

COUNTY OF SUSSEX,  
VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002



**COUNTY OF SUSSEX, VIRGINIA**

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Clerk of the Circuit Court ..... Gary M. Williams  
Commonwealth's Attorney ..... E. Carter Nettles  
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

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## INDEPENDENT AUDITORS' REPORT

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### 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, 2002, 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Specifications for Audit of Counties, Cities, and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2002 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.

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

Richmond, Virginia  
November 18, 2002

**GENERAL PURPOSE FINANCIAL STATEMENTS**

COUNTY OF SUSSEX, VIRGINIA

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

At June 30, 2002

	Governmental Funds			Fiduciary Funds
	General	Special Revenue	Capital Projects	Trust and Agency
<b>ASSETS AND OTHER DEBITS</b>				
<u>Assets:</u>				
Cash and cash equivalents (Note 2)	\$ 2,707,735	\$ 460,205	\$ 526,081	\$ 8,745
Receivables (Net of allowances for uncollectibles):				
Taxes, including penalties (Note 1)	462,083	0	0	0
Accounts	321,948	15,454	2,362	0
Due from component unit (Note 5)	348,414	0	6,150,932	0
Due from other governmental units (Note 4)	762,018	0	0	0
Fixed assets (Note 15 )	0	0	0	0
<u>Other debits:</u>				
Amount to be provided for the retirement of general long-term obligations	0	0	0	0
 Total assets and other debits	<u>\$ 4,602,198</u>	<u>\$ 475,659</u>	<u>\$ 6,679,375</u>	<u>\$ 8,745</u>
 <b>LIABILITIES</b>				
Accounts payable	\$ 153,977	\$ 3,297	\$ 11,808	\$ 0
Accrued liabilities	0	0	0	0
Due to primary government (Note 5)	0	0	0	0
Amounts held for social service clients	0	0	0	2,382
Amounts held for others	0	0	0	6,363
Deferred revenue (Note 9)	425,403	0	0	0
Lease revenue bond payable (Note 8)	0	0	0	0
General obligation bonds payable (Note 8)	0	0	0	0
State Literary Fund loans payable (Note 8)	0	0	0	0
Landfill post closure care (Note 12)	0	0	0	0
Claims, judgments and compensated absences (Note 7)	0	0	0	0
Amortization of retirement incentive (Note 8)	0	0	0	0
 Total liabilities	<u>\$ 579,380</u>	<u>\$ 3,297</u>	<u>\$ 11,808</u>	<u>\$ 8,745</u>
 <b>EQUITY</b>				
Investment in general fixed assets	\$ 0	\$ 0	\$ 0	\$ 0
Fund balances:				
Reserved for:				
Scholarships	\$ 0	\$ 0	\$ 0	\$ 0
Capital projects	0	0	6,667,567	0
Indoor plumbing program	86,734	0	0	0
Drug forfeiture	5,365	0	0	0
Unreserved:				
Undesignated	<u>3,930,719</u>	<u>472,362</u>	<u>0</u>	<u>0</u>
 Total retained earnings/fund balances	<u>\$ 4,022,818</u>	<u>\$ 472,362</u>	<u>\$ 6,667,567</u>	<u>\$ 0</u>
 Total equity	<u>\$ 4,022,818</u>	<u>\$ 472,362</u>	<u>\$ 6,667,567</u>	<u>\$ 0</u>
 Total liabilities and equity	<u>\$ 4,602,198</u>	<u>\$ 475,659</u>	<u>\$ 6,679,375</u>	<u>\$ 8,745</u>

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

**Exhibit 1**

Account Groups		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)
General Fixed Assets	General Long-term Obligations	Primary Government	School Board	Reporting Entity
\$ 0	\$ 0	\$ 3,702,766	\$ 812,367	\$ 4,515,133
0	0	462,083	0	462,083
0	0	339,764	0	339,764
0	0	6,499,346	0	6,499,346
0	0	762,018	6,560,998	7,323,016
14,475,481	0	14,475,481	19,494,948	33,970,429
0	3,355,595	3,355,595	14,605,093	17,960,688
\$ 14,475,481	\$ 3,355,595	\$ 29,597,053	\$ 41,473,406	\$ 71,070,459
\$ 0	\$ 0	\$ 169,082	\$ 55,387	\$ 224,469
0	0	0	586,544	586,544
0	0	0	6,499,346	6,499,346
0	0	2,382	0	2,382
0	0	6,363	0	6,363
0	0	425,403	0	425,403
0	2,005,000	2,005,000	0	2,005,000
0	0	0	6,680,000	6,680,000
0	0	0	6,175,073	6,175,073
0	1,180,069	1,180,069	0	1,180,069
0	170,526	170,526	467,526	638,052
0	0	0	1,282,494	1,282,494
\$ 0	\$ 3,355,595	\$ 3,958,825	\$ 21,746,370	\$ 25,705,195
\$ 14,475,481	\$ 0	\$ 14,475,481	\$ 19,494,948	\$ 33,970,429
\$ 0	\$ 0	\$ 0	\$ 47,705	\$ 47,705
0	0	6,667,567	0	6,667,567
0	0	86,734	0	86,734
0	0	5,365	0	5,365
0	0	4,403,081	184,383	4,587,464
\$ 0	\$ 0	\$ 11,162,747	\$ 232,088	\$ 11,394,835
\$ 14,475,481	\$ 0	\$ 25,638,228	\$ 19,727,036	\$ 45,365,264
\$ 14,475,481	\$ 3,355,595	\$ 29,597,053	\$ 41,473,406	\$ 71,070,459

