>	<u>6,500</u>
 Total categorical aid	 <u>\$ 75,000</u>	 <u>\$ 1,033,032</u>	 <u>\$ 958,032</u>

Governmental Funds and Discretely Presented Component Unit

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Primary Government:			
General Fund:			
Total revenue from the Federal Government	\$ 75,000	\$ 1,033,032	\$ 958,032
Total General Fund	<u>\$ 14,941,257</u>	<u>\$ 12,457,295</u>	<u>\$ (2,483,962)</u>
Special Revenue Funds:			
Law Library Fund:			
Revenue from local sources:			
Revenue from use of money and property	\$ 600	\$ 1,091	\$ 491
Charges for services	<u>1,300</u>	<u>1,254</u>	<u>(46)</u>
Total revenue from local sources	<u>\$ 1,900</u>	<u>\$ 2,345</u>	<u>\$ 445</u>
Total Law Library Fund	<u>\$ 1,900</u>	<u>\$ 2,345</u>	<u>\$ 445</u>
E911 Fund:			
Revenue from local sources:			
Other local taxes - E911 fees	\$ 122,000	\$ 128,032	\$ 6,032
Revenue from the use of money and property	2,600	11,413	8,813
Miscellaneous revenue	<u>600</u>	<u>792</u>	<u>192</u>
Total revenue from local sources	<u>\$ 125,200</u>	<u>\$ 140,237</u>	<u>\$ 15,037</u>
Total E911 Fund	<u>\$ 125,200</u>	<u>\$ 140,237</u>	<u>\$ 15,037</u>
Total Special Revenue Funds	<u>\$ 127,100</u>	<u>\$ 142,582</u>	<u>\$ 15,482</u>
Capital Projects Funds:			
County Capital Projects Fund:			
Revenue from local sources:			
Revenue from use of money	\$ 100,000	\$ 244,255	\$ 144,255
Charges for services - courthouse maintenance fees	<u>18,000</u>	<u>28,230</u>	<u>10,230</u>
Total revenue from local sources	<u>\$ 118,000</u>	<u>\$ 272,485</u>	<u>\$ 154,485</u>
Revenue from the Commonwealth:			
Categorical aid:			
Western water grant	<u>\$ 700,000</u>	<u>\$ 0</u>	<u>\$ (700,000)</u>
Total County Capital Projects Fund	<u>\$ 818,000</u>	<u>\$ 272,485</u>	<u>\$ (545,515)</u>

Governmental Funds and Discretely Presented Component Unit

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Grand Total Revenues -- Primary Government	\$ <u>15,886,357</u>	\$ <u>12,872,362</u>	\$ <u>(3,013,995)</u>
Component Unit -- School Board:			
School Operating Fund:			
Revenue from local sources:			
Miscellaneous revenue	\$ <u>35,000</u>	\$ <u>83,626</u>	\$ <u>48,626</u>
Recovered costs	\$ <u>0</u>	\$ <u>316,560</u>	\$ <u>316,560</u>
Total revenue from local sources	\$ <u>35,000</u>	\$ <u>400,186</u>	\$ <u>365,186</u>
Revenue from the Commonwealth:			
Categorical aid:			
Share of state sales tax	\$ 966,834	\$ 1,005,348	\$ 38,514
Basic school aid	2,978,076	2,800,835	(177,241)
Remedial education	141,572	135,723	(5,849)
Primary class size	284,228	255,621	(28,607)
Vocational education	103,145	114,433	11,288
Special education	481,344	465,162	(16,182)
Gifted education	33,371	31,992	(1,379)
Textbook payments	38,133	36,558	(1,575)
At risk	242,485	232,468	(10,017)
School construction	243,459	244,114	655
Fringe benefits	407,512	393,741	(13,771)
Maintenance reserve	15,168	14,542	(626)
Technology grant	140,000	0	(140,000)
Lottery funds	197,189	194,775	(2,414)
Other state aid	324,127	391,925	67,798
Early reading intervention	21,660	20,323	(1,337)
Teacher incentive payments	<u>207,302</u>	<u>198,738</u>	<u>(8,564)</u>
Total categorical aid	\$ <u>6,825,605</u>	\$ <u>6,536,298</u>	\$ <u>(289,307)</u>
Total revenue from the Commonwealth	\$ <u>6,825,605</u>	\$ <u>6,536,298</u>	\$ <u>(289,307)</u>
Revenue from the federal government:			
Categorical aid:			
Title I	\$ 363,000	\$ 327,724	\$ (35,276)
Chapter II	13,600	17,386	3,786
Title II	0	2,256	2,256
Goals 2000	0	23,173	23,173
Federal emergency management	0	9,637	9,637
Title VI -- B -- special education	80,000	95,634	15,634
Vocational education	45,000	0	(45,000)
Other federal aid	<u>30,000</u>	<u>0</u>	<u>(30,000)</u>
Total revenue from the federal government	\$ <u>531,600</u>	\$ <u>475,810</u>	\$ <u>(55,790)</u>
Total School Operating Fund	\$ <u>7,392,205</u>	\$ <u>7,412,294</u>	\$ <u>20,089</u>