**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, 2002**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>Revenues:</b>			
General property taxes	\$ 5,420,707	\$ 0	\$ 0
Other local taxes	812,010	128,673	0
Permits, privilege fees and regulatory licenses	51,170	0	0
Fines and forfeitures	212,786	0	0
Revenue from use of money and property	163,017	9,111	93,327
Charges for services	3,320,097	1,465	29,875
Miscellaneous	116,403	521	0
Recovered costs	153,752	0	0
<b>Intergovernmental:</b>			
Commonwealth	4,011,077	72,536	0
Federal	1,885,193	0	0
<b>Total revenues</b>	<b>\$ 16,146,212</b>	<b>\$ 212,306</b>	<b>\$ 123,202</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government administration	\$ 994,317	\$ 0	\$ 0
Judicial administration	426,421	5,412	0
Public safety	2,974,224	94,275	0
Public works	516,936	0	0
Health and welfare	2,044,519	0	0
Education	217,065	0	0
Parks, recreation, and cultural	107,479	0	0
Community development	429,534	0	0
Capital projects	0	0	1,441,336
<b>Debt service:</b>			
Principal retirement	0	0	435,000
Interest and other fiscal charges	0	0	94,718
<b>Total expenditures</b>	<b>\$ 7,710,495</b>	<b>\$ 99,687</b>	<b>\$ 1,971,054</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 8,435,717</b>	<b>\$ 112,619</b>	<b>\$ (1,847,852)</b>
<b>Other financing sources (uses):</b>			
Operating transfers in	\$ 0	\$ 0	\$ 2,157,864
Operating transfers out	(2,157,864)	0	0
Operating transfers from/to primary government	(5,681,996)	0	(699,237)
<b>Total other financing sources (uses)</b>	<b>\$ (7,839,860)</b>	<b>\$ 0</b>	<b>\$ 1,458,627</b>
<b>Excess (deficiency) of revenues &amp; other sources over expenditures &amp; other uses</b>	<b>\$ 595,857</b>	<b>\$ 112,619</b>	<b>\$ (389,225)</b>
<b>Fund balances at beginning of year</b>	<b>\$ 3,426,961</b>	<b>\$ 359,743</b>	<b>\$ 7,056,792</b>
<b>Fund balances at end of year</b>	<b>\$ 4,022,818</b>	<b>\$ 472,362</b>	<b>\$ 6,667,567</b>

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
\$ 5,420,707	\$ 0	\$ 5,420,707
940,683	0	940,683
51,170	0	51,170
212,786	0	212,786
265,455	7,910	273,365
3,351,437	301,456	3,652,893
116,924	60,447	177,371
153,752	0	153,752
4,083,613	6,689,810	10,773,423
1,885,193	1,363,427	3,248,620
<u>\$ 16,481,720</u>	<u>\$ 8,423,050</u>	<u>\$ 24,904,770</u>
\$ 994,317	\$ 0	\$ 994,317
431,833	0	431,833
3,068,499	0	3,068,499
516,936	0	516,936
2,044,519	0	2,044,519
217,065	13,519,504	13,736,569
107,479	0	107,479
429,534	0	429,534
1,441,336	5,442,728	6,884,064
435,000	396,413	831,413
94,718	428,550	523,268
<u>\$ 9,781,236</u>	<u>\$ 19,787,195</u>	<u>\$ 29,568,431</u>
<u>\$ 6,700,484</u>	<u>\$ (11,364,145)</u>	<u>\$ (4,663,661)</u>
\$ 2,157,864	\$ 452,232	\$ 2,610,096
(2,157,864)	(452,232)	(2,610,096)
<u>(6,381,233)</u>	<u>6,381,233</u>	<u>0</u>
<u>\$ (6,381,233)</u>	<u>\$ 12,556,306</u>	<u>\$ 6,175,073</u>
\$ 319,251	\$ 1,192,161	\$ 1,511,412
<u>\$ 10,843,496</u>	<u>\$ (1,007,778)</u>	<u>\$ 9,835,718</u>
<u>\$ 11,162,747</u>	<u>\$ 184,383</u>	<u>\$ 11,347,130</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, 2002**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
General property taxes	\$ 5,440,176	\$ 5,420,707	\$ (19,469)
Other local taxes	849,675	812,010	(37,665)
Permits, privilege fees and regulatory licenses	45,275	51,170	5,895
Fines and forfeitures	159,000	212,786	53,786
Revenue from use of money and property	322,500	163,017	(159,483)
Charges for services	3,303,254	3,320,097	16,843
Miscellaneous	108,600	116,403	7,803
Recovered costs	152,243	153,752	1,509
<b>Intergovernmental:</b>			
Commonwealth	4,079,592	4,011,077	(68,515)
Federal	1,171,155	1,885,193	714,038
<b>Total revenues</b>	<b>\$ 15,631,470</b>	<b>\$ 16,146,212</b>	<b>\$ 514,742</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government administration	\$ 1,081,254	\$ 994,317	\$ 86,937
Judicial administration	473,406	426,421	46,985
Public safety	2,952,769	2,974,224	(21,455)
Public works	501,975	516,936	(14,961)
Health and welfare	1,930,165	2,044,519	(114,354)
Education	222,741	217,065	5,676
Parks, recreation, and cultural	107,461	107,479	(18)
Community development	823,600	429,534	394,066
Capital projects	0	0	0
<b>Debt service:</b>			
Principal retirement	0	0	0
Interest and other fiscal charges	0	0	0
<b>Total expenditures</b>	<b>\$ 8,093,371</b>	<b>\$ 7,710,495</b>	<b>\$ 382,876</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 7,538,099</b>	<b>\$ 8,435,717</b>	<b>\$ 897,618</b>
<b>Other financing sources (uses):</b>			
Proceeds of general obligation bonds	\$ 0	\$ 0	\$ 0
Operating transfers in	0	0	0
Operating transfers out	(1,389,991)	(2,157,864)	(767,873)
Operating transfers from/to primary government	(6,148,308)	(5,681,996)	466,312
<b>Total other financing sources (uses)</b>	<b>\$ (7,538,299)</b>	<b>\$ (7,839,860)</b>	<b>\$ (301,561)</b>
<b>Excess (deficiency) of revenues &amp; other sources over expenditures &amp; other uses</b>	<b>\$ (200)</b>	<b>\$ 595,857</b>	<b>\$ 596,057</b>
<b>Fund balances at beginning of year</b>	<b>\$ 200</b>	<b>\$ 3,426,961</b>	<b>\$ 3,426,761</b>
<b>Fund balances at end of year</b>	<b>\$ 0</b>	<b>\$ 4,022,818</b>	<b>\$ 4,022,818</b>

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
125,000	128,673	3,673	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
12,000	9,111	(2,889)	240,000	93,327	(146,673)
1,300	1,465	165	27,000	29,875	2,875
2,500	521	(1,979)	0	0	0
0	0	0	0	0	0
0	72,536	72,536	670,611	0	(670,611)
0	0	0	0	0	0
<u>\$ 140,800</u>	<u>\$ 212,306</u>	<u>\$ 71,506</u>	<u>\$ 937,611</u>	<u>\$ 123,202</u>	<u>\$ (814,409)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
3,000	* 5,412	(2,412)	0	0	0
158,544	94,275	64,269	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	3,214,611	1,441,336	1,773,275
0	0	0	1,748,203	435,000	1,313,203
0	0	0	100,000	94,718	5,282
<u>\$ 161,544</u>	<u>\$ 99,687</u>	<u>\$ 61,857</u>	<u>\$ 5,062,814</u>	<u>\$ 1,971,054</u>	<u>\$ 3,091,760</u>
<u>\$ (20,744)</u>	<u>\$ 112,619</u>	<u>\$ 133,363</u>	<u>\$ (4,125,203)</u>	<u>\$ (1,847,852)</u>	<u>\$ 2,277,351</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	1,389,991	2,157,864	767,873
0	0	0	0	0	0
0	0	0	0	(699,237)	(699,237)
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,389,991</u>	<u>\$ 1,458,627</u>	<u>\$ 68,636</u>
\$ (20,744)	\$ 112,619	\$ 133,363	\$ (2,735,212)	\$ (389,225)	\$ 2,345,987
<u>\$ 20,744</u>	<u>\$ 359,743</u>	<u>\$ 338,999</u>	<u>\$ 2,735,212</u>	<u>\$ 7,056,792</u>	<u>\$ 4,321,580</u>
<u>\$ 0</u>	<u>\$ 472,362</u>	<u>\$ 472,362</u>	<u>\$ 0</u>	<u>\$ 6,667,567</u>	<u>\$ 6,667,567</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, 2002**

	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	7,910	7,910
Charges for services	205,695	301,456	95,761
Miscellaneous	50,000	60,447	10,447
Recovered costs	0		0
Intergovernmental:			
Commonwealth	7,091,665	6,689,810	(401,855)
Federal	1,125,463	1,363,427	237,964
<b>Total revenues</b>	<b>\$ 8,472,823</b>	<b>\$ 8,423,050</b>	<b>\$ (49,773)</b>
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	13,968,807	13,519,504	449,303
Parks, recreation, and cultural	0	0	0
Community development	0	0	0
Capital projects	8,146,324	5,442,728	2,703,596
Debt service:			
Principal retirement	0	396,413	(396,413)
Interest and other fiscal charges	6,000	428,550	(422,550)
<b>Total expenditures</b>	<b>\$ 22,121,131</b>	<b>\$ 19,787,195</b>	<b>\$ 2,333,936</b>
Excess (deficiency) of revenues over expenditures	\$ (13,648,308)	\$ (11,364,145)	\$ 2,284,163
Other financing sources (uses):			
Proceeds of general obligation bonds	\$ 7,500,000	\$ 6,175,073	\$ (1,324,927)
Operating transfers in	746,324	452,232	(294,092)
Operating transfers out	(746,324)	(452,232)	294,092
Operating transfers from/to primary government	6,148,308	6,381,233	232,925
<b>Total other financing sources (uses)</b>	<b>\$ 13,648,308</b>	<b>\$ 12,556,306</b>	<b>\$ (1,092,002)</b>
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 0	\$ 1,192,161	\$ 1,192,161
Fund balances at beginning of year	\$ 0	\$ (1,007,778)	\$ (1,007,778)
Fund balances at end of year	<u>\$ 0</u>	<u>\$ 184,383</u>	<u>\$ 184,383</u>

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, 2002

	<u>Nonexpendable Trust Funds Component Unit</u>
Operating revenues:	
Revenue from use of money and property	\$ 2,028
Miscellaneous	<u>1,010</u>
Total revenues	\$ <u>3,038</u>
Operating expenses:	
Current:	
Scholarships	\$ <u>1,000</u>
Net operating income	\$ <u>2,038</u>
Fund balances at beginning of year	\$ <u>45,667</u>
Fund balances at end of year	\$ <u><u>47,705</u></u>

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, 2002

	Nonexpendable Trust Funds <hr/> Component Unit
<u>Cash Flows From Operating Activities:</u>	
Net operating income (loss)	\$ <u>2,038</u>
Cash and cash equivalents at beginning of year	<u>45,667</u>
Cash and cash equivalents at end of year	\$ <u><u>47,705</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, 2002

**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, 2002.

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, 2002

**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, 2002

#### 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 and general fixed assets account group is included herein for the County and its component units.
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, 2002

### 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, 2002**

#### **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, 2002

**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, 2002**

**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:

	<u>Category</u>			<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. Treasury Notes	\$526,081	-	-	\$ 526,081
Investments not subject to categorization:				
Evergreen Investments	-	-	-	222,679
Local Government Investment Pool	-	-	-	<u>1,629,999</u>
	<u>\$526,081</u>	<u>\$ -</u>	<u>\$ -</u>	\$2,378,759
Total deposits for primary government Treasurer's deferred account				1,323,209
				(646)
Cash on Hand				<u>1,444</u>
Total Deposits and Investments for primary government				<u>\$3,702,766</u>