Governmental Funds and Discretely Presented Component Unit

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Component Unit -- School Board:			
School Cafeteria Fund:			
Revenue from local sources:			
Revenue from use of money and property - use of money	\$ <u>0</u>	\$ <u>4,393</u>	\$ <u>4,393</u>
Charges for services - cafeteria sales	\$ <u>185,171</u>	\$ <u>256,278</u>	\$ <u>71,107</u>
Miscellaneous revenue	\$ <u>0</u>	\$ <u>870</u>	\$ <u>870</u>
Total revenue from local sources	\$ <u>185,171</u>	\$ <u>261,541</u>	\$ <u>76,370</u>
Revenue from the Commonwealth:			
Categorical aid:			
School food program grant	\$ <u>11,829</u>	\$ <u>11,304</u>	\$ <u>(525)</u>
Revenue from the federal government:			
Categorical aid:			
School food program grant	\$ <u>533,000</u>	\$ <u>404,792</u>	\$ <u>(128,208)</u>
Total School Cafeteria Fund	\$ <u>730,000</u>	\$ <u>677,637</u>	\$ <u>(52,363)</u>
Total Special Revenue Funds	\$ <u>8,122,205</u>	\$ <u>8,089,931</u>	\$ <u>(32,274)</u>
Component Unit -- School Board:			
School Capital Projects Fund:			
Revenue from local sources:			
Revenue from use of money and property - use of money	\$ <u>0</u>	\$ <u>348,911</u>	\$ <u>348,911</u>
Miscellaneous revenue	\$ <u>0</u>	\$ <u>1,000</u>	\$ <u>1,000</u>
Total revenue from local sources	\$ <u>0</u>	\$ <u>349,911</u>	\$ <u>349,911</u>
Total School Capital Projects Fund	\$ <u>0</u>	\$ <u>349,911</u>	\$ <u>349,911</u>
Grand Total Revenues -- Component Unit -- School Board	\$ <u>8,122,205</u>	\$ <u>8,439,842</u>	\$ <u>317,637</u>

Governmental Funds and Discretely Presented Component Unit

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Primary Government:			
General Fund:			
General government administration:			
Legislative:			
Board of supervisors	\$ 78,710	\$ 76,636	\$ 2,074
General and financial administration:			
County administrator	\$ 180,729	\$ 178,035	\$ 2,694
Legal services	90,435	86,971	3,464
Independent auditor	17,300	1,300	16,000
Commissioner of the revenue	164,131	147,486	16,645
Assessor	50,000	113,564	(63,564)
Equalization board	6,250	754	5,496
License bureau	0	28,668	(28,668)
Treasurer	225,144	178,096	47,048
Central accounting	10,000	9,000	1,000
Other general government services	0	47,643	(47,643)
Total general and financial administration	\$ 743,989	\$ 791,517	\$ (47,528)
Board of Elections:			
Registrar/electoral board and officials	\$ 102,881	\$ 88,877	\$ 14,004
Total general government administration	\$ 925,580	\$ 957,030	\$ (31,450)
Judicial administration:			
Courts:			
Circuit court	\$ 16,531	\$ 15,864	\$ 667
General district court	19,500	11,543	7,957
Special magistrates	4,270	5,590	(1,320)
Juvenile and domestic relations district court	7,133	20,730	(13,597)
Clerk of the circuit court	61,383	63,528	(2,145)
Total courts	\$ 108,817	\$ 117,255	\$ (8,438)
Commonwealth's attorney:			
Commonwealth's attorney	\$ 213,870	\$ 252,765	\$ (38,895)
Total judicial administration	\$ 322,687	\$ 370,020	\$ (47,333)
Public safety:			
Law enforcement and traffic control:			
Sheriff	\$ 1,665,699	\$ 1,754,883	\$ (89,184)
Wakefield sheriff patrol	42,828	37,501	5,327
Criminal justice and Victim witness protection	53,096	30,000	23,096
Total law enforcement and traffic control	\$ 1,761,623	\$ 1,822,384	\$ (60,761)