**COUNTY OF SUSSEX, VIRGINIA**

Notes to Financial Statements (Continued)

As of June 30, 2002

**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:				
Total Deposits for component unit				<u>\$ 812,367</u>
Total Deposits and Investments for the component unit				<u>\$ 812,367</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 \$59,641 at June 30, 2002 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:		
Shared expenses	\$ 166,498	\$ -
Rolling stock	68,973	-
Literary fund loan	-	6,175,073
School funds	-	310,243
Local sales taxes	68,020	-
VPA funds	28,872	-
Recordation tax	5,925	-
Personal property tax relief	27,830	-
Fire programs	25,965	-
Federal government:		
School funds	-	75,682
CDBG	264,153	-
School resource officer	24,198	-
VPA funds	<u>81,584</u>	<u>-</u>
Totals	<u>\$762,018</u>	<u>\$6,560,998</u>

**COUNTY OF SUSSEX, VIRGINIA**

Notes to Financial Statements (Continued)

As of June 30, 2002

**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 Primary Government</u>	<u>Due From Component Unit</u>
Primary Government:		
General	\$ -	\$ 348,414
Capital Projects	-	6,150,932
Component Unit:		
School Board	<u>6,499,346</u>	<u>-</u>
Totals:	<u>\$6,499,346</u>	<u>\$6,499,346</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 retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature.

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P.O. Box 2500, Richmond, Virginia 23218-2500.

**COUNTY OF SUSSEX, VIRGINIA**

Notes to Financial Statements (Continued)

As of June 30, 2002

**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, 2002 was .50 % 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, 2002 was 7.25% of the annual covered payroll.

**COUNTY OF SUSSEX, VIRGINIA**

Notes to Financial Statements (Continued)

As of June 30, 2002

**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 .....	.50%	7.25%
Plan members <sup>1</sup> .....	5.00%	5.00%
Annual pension cost .....	\$ 16,478	\$58,729
Contributions made .....	\$ 16,478	\$58,729
Actuarial valuation date .....	06/30/00	06/30/00
Actuarial cost method .....	Entry age normal	Entry age normal
Amortization method .....	Level percent, open	Level percent, open
Asset valuation method .....	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return* .....	8.0%	8.0%
Projected salary increases* .....	4.25% to 6.10%	4.25% to 6.10%
*Includes inflation at .....	3.0%	3.0%
Cost-of-Living adjustments .....	3.0%	3.0%

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

Primary Government:

For fiscal year 2002, The County's annual pension cost of \$16,478 was equal to the County's actual and required contributions. The required contribution was determined as part of the June 30, 2000 actuarial valuation using the entry age normal actuarial cost method.

**COUNTY OF SUSSEX, VIRGINIA**

**Notes to Financial Statements (Continued)**

**As of June 30, 2002**

**NOTE 6--DEFINED PENSION BENEFIT OBLIGATION (Continued)**

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

**Discretely Presented Component - School Board:**

For fiscal year 2002, the School Board's annual pension cost of \$58,729 was equal to the School Board's actual and required contributions. The required contribution was determined as part of the June 30, 2000 actuarial valuation using the entry age normal actuarial cost method.

**Three-Year Trend Information**

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)<sup>1</sup></u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Primary Government:				
County	06/30/00	\$135,926	95.9%	\$23,610
	06/30/01	19,485	100%	0
	06/30/02	16,478	100%	0
Discretely Presented Component Unit				
School Board Non-Professional	06/30/00	\$45,141	100%	\$ 0
	06/30/01	44,327	100%	0
	06/30/02	58,729	100%	0

<sup>1</sup>Employer portion only

**Required Supplementary Information  
Schedule of Funding Progress**

**PRIMARY GOVERNMENT:**

County Retirement Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA) (a)</u>	<u>Actuarial Liability (AAL) (b)</u>	<u>Unfunded (Excess Funded) Actuarial Liability (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as % of Covered Payroll ((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%)
06/30/99	7,506,851	6,544,544	(962,307)	114.7%	2,523,234	(38.1%)
06/30/00	8,815,215	7,078,174	(1,737,041)	124.54%	2,948,129	(58.92%)
06/30/01	9,824,180	7,975,207	(1,848,973)	123.18%	3,220,002	(57.42%)

**COUNTY OF SUSSEX, VIRGINIA**

Notes to Financial Statements (Continued)

As of June 30, 2002

**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 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%
06/30/00	759,108	871,798	112,690	87.07%	780,316	14.44%
06/30/01	917,180	905,960	(11,220)	101.24%	783,545	(1.43%)

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 1.98% 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, 2002, 2001, and 2000 were \$236,023, \$507,061, and \$586,581, respectively, equal to the required contributions for each year.

**COUNTY OF SUSSEX, VIRGINIA**

Notes to Financial Statements (Continued)

As of June 30, 2002

**NOTE 7--CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES**

The County has outstanding accrued vacation pay totaling \$170,526 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 \$467,526 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>
2003	\$ 460,000	\$ 101,693
2004	485,000	75,348
2005	515,000	46,961
2006	<u>545,000</u>	<u>16,077</u>
Total	<u>\$2,005,000</u>	<u>\$ 240,079</u>

**COUNTY OF SUSSEX, VIRGINIA**

Notes to Financial Statements (Continued)  
As of June 30, 2002

**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, 2002:

	<u>Amounts Payable at July 1, 2001</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2002</u>
General Long-Term Obligation Account Group:				
Capital Lease Obligations	\$ 2,440,000	\$ -	\$ 435,000	\$2,005,000
Landfill Post Closure Care	1,230,873	-	50,804	1,180,069
Claims, Judgments, and Compensated Absences Payable	<u>146,905</u>	<u>23,621</u>	<u>-</u>	<u>170,526</u>
	<u>\$ 3,817,778</u>	<u>\$23,621</u>	<u>\$485,804</u>	<u>\$3,355,595</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%	\$2,005,000
Landfill Post Closure Care	1,180,069
Compensated Absences	<u>170,526</u>
Total general long-term obligation debt	<u>\$3,355,595</u>

**COUNTY OF SUSSEX, VIRGINIA**

**Notes to Financial Statements (Continued)**

**As of June 30, 2002**

**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>Principal</u>	<u>Interest</u>	<u>Early Retirement Incentive</u> <u>Principal</u>	<u>Interest</u>
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
2006	375,000	253,757	29,132	96,594
2007	370,000	238,465	31,463	94,263
After 2007	<u>4,810,000</u>	<u>1,553,055</u>	<u>1,146,823</u>	<u>990,519</u>
Total	<u>\$6,680,000</u>	<u>\$2,908,115</u>	<u>\$1,282,494</u>	<u>\$1,483,478</u>

<u>Year Ending</u> <u>June 30</u>	<u>Literary Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 0	\$ 0
2004	0	0
2005	0	0
2006	0	0
2007	0	0
After 2007	<u>6,175,073</u>	<u>0</u>
*	<u>\$6,175,073</u>	<u>\$ 0</u>

\*Amortization Schedule not yet available, full amount not drawn down.

**COUNTY OF SUSSEX, VIRGINIA**

Notes to Financial Statements (Continued)

As of June 30, 2002

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, 2002:

	<u>Amounts Payable at July 1, 2001</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2002</u>
General Long-Term Obligation Account Group:				
General Obligation Bond	\$7,055,000	\$ -	\$375,000	\$6,680,000
Literary Fund Loan	-	6,175,073	-	6,175,073
Early Retirement Incentive	1,303,907	-	21,413	1,282,494
Claims, Judgments, and Compensated Absences Payable	<u>437,252</u>	<u>30,274</u>	<u>-</u>	<u>467,526</u>
	<u>\$8,796,159</u>	<u>\$6,205,797</u>	<u>\$353,587</u>	<u>\$14,605,093</u>

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

\$ 6,680,000

Literary Loan:

\$7,500,000 Literary Loan interest at 3%, not yet fully drawn down

6,175,073

Early Retirement Incentive

1,282,494

Compensated absence liability

467,526

Total general long-term obligation debt

\$14,605,093

## **COUNTY OF SUSSEX, VIRGINIA**

### **Notes to Financial Statements (Continued)**

**As of June 30, 2002**

#### **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 \$425,403 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$421,876 at June 30, 2002.

B. Prepaid Property Taxes

Property taxes due subsequent to June 30, 2002 but paid in advance by the taxpayers totaled \$3,527 at June 30, 2002.

#### **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, 2002, 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, 2002

**NOTE 11--SURETY BOND INFORMATION**

	<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	\$ 210,000
Onnie L. Woodruff, Treasurer	400,000
Ellen G. Boone, Commissioner of the Revenue	20,000
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 \$1,180,069 reported as landfill closure and post-closure liability at June 30, 2002, represents the estimated liability for post-closure monitoring, over the remaining twenty-eight years. These amounts are based on what it would cost to perform all closure and post-closure care in 2002. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

**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.

**COUNTY OF SUSSEX, VIRGINIA**

Notes to Financial Statements (Continued)

As of June 30, 2002

**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 \$49,211 to the District 19 Community Services Board for the fiscal year ended June 30, 2002.

**NOTE 15--CHANGES IN GENERAL FIXED ASSETS**

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

Primary Government and Component Unit School Board:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
Land	\$ 6,268,051	\$ 34,640	\$ 0	\$ 6,302,691
Building	18,087,854	5,755,784	0	23,843,638
Equipment	<u>2,853,200</u>	<u>970,900</u>	<u>0</u>	<u>3,824,100</u>
Total	<u>\$27,209,105</u>	<u>\$6,761,324</u>	<u>\$ 0</u>	<u>\$33,970,429</u>

## COMBINING FINANCIAL STATEMENTS

**COUNTY OF SUSSEX, VIRGINIA**

**Exhibit A-1**

**SPECIAL REVENUE FUNDS**

**Combining Balance Sheet**

**At June 30, 2002**

	<u>Law Library Fund</u>	<u>E 911 Fund</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
<b><u>Assets:</u></b>			
Cash and cash equivalents	\$ 19,631	\$ 440,574	\$ 460,205
Receivables (Net of allowances for uncollectibles):			
Accounts	<u>87</u>	<u>15,367</u>	<u>15,454</u>
 Total assets	 <u>\$ 19,718</u>	 <u>\$ 455,941</u>	 <u>\$ 475,659</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	<u>\$ 0</u>	<u>\$ 3,297</u>	<u>\$ 3,297</u>
 Total liabilities	 <u>\$ 0</u>	 <u>\$ 3,297</u>	 <u>\$ 3,297</u>
<b><u>EQUITY</u></b>			
<b>Fund balances:</b>			
Unreserved:			
Undesignated	<u>\$ 19,718</u>	<u>\$ 452,644</u>	<u>472,362</u>
 Total fund balances	 <u>\$ 19,718</u>	 <u>\$ 452,644</u>	 <u>\$ 472,362</u>
 Total equity	 <u>\$ 19,718</u>	 <u>\$ 452,644</u>	 <u>\$ 472,362</u>
 Total liabilities and equity	 <u>\$ 19,718</u>	 <u>\$ 455,941</u>	 <u>\$ 475,659</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, 2002**