Governmental Funds and Discretely Presented Component Unit

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Primary Government:			
General Fund:			
Fire and rescue services:			
Volunteer fire department	\$ 72,525	\$ 74,563	\$ (2,038)
Ambulance and rescue service	30,500	81,463	(50,963)
Division of forestry	12,516	12,516	0
Total fire and rescue services	<u>\$ 115,541</u>	<u>\$ 168,542</u>	<u>\$ (53,001)</u>
Correction and detention:			
Sheriff	\$ 363,309	\$ 279,078	\$ 84,231
Crater Criminal Justice Academy	6,061	6,061	0
Drug forfeiture	5,000	1,232	3,768
Crater Juvenile Detention Home	40,000	31,663	8,337
Total correction and detention	<u>\$ 414,370</u>	<u>\$ 318,034</u>	<u>\$ 96,336</u>
Inspections:			
Building	\$ 70,678	\$ 69,598	\$ 1,080
Other protection:			
Animal control	\$ 51,922	\$ 52,521	\$ (599)
Medical examiner (coroner)	1,000	300	700
Emergency services (civil defense)	2,000	3,158	(1,158)
Total other protection	<u>\$ 54,922</u>	<u>\$ 55,979</u>	<u>\$ (1,057)</u>
Total public safety	<u>\$ 2,417,134</u>	<u>\$ 2,434,537</u>	<u>\$ (17,403)</u>
Public works:			
Maintenance of highways, streets, bridges and sidewalks:			
Street lights	\$ 9,500	\$ 7,791	\$ 1,709
Wastewater treatment plant	48,000	46,377	1,623
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 57,500</u>	<u>\$ 54,168</u>	<u>\$ 3,332</u>
Sanitation and waste removal:			
Sanitation disposal	\$ 139,555	\$ 271,303	\$ (131,748)
Litter control program	3,700	0	3,700
Total sanitation and waste removal	<u>\$ 143,255</u>	<u>\$ 271,303</u>	<u>\$ (128,048)</u>
Maintenance of general buildings and grounds:			
General properties	\$ 238,959	\$ 263,560	\$ (24,601)
Total maintenance of general buildings and grounds	<u>\$ 238,959</u>	<u>\$ 263,560</u>	<u>\$ (24,601)</u>

Governmental Funds and Discretely Presented Component Unit

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2000

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government:			
General Fund:			
Public Works (continued):			
Total public works	\$ 439,714	\$ 589,031	\$ (149,317)
Health and welfare:			
Health:			
Local health department	\$ 132,972	\$ 129,756	\$ 3,216
Total health	\$ 132,972	\$ 129,756	\$ 3,216
Mental health and mental retardation:			
Chapter X board	\$ 43,987	\$ 43,987	\$ 0
Total mental health and mental retardation	\$ 43,987	\$ 43,987	\$ 0
Welfare:			
Welfare administration	\$ 1,548,022	\$ 1,456,960	\$ 91,062
Comprehensive services act	200,000	149,694	50,306
Local area agency on aging	1,355	3,255	(1,900)
Total welfare	\$ 1,749,377	\$ 1,609,909	\$ 139,468
Total health and welfare	\$ 1,926,336	\$ 1,783,652	\$ 142,684
Education:			
Contributions to community colleges	\$ 1,606	\$ 1,606	\$ 0
Tri-City Literacy Council	1,000	1,500	(500)
Abstinence education initiative	125,000	111,447	13,553
Contributions headstart and other programs	49,000	49,000	0
Total education	\$ 176,606	\$ 163,553	\$ 13,053
Parks, recreation and cultural:			
Cultural enrichment:			
Carpenter museum	\$ 5,410	\$ 5,410	\$ 0
Wakefield foundation	2,910	2,910	0
Total cultural enrichment	\$ 8,320	\$ 8,320	\$ 0
Library:			
Regional library	\$ 80,591	\$ 80,591	\$ 0
Total library	\$ 80,591	\$ 80,591	\$ 0
Total parks, recreation and cultural	\$ 88,911	\$ 88,911	\$ 0