	Law Library Fund		E911 Fund		Totals
Revenues:					
Other local taxes	\$ 0	\$	128,673	\$	128,673
Revenue from use of money and property	573		8,538		9,111
Charges for services	1,465		0		1,465
Miscellaneous	0		521		521
Intergovernmental Commonwealth	0		72,536		72,536
	<u>0</u>		<u>72,536</u>		<u>72,536</u>
Total revenues	\$ <u>2,038</u>	\$	<u>210,268</u>	\$	<u>212,306</u>
Expenditures:					
Current:					
Judicial administration	\$ 5,412	\$	0	\$	5,412
Public safety	0		94,275		94,275
	<u>0</u>		<u>94,275</u>		<u>94,275</u>
Total expenditures	\$ <u>5,412</u>	\$	<u>94,275</u>	\$	<u>99,687</u>
Excess (deficiency) of revenues over expenditures	\$ <u>(3,374)</u>	\$	<u>115,993</u>	\$	<u>112,619</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ (3,374)	\$	115,993	\$	112,619
Fund balances at beginning of year	\$ <u>23,092</u>	\$	<u>336,651</u>	\$	<u>359,743</u>
Fund balances at end of year	\$ <u><u>19,718</u></u>	\$	<u><u>452,644</u></u>	\$	<u><u>472,362</u></u>

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, 2002**

	<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	1,000	573	(427)
Charges for services	1,300	1,465	165
Miscellaneous	0	0	0
Intergovernmental:			
Commonwealth	0	0	0
Total revenues	<u>\$ 2,300</u>	<u>\$ 2,038</u>	<u>\$ (262)</u>
Expenditures:			
Current:			
Judicial administration	\$ 3,000	\$ 5,412	\$ (2,412)
Public safety	0	0	0
Total expenditures	<u>\$ 3,000</u>	<u>\$ 5,412</u>	<u>\$ (2,412)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (700)</u>	<u>\$ (3,374)</u>	<u>\$ (2,674)</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	<u>\$ (700)</u>	<u>\$ (3,374)</u>	<u>\$ (2,674)</u>
Fund balances at beginning of year	<u>\$ 700</u>	<u>\$ 23,092</u>	<u>\$ 22,392</u>
Fund balances at end of year	<u>\$ 0</u>	<u>\$ 19,718</u>	<u>\$ 19,718</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)
\$ 125,000	\$ 128,673	\$ 3,673	\$ 125,000	\$ 128,673	\$ 3,673
11,000	8,538	(2,462)	12,000	9,111	(2,889)
0	0	0	1,300	1,465	165
2,500	521	(1,979)	2,500	521	(1,979)
<u>0</u>	<u>72,536</u>	<u>72,536</u>	<u>0</u>	<u>72,536</u>	<u>72,536</u>
\$ <u>138,500</u>	\$ <u>210,268</u>	\$ <u>71,768</u>	\$ <u>140,800</u>	\$ <u>212,306</u>	\$ <u>71,506</u>
\$ 0	\$ 0	\$ 0	\$ 3,000	\$ 5,412	\$ (2,412)
<u>158,544</u>	<u>94,275</u>	<u>64,269</u>	<u>158,544</u>	<u>94,275</u>	<u>64,269</u>
\$ <u>158,544</u>	\$ <u>94,275</u>	\$ <u>64,269</u>	\$ <u>161,544</u>	\$ <u>99,687</u>	\$ <u>61,857</u>
\$ <u>(20,044)</u>	\$ <u>115,993</u>	\$ <u>136,037</u>	\$ <u>(20,744)</u>	\$ <u>112,619</u>	\$ <u>133,363</u>
\$ (20,044)	\$ 115,993	\$ 136,037	\$ (20,744)	\$ 112,619	\$ 133,363
\$ <u>20,044</u>	\$ <u>336,651</u>	\$ <u>316,607</u>	\$ <u>20,744</u>	\$ <u>359,743</u>	\$ <u>338,999</u>
\$ <u>0</u>	\$ <u>452,644</u>	\$ <u>452,644</u>	\$ <u>0</u>	\$ <u>472,362</u>	\$ <u>472,362</u>

FIDUCIARY FUNDS

Combining Balance Sheet

At June 30, 2002

	Agency Funds			
	Special Welfare	Sheriff Information Fund	Jail Inmate Fund	Totals
<u>ASSETS</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 2,382	\$ 4,460	\$ 1,903	\$ 8,745
	<u>2,382</u>	<u>4,460</u>	<u>1,903</u>	<u>8,745</u>
<u>LIABILITIES</u>				
Amounts held for social service clients	\$ 2,382	\$ 0	\$ 0	\$ 2,382
Amounts held for others	0	4,460	1,903	6,363
	<u>0</u>	<u>4,460</u>	<u>1,903</u>	<u>6,363</u>
Total liabilities	\$ 2,382	\$ 4,460	\$ 1,903	\$ 8,745
	<u>2,382</u>	<u>4,460</u>	<u>1,903</u>	<u>8,745</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, 2002

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
Assets:				
Cash	\$ 2,784	\$ 21,293	\$ 21,695	\$ 2,382
Liabilities:				
Amounts held for social service clients	\$ 2,784	\$ 21,293	\$ 21,695	\$ 2,382
<b>Jail Inmate Fund:</b>				
Assets:				
Cash	\$ 0	\$ 1,903	\$ 0	\$ 1,903
Liabilities:				
Amounts held for others	\$ 0	\$ 1,903	\$ 0	\$ 1,903
<b>Sheriff Information Fund:</b>				
Assets:				
Cash	\$ 4,760	\$ 0	\$ 300	\$ 4,460
Liabilities:				
Amounts held for others	\$ 4,760	\$ 0	\$ 300	\$ 4,460
<b>Totals -- All agency funds</b>				
Assets:				
Cash	\$ 7,544	\$ 23,196	\$ 21,995	\$ 8,745
Total assets	\$ 7,544	\$ 23,196	\$ 21,995	\$ 8,745
Liabilities:				
Amounts held for social service clients	\$ 2,784	\$ 21,293	\$ 21,695	\$ 2,382
Amounts held for others	4,760	1,903	300	6,363
Total liabilities	\$ 7,544	\$ 23,196	\$ 22,295	\$ 8,745

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, 2002**

	<u>Governmental Funds</u>		
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>School Capital Projects Fund</u>
<b><u>ASSETS AND OTHER DEBITS</u></b>			
<b><u>Assets:</u></b>			
Cash and cash equivalents	\$ 573,621	\$ 191,041	\$ 0
Due from other governmental units	370,872	15,053	6,175,073
Fixed assets	0	0	0
<b><u>Other debits:</u></b>			
Amount to be provided for the retirement of general long-term obligations	0	0	0
 Total assets and other debits	 \$ <u>944,493</u>	 \$ <u>206,094</u>	 \$ <u>6,175,073</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 34,089	\$ 0	\$ 21,298
Accrued liabilities	561,990	24,554	0
Due to primary government	348,414	0	6,150,932
General obligation bonds payable	0	0	0
State Literary Fund loans payable	0	0	0
Claims, judgments and compensated absences	0	0	0
Amortization of retirement incentive	0	0	0
 Total liabilities	 \$ <u>944,493</u>	 \$ <u>24,554</u>	 \$ <u>6,172,230</u>
<b><u>EQUITY</u></b>			
Investment in general fixed assets	\$ 0	\$ 0	\$ 0
Fund balances:			
Reserved for:			
Scholarships	\$ 0	\$ 0	\$ 0
Unreserved:			
Undesignated	0	181,540	2,843
 Total fund balances	 \$ <u>0</u>	 \$ <u>181,540</u>	 \$ <u>2,843</u>
 Total equity	 \$ <u>0</u>	 \$ <u>181,540</u>	 \$ <u>2,843</u>
 Total liabilities and equity	 \$ <u>944,493</u>	 \$ <u>206,094</u>	 \$ <u>6,175,073</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 Groups</u>		
<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long - Term Obligation</u>	<u>Totals</u>	
\$ 47,705	\$ 0	\$ 0	\$ 812,367	
0	0	0	6,560,998	
0	19,494,948	0	19,494,948	
<u>0</u>	<u>0</u>	<u>14,605,093</u>	<u>14,605,093</u>	
<u>\$ 47,705</u>	<u>\$ 19,494,948</u>	<u>\$ 14,605,093</u>	<u>\$ 41,473,406</u>	
\$ 0	\$ 0	\$ 0	\$ 55,387	
0	0	0	586,544	
0	0	0	6,499,346	
0	0	6,680,000	6,680,000	
0	0	6,175,073	6,175,073	
0	0	467,526	467,526	
0	0	1,282,494	1,282,494	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,605,093</u>	<u>\$ 21,746,370</u>	
<u>\$ 0</u>	<u>\$ 19,494,948</u>	<u>\$ 0</u>	<u>\$ 19,494,948</u>	
\$ 47,705	0	0	47,705	
<u>0</u>	<u>0</u>	<u>0</u>	<u>184,383</u>	
<u>\$ 47,705</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 232,088</u>	
<u>\$ 47,705</u>	<u>\$ 19,494,948</u>	<u>\$ 0</u>	<u>\$ 19,727,036</u>	
<u>\$ 47,705</u>	<u>\$ 19,494,948</u>	<u>\$ 14,605,093</u>	<u>\$ 41,473,406</u>	



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

Discretely Presented Component Unit -- School Board

Year Ended June 30, 2002

	Governmental Fund Types			Totals
	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	
<b>Revenues:</b>				
Revenue from use of money and property	\$ 0	\$ 3,556	\$ 4,354	\$ 7,910
Charges for services	0	301,456	0	301,456
Miscellaneous	57,135	3,312	0	60,447
<b>Intergovernmental:</b>				
Commonwealth	6,680,894	8,916	0	6,689,810
Federal	974,740	388,687	0	1,363,427
<b>Total revenues</b>	<b>\$ 7,712,769</b>	<b>\$ 705,927</b>	<b>\$ 4,354</b>	<b>\$ 8,423,050</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Education	\$ 12,816,807	\$ 702,697	\$ 0	\$ 13,519,504
Capital projects	0	0	5,442,728	5,442,728
<b>Debt service:</b>				
Principal retirement	396,413	0	0	396,413
Interest and other fiscal charges	428,550	0	0	428,550
<b>Total expenditures</b>	<b>\$ 13,641,770</b>	<b>\$ 702,697</b>	<b>\$ 5,442,728</b>	<b>\$ 19,787,195</b>
Excess (deficiency) of revenues over expenditures	\$ (5,929,001)	\$ 3,230	\$ (5,438,374)	\$ (11,364,145)
<b>Other financing sources (uses):</b>				
Operating transfers in	\$ 0	\$ 0	\$ 452,232	\$ 452,232
Operating transfers out	(452,232)	0	0	(452,232)
Operating transfers from/to primary government	6,381,233	0	0	6,381,233
<b>Total other financing sources (uses)</b>	<b>\$ 5,929,001</b>	<b>\$ 0</b>	<b>\$ 6,627,305</b>	<b>\$ 12,556,306</b>
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 0	\$ 3,230	\$ 1,188,931	\$ 1,192,161
Fund balances at beginning of year	\$ 0	\$ 178,310	\$ (1,186,088)	\$ (1,007,778)
Fund balances at end of year	\$ 0	\$ 181,540	\$ 2,843	\$ 184,383