Governmental Funds and Discretely Presented Component Unit

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Primary Government:			
General Fund:			
Community development:			
Planning and community development:			
Planning	\$ 106,662	\$ 94,001	\$ 12,661
Crater Planning District Commission	7,100	7,100	0
Board of zoning appeals	2,450	562	1,888
Industrial development authority	1,350	246,806	(245,456)
Economic development	22,050	22,050	0
Indoor plumbing	80,000	160,174	(80,174)
Housing programs	53,058	59,243	(6,185)
	<u>272,670</u>	<u>589,936</u>	<u>(317,266)</u>
Total planning and community development	\$ 272,670	\$ 589,936	\$ (317,266)
Environmental management:			
Soil and water conservation district	\$ 6,050	\$ 6,050	\$ 0
Environmental management	131,987	116,565	15,422
	<u>138,037</u>	<u>122,615</u>	<u>15,422</u>
Total environmental management	\$ 138,037	\$ 122,615	\$ 15,422
Cooperative extension program:			
VPI extension service	\$ 49,064	\$ 50,833	\$ (1,769)
	<u>49,064</u>	<u>50,833</u>	<u>(1,769)</u>
Total community development	\$ 459,771	\$ 763,384	\$ (303,613)
Total General Fund	\$ 6,756,739	\$ 7,150,118	\$ (393,379)
Special Revenue Funds:			
Law Library Fund:			
Judicial administration:			
Courts:			
Law library	\$ 2,500	\$ 1,744	\$ 756
	<u>2,500</u>	<u>1,744</u>	<u>756</u>
E911 Fund:			
Public safety:			
E911 system	\$ 76,229	\$ 91,236	\$ (15,007)
	<u>76,229</u>	<u>91,236</u>	<u>(15,007)</u>
Total Special Revenue Funds	\$ 78,729	\$ 92,980	\$ (14,251)

Governmental Funds and Discretely Presented Component Unit

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Primary Government:			
Capital Projects Funds:			
County Capital Projects Fund:			
Capital Projects:			
New radio communication system	\$ 400,000	\$ 0	\$ 400,000
Remove underground storage tanks	0	113,766	(113,766)
Pocahantas project	0	12,971	(12,971)
Old social services building renovation	10,000	0	10,000
Jarratt senior center	30,000	0	30,000
County office building	25,000	34	24,966
Wakefield Airport Commission	5,000	0	5,000
Western Water Grant	700,000	157,868	542,132
Special projects	100,000	0	100,000
	<u>1,270,000</u>	<u>284,639</u>	<u>985,361</u>
Total capital projects			
	\$ 1,270,000	\$ 284,639	\$ 985,361
Debt service:			
Principal retirement	\$ 1,629,852	\$ 395,000	\$ 1,234,852
Interest and fiscal charges	169,403	169,403	0
	<u>1,799,255</u>	<u>564,403</u>	<u>1,234,852</u>
Total debt service			
	\$ 1,799,255	\$ 564,403	\$ 1,234,852
Total County Capital Projects Fund			
	<u>\$ 3,069,255</u>	<u>\$ 849,042</u>	<u>\$ 2,220,213</u>
Grand Total Expenditures -- Primary Government			
	<u>\$ 9,904,723</u>	<u>\$ 8,092,140</u>	<u>\$ 1,812,583</u>
Component Unit -- School Board:			
School Operating Fund:			
Education:			
Administration of schools:			
Administration, attendance and health	\$ 362,784	\$ 420,086	\$ (57,302)
Instruction Costs:			
Elementary and secondary schools	\$ 9,325,650	\$ 9,904,648	\$ (578,998)
Operating costs:			
Pupil transportation	\$ 1,102,665	\$ 1,021,083	\$ 81,582
Maintenance of school plant	1,092,981	1,099,741	(6,760)
	<u>2,195,646</u>	<u>2,120,824</u>	<u>74,822</u>
Total operating costs			
	\$ 2,195,646	\$ 2,120,824	\$ 74,822
Total education			
	<u>\$ 11,884,080</u>	<u>\$ 12,445,558</u>	<u>\$ (561,478)</u>

Governmental Funds and Discretely Presented Component Unit

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2000

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Component Unit -- School Board:			
School Operating Fund:			
Debt service:			
Principal retirement	\$ 24,358	18,358	6,000
Interest and fiscal charges	<u>107,368</u>	<u>107,368</u>	<u>0</u>
Total debt service	\$ <u>131,726</u>	\$ <u>125,726</u>	\$ <u>6,000</u>
Total School Operating Fund	\$ <u>12,015,806</u>	\$ <u>12,571,284</u>	\$ <u>(555,478)</u>
School Cafeteria Fund:			
Education:			
Operating costs:			
School food services	\$ <u>730,000</u>	\$ <u>652,411</u>	\$ <u>77,589</u>
School Textbook Fund:			
Education:			
Purchase of textbooks	\$ <u>100,000</u>	\$ <u>147</u>	\$ <u>99,853</u>
School Capital Project Fund:			
Capital projects	\$ <u>15,427,580</u>	\$ <u>3,458,887</u>	\$ <u>11,968,693</u>
Grand Total Expenditures -Component Unit -School Board	\$ <u>28,273,386</u>	\$ <u>16,682,729</u>	\$ <u>11,590,657</u>

Schedule of the Treasurer's Accountability

At June 30, 2000

Assets held by the Treasurer:		
Cash on hand	\$	1,075
Cash in banks:		
Checking and Money Market:		
The Bank of Sussex and Surry		16,003
James River Bank		453,658
Bank of Southside Virginia		7,535
Certificate of deposit and repurchase agreements:		
United Community Bank		1,900,000
Bank of Southside Virginia		1,400,000
Investments:		
Mentor mutual fund		3,224,589
Virginia State Non-arbitrage fund		4,520,382
Local Government Investment Pool		2,874,899
Bank of New York--U.S. Treasury Notes		<u>471,553</u>
 Total assets	\$	<u><u>14,869,694</u></u>
 Liabilities of the Treasurer:		
Balance of County funds (Schedule 4)	\$	14,868,982
Treasurer's deferred account		<u>712</u>
 Total liabilities	\$	<u><u>14,869,694</u></u>

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.

COUNTY OF SUSSEX, VIRGINIA

Schedule of the Treasurer's Accountability to the County

All County Funds and Component Unit

Year Ended June 30, 2000

	Governmental Funds		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Balance July 1, 1999	\$ 2,929,332	\$ 228,983	\$ 5,069,013
Receipts (Net):			
General property taxes	\$ 5,307,678	\$ 0	\$ 0
Other local taxes	776,392	127,543	0
Permits, privilege fees and regulatory licenses	46,713	0	0
Fines and forfeitures	179,265	0	0
Revenue from use of money and property	288,408	12,504	244,255
Charges for services	1,499,781	1,289	28,863
Miscellaneous	104,686	793	0
Recovered costs	143,640	0	0
Intergovernmental	4,023,739	0	0
Total receipts	\$ 12,370,302	\$ 142,129	\$ 273,118
Total receipts and balance	\$ 15,299,634	\$ 371,112	\$ 5,342,131
Disbursements (Net):			
Warrants (checks) issued	\$ 7,136,082	\$ 90,400	\$ 145,814
Retirement of indebtedness	0	0	395,000
Interest and other debt costs	0	0	169,403
Total disbursements	\$ 7,136,082	\$ 90,400	\$ 710,217
Interfund transfers:			
Transfers in	\$ 2,293,264	\$ 0	\$ 2,523,837
Transfers out	7,864,676	0	32,500
Balance June 30, 2000	\$ 2,592,140	\$ 280,712	\$ 7,123,251

Note: These receipts and disbursements are recorded on a cash basis. Revenues and expenditures reflected in the other supplementary data and basic financial statements are recorded on the accrual and/or modified accrual basis, except as otherwise noted.

Schedule 4

Fiduciary Funds	Component Unit	Total
<u>Trust & Agency</u>	<u>School Board</u>	<u>"Memorandum Only"</u>
\$ 2,228,916	\$ 7,574,777	\$ 18,031,021
\$ 0	\$ 0	\$ 5,307,678
0	0	903,935
0	0	46,713
0	0	179,265
67,228	355,283	967,678
0	256,278	1,786,211
4,221	92,281	201,981
0	128,094	271,734
0	7,390,823	11,414,562
\$ 71,449	\$ 8,222,759	\$ 21,079,757
\$ 2,300,365	\$ 15,797,536	\$ 39,110,778
\$ 4,397	\$ 16,174,974	\$ 23,551,667
0	18,358	413,358
0	107,368	276,771
\$ 4,397	\$ 16,300,700	\$ 24,241,796
\$ 0	\$ 5,601,573	\$ 10,418,674
2,293,264	228,234	10,418,674
\$ 2,704	\$ 4,870,175	\$ 14,868,982

Schedule of the Treasurer's Accountability to the Commonwealth

Year Ended June 30, 2000

	Balance July 1, <u>1999</u>	<u>Receipts</u>	<u>Remittances</u>	Balance June 30, <u>2000</u>
2000 Taxes:				
Estimated income taxes	\$ 0	\$ 60,434	\$ 60,434	\$ 0
1999 Taxes:				
Taxable year income taxes	0	125,302	125,302	0
Estimated income taxes	0	111,255	111,255	0
1998 Taxes:				
Taxable Year Income Taxes	0	7,477	7,477	0
Other Collections:				
Penalty	0	728	728	0
Interest	0	157	157	0
Share of fees of sheriff and deputies	0	11,283	11,283	0
Totals	\$ <u>0</u>	\$ <u>316,636</u>	\$ <u>316,636</u>	\$ <u>0</u>

This schedule has been prepared on the cash basis of accounting.

STATISTICAL TABLES

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-Governmental	Total
1991-92	3,380,438	591,205	36,397	185,172	161,610	498,374	159,574	15,325	6,946,159	11,974,254
1992-93	3,383,251	663,809	76,743	213,888	96,339	570,569	753,999	0	7,315,363	13,073,961
1993-94	3,439,086	767,749	47,241	185,092	121,426	392,301	158,192	0	7,360,275	12,471,362
1994-95	4,153,311	813,609	39,496	154,491	148,660	3,707,008	252,138	322,072	8,264,960	17,855,745
1995-96	4,278,027	817,764	40,183	171,501	254,465	4,412,657	165,018	447,027	8,578,341	19,164,983
1996-97	4,787,425	888,133	41,384	227,220	245,399	3,156,485	170,067	185,120	9,154,555	18,855,788
1997-98	5,262,481	880,718	40,842	208,588	274,522	2,952,781	91,963	174,317	9,500,122	19,386,334
1998-99	5,609,959	884,390	50,589	220,399	328,724	5,206,929	280,197	202,469	10,415,647	23,199,303
1999-00	5,337,214	893,865	46,704	172,973	305,305	1,792,885	182,337	460,200	11,499,325	20,690,808

Note: (1) Includes General and Special Revenue Funds of primary government and its discretely presented component units.

Governmental Expenditures by Function (1) (2)

Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks Recreation & Cultural	Community Development	Debt Service	Total
1991-92	915,674	377,820	1,581,045	490,103	1,111,385	7,323,901	59,004	135,753	148,449	12,143,134
1992-93	738,026	144,021	1,765,776	500,610	1,230,486	7,787,900	59,004	183,506	101,135	12,510,464
1993-94	692,575	373,016	1,535,984	699,197	1,345,849	8,324,913	59,004	116,551	101,029	13,248,118
1994-95	880,525	413,636	1,726,103	628,069	1,354,432	9,392,777	67,774	280,581	166,408	14,910,305
1995-96	967,558	1,543,602	609,146	630,714	1,475,222	10,142,850	70,872	219,798	393,951	16,053,713
1996-97	999,410	223,898	2,470,454	573,385	1,630,290	10,763,744	73,372	459,109	720,510	17,914,172
1997-98	842,385	237,714	2,133,921	505,302	1,612,811	10,985,510	82,041	369,145	691,284	17,460,113
1998-99	817,864	270,534	2,500,284	393,097	1,809,742	11,961,997	82,329	303,116	689,003	18,827,966
1999-00	957,030	371,764	2,525,773	589,031	1,783,652	13,261,669	88,911	763,384	690,129	21,031,343

Note: (1) Includes General and Special Revenue Funds' Current Expenditures and Debt Service of the primary government and its discretely presented component unit.

(2) Capital projects are not included.

Assessed Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Public Utility (2)		Total
					Real Estate	Personal Property	
1990-91	\$285,734,890	\$34,142,720	\$6,412,125	\$6,034,153	\$34,047,279	\$0	\$366,371,167
1991-92	286,727,232	33,762,609	6,622,036	6,470,724	33,159,112	0	366,741,713
1992-93	289,892,299	36,776,893	4,312,560	4,522,717	29,947,570	0	365,452,039
1993-94	291,104,758	35,289,463	5,613,685	7,070,848	33,995,573	339,348	373,413,675
1994-95	378,294,704	39,899,452	11,033,386	6,574,177	45,358,444	445,010	481,605,173
1995-96	381,008,878	43,498,794	7,569,491	6,561,372	43,405,567	405,071	482,449,173
1996-97	380,072,877	48,976,201	4,992,659	5,476,854	44,019,220	345,682	483,883,493
1997-98	379,892,374	52,860,634	10,274,170	5,617,472	44,055,442	411,002	493,111,094
1998-99	383,338,454	53,903,376	15,518,719	5,234,145	45,557,087	362,278	503,914,059
1999-00	381,439,198	58,584,106	14,971,013	8,284,597	44,374,336	298,348	507,951,598

- Notes: (1) Real estate is assessed at 100% of fair market value.
 (2) Assessed values are established by the State Corporation Commission.

Property Tax Rates (1)

Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery And Tools	Merchant's Capital	Public Service	
						Real Estate	Personal Property
1990-91	\$0.52	\$4.75	\$0.52	\$4.75	\$1.00	\$0.52	\$4.75
1991-92	0.52	4.75	0.52	4.75	1.00	0.52	4.75
1992-93	0.52	4.75	0.52	4.75	1.00	0.52	4.75
1993-94	0.52	4.75	0.52	4.75	1.00	0.52	4.75
1994-95	0.50	4.75	0.50	4.75	1.00	0.50	4.75
1995-96	0.50	4.75	0.50	4.75	1.00	0.50	4.75
1996-97	0.54	4.75	0.54	4.75	1.00	0.54	4.75
1997-98	0.54	4.85	0.54	4.85	1.00	0.54	4.85
1998-99	0.59	4.85	0.59	4.85	1.00	0.59	4.85
1999-00	0.60	4.85	0.60	4.85	1.00	0.60	4.85

- Note: (1) Per \$100 of assessed value.

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total (1) 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 Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
1990-91	\$3,240,294	\$3,224,411	99.51%	\$72,203	\$3,296,614	101.74%	\$175,290	5.41%
1991-92	3,331,572	3,238,872	97.22%	87,424	3,326,296	99.84%	198,176	5.95%
1992-93	3,358,141	3,244,008	96.60%	89,728	3,333,736	99.27%	183,509	5.46%
1993-94	3,411,257	3,294,441	96.58%	87,011	3,381,452	99.13%	196,752	5.77%
1994-95	4,067,217	3,972,283	97.67%	113,827	4,086,110	100.46%	260,289	6.40%
1995-96	4,272,744	4,109,080	96.17%	103,723	4,212,803	98.60%	239,393	5.60%
1996-97	4,728,576	4,560,642	96.45%	132,342	4,692,984	99.25%	260,006	5.50%
1997-98	5,238,240	5,050,891	96.42%	120,386	5,171,277	98.72%	248,057	4.74%
1998-99	5,584,118	5,386,072	96.45%	107,664	5,493,736	98.38%	368,912	6.61%
1999-00	5,691,184	5,462,550	95.98%	162,311	5,624,861	98.83%	437,248	7.68%

Notes: (1) Exclusive of penalties and interest. Includes Commonwealth's reimbursements for personal property taxes and balance outstanding.
 (2) Does not include land redemptions.

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 (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
				Debt Service Monies Available	Debt Payable from Enterprise Revenues			
1990-91	10,248	366,371,167	214,000	0	0	214,000	0.0006	21
1991-92	10,248	366,741,713	176,350	0	0	176,350	0.0005	17
1992-93	10,248	365,452,039	194,047	0	0	194,047	0.0005	19
1993-94	10,248	373,413,675	101,050	0	0	101,050	0.0003	10
1994-95	10,248	481,605,173	63,400	0	0	63,400	0.0001	6
1995-96	10,248	482,449,173	25,750	0	0	25,750	0.0001	3
1996-97	10,248	483,883,493	0	0	0	0	0.0000	0
1997-98	10,248	493,111,094	0	0	0	0	0.0000	0
1998-99	10,248	503,914,059	7,430,000	0	0	7,430,000	0.0147	725
1999-00	10,248	507,951,598	7,430,000	0	0	7,430,000	0.0146	725

Notes: (1) Bureau of Census.
 (2) From Schedule 8
 (3) Includes all long-term general obligation bonded debt, Bond Anticipation Notes, and Literary Fund loans. Excludes revenue bonds, capital leases, early retirement incentive and compensated absences.

COMPLIANCE

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO THE BOARD OF SUPERVISORS COUNTY OF SUSSEX, VIRGINIA

We have audited the financial statements of the County of Sussex, Virginia, as of and for the year ended June 30, 2000, and have issued our report thereon dated November 1, 2000, which was qualified due to the lack of a general fixed asset account group. We conducted our audit 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 the Specifications for Audit of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

COMPLIANCE

As part of obtaining reasonable assurance about whether the County of Sussex, Virginia'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 the County of Sussex, Virginia'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 the County of Sussex, Virginia in a separate letter dated November 1, 2000.

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

Richmond, Virginia
November 1, 2000

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO THE BOARD OF SUPERVISORS COUNTY OF SUSSEX, VIRGINIA

COMPLIANCE

We have audited the compliance of the County of Sussex, 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, 2000. The County of Sussex, Virginia's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Sussex, Virginia's management. Our responsibility is to express an opinion on the County of Sussex, Virginia'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 the County of Sussex, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Sussex, Virginia's compliance with those requirements.

In our opinion, the County of Sussex, 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, 2000.

INTERNAL CONTROL OVER COMPLIANCE

The management of the County of Sussex, 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 the County of Sussex, Virginia'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

Richmond, Virginia
November 1, 2000

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2000

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Agriculture:		
Direct payments:		
Summer Food Program	10.559	\$ 47,550
Pass - through payments:		
State Department of Agriculture:		
National School Lunch Program - Commodities	10.555	34,890
Department of Social Services:		
Food Stamp Program - Issuances (12-35-5133)	10.551	831,430
State Administrative Matching Grants	10.561	244,565
Department of Education:		
National School Lunch Program	10.555/10.553	357,242
Total Department of Agriculture		\$ <u>1,515,677</u>
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Refugee and Entrant Assistance	93.566	\$ 122
Low income energy assistance	93.568	7,428
Family preservation	93.556	13,135
Social Services Block Grant	93.667	175,409
Foster Care	93.658	24,662
Subsidized Adoption	93.659	12,214
Day Care	93.596	62,181
Child Care Assistance	93.575	9,182
Temporary Assistance to needy families	93.558	160,383
State Child Insurance Program	93.767	7,274
Medical Assistance Program	93.778	105,006
Total Department of Health and Human Services		\$ <u>576,996</u>
Department of Emergency Services:		
Pass Through Payments:		
Emergency Management Assistance	83.544	\$ <u>7,205</u>
Federal Emergency Management Agency:		
Direct payments:		
Emergency Food and Shelter National Board Program	83.523	\$ 9,391
Pass Through Payments:		
Department of Education:		
LEA Partnerships	83.340	9,637
		\$ <u>19,028</u>
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grants	14.228	\$ 55,904
Home Investment Partnerships Program	14.239	81,500
		\$ <u>137,404</u>

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2000

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Criminal Justice Services:		
Pass Through Payments:		
Office of Justice Programs		
Crime Victim Assistance	16.575	\$ 44,444
Local Law Enforcement Block Grants Program	16.592	13,027
Total Department of Criminal Justice Services		<u>\$ 57,471</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Education Consolidation and Improvement Act of 1981:		
Title I:		
Grants to Local Educational Agencies	84.010	\$ 327,724
Chapter II:		
Improving School Programs State Block Grant	84.298	17,386
Elementary and Secondary Education Act (ESEA):		
Title VI-B:		
Special Education - Grants to States	84.027	95,634
Goals 2000:		
State and Local Education Systemic Improvement Grants	84.276	23,173
Special Projects:		
State Grants for Strengthening the Skills of Teachers and Instruction in Mathematics, Foreign Languages and Computer Learning	84.164	2,256
Total Department of Education		<u>\$ 466,173</u>
 Total Expenditures of Federal Awards		 <u>\$ 2,779,954</u>

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 schedule at the fair market value of the commodities received and disbursed. At June 20, 2000, the School Board had food commodities totaling \$3,052 in inventory.

Schedule of Findings and Questioned Costs
For the year ended June 30, 2000

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: qualified

Internal control over financial reporting:

- A. Material weaknesses identified? ___ yes ___X___ no
B. 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 programs tested:

Table with 2 columns: CFDA Numbers and Name of Federal Program or Cluster. Rows include Nutrition Cluster-School Breakfast Program, Nutrition Cluster-National School Lunch Program, Nutrition Cluster-Food Distribution, Food Stamp Program, and Title I Program.

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

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

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None