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

**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, 2002**

	School Operating Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Revenue from use of money and property	\$ 0	\$ 0	\$ 0
Charges for services	0	0	0
Miscellaneous	50,000	57,135	7,135
<b>Intergovernmental:</b>			
Commonwealth	7,080,360	6,680,894	(399,466)
Federal	582,463	974,740	392,277
<b>Total revenues</b>	<b>\$ 7,712,823</b>	<b>\$ 7,712,769</b>	<b>\$ (54)</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Education	\$ 13,108,807	\$ 12,816,807	\$ 292,000
Capital projects	0	0	0
<b>Debt service:</b>			
Principal retirement	0	396,413	(396,413)
Interest and other fiscal charges	6,000	428,550	(422,550)
<b>Total expenditures</b>	<b>\$ 13,114,807</b>	<b>\$ 13,641,770</b>	<b>\$ (526,963)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (5,401,984)</b>	<b>\$ (5,929,001)</b>	<b>\$ (527,017)</b>
<b>Other financing sources (uses):</b>			
Proceeds of general obligation bonds	\$ 0	\$ 0	\$ 0
Operating transfers in	0	0	0
Operating transfers out	(746,324)	(452,232)	294,092
Operating transfers from/to primary government	6,148,308	6,381,233	232,925
<b>Total other financing sources (uses)</b>	<b>\$ 5,401,984</b>	<b>\$ 5,929,001</b>	<b>\$ 527,017</b>
<b>Excess (deficiency) of revenues &amp; other sources over expenditures &amp; other uses</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Fund balances at beginning of year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Fund balances at end of year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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	\$ 3,556	\$ 3,556	\$ 0	\$ 0	\$ 0
205,695	301,456	95,761	0	0	0
0	3,312	3,312	0	0	0
11,305	8,916	(2,389)	0	0	0
<u>543,000</u>	<u>388,687</u>	<u>(154,313)</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>760,000</u>	\$ <u>705,927</u>	\$ <u>(54,073)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
\$ 760,000	\$ 702,697	\$ 57,303	\$ 100,000	\$ 0	\$ 100,000
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>760,000</u>	\$ <u>702,697</u>	\$ <u>57,303</u>	\$ <u>100,000</u>	\$ <u>0</u>	\$ <u>100,000</u>
\$ <u>0</u>	\$ <u>3,230</u>	\$ <u>3,230</u>	\$ <u>(100,000)</u>	\$ <u>0</u>	\$ <u>100,000</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	\$ 3,230	\$ 3,230	\$ 0	\$ 0	\$ 0
<u>0</u>	<u>178,310</u>	<u>178,310</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>181,540</u>	<u>181,540</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, 2002**

	School Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Revenue from use of money and property	\$ 0	\$ 4,354	\$ 4,354
Charges for services	0	0	0
Miscellaneous	0	0	0
<b>Intergovernmental:</b>			
Commonwealth	0	0	0
Federal	0	0	0
<b>Total revenues</b>	<b>\$ 0</b>	<b>\$ 4,354</b>	<b>\$ 4,354</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Education	\$ 0	\$ 0	\$ 0
Capital projects	8,146,324	5,442,728	2,703,596
<b>Debt service:</b>			
Principal retirement	0	0	0
Interest and other fiscal charges	0	0	0
<b>Total expenditures</b>	<b>\$ 8,146,324</b>	<b>\$ 5,442,728</b>	<b>\$ 2,703,596</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (8,146,324)</b>	<b>\$ (5,438,374)</b>	<b>\$ 2,707,950</b>
<b>Other financing sources (uses):</b>			
Proceeds of general obligation bonds	\$ 7,500,000	\$ 6,175,073	\$ (1,324,927)
Operating transfers in	646,324	452,232	(194,092)
Operating transfers out	0	0	0
Operating transfers from/to primary government	0	0	0
<b>Total other financing sources (uses)</b>	<b>\$ 8,146,324</b>	<b>\$ 6,627,305</b>	<b>\$ (1,519,019)</b>
<b>Excess (deficiency) of revenues &amp; other sources over expenditures &amp; other uses</b>	<b>\$ 0</b>	<b>\$ 1,188,931</b>	<b>\$ 1,188,931</b>
<b>Fund balances at beginning of year</b>	<b>\$ 0</b>	<b>\$ (1,186,088)</b>	<b>\$ (1,186,088)</b>
<b>Fund balances at end of year</b>	<b>\$ 0</b>	<b>\$ 2,843</b>	<b>\$ 2,843</b>

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	\$ 7,910	\$ 7,910
205,695	301,456	95,761
50,000	60,447	10,447
7,091,665	6,689,810	(401,855)
<u>1,125,463</u>	<u>1,363,427</u>	<u>237,964</u>
\$ <u>8,472,823</u>	\$ <u>8,423,050</u>	\$ <u>(49,773)</u>
\$ 13,968,807	\$ 13,519,504	\$ 449,303
8,146,324	5,442,728	2,703,596
0	396,413	(396,413)
<u>6,000</u>	<u>428,550</u>	<u>(422,550)</u>
\$ <u>22,121,131</u>	\$ <u>19,787,195</u>	\$ <u>2,333,936</u>
\$ <u>(13,648,308)</u>	\$ <u>(11,364,145)</u>	\$ <u>2,284,163</u>
\$ 7,500,000	\$ 6,175,073	\$ (1,324,927)
746,324	452,232	(294,092)
(746,324)	(452,232)	294,092
<u>6,148,308</u>	<u>6,381,233</u>	<u>232,925</u>
\$ <u>13,648,308</u>	\$ <u>12,556,306</u>	\$ <u>(1,092,002)</u>
\$ 0	\$ 1,192,161	\$ 1,192,161
\$ <u>0</u>	\$ <u>(1,007,778)</u>	\$ <u>(1,007,778)</u>
\$ <u>0</u>	\$ <u>184,383</u>	\$ <u>184,383</u>

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

**Combining Balance Sheet -- Fiduciary Funds**

**At June 30, 2002**

		<u>Nonexpendable Trust Funds</u>			
		Mitchell	Waverly/ Wakefield Rotary	Richard C. Moore, III	
		<u>Scholarship</u>	<u>Scholarship</u>	<u>Scholarship</u>	<u>Totals</u>
<u>ASSETS</u>					
<u>Assets:</u>					
Cash and cash equivalents	\$	30,023	\$ 8,056	\$ 9,626	\$ 47,705
Total assets	\$	<u>30,023</u>	<u>\$ 8,056</u>	<u>\$ 9,626</u>	<u>\$ 47,705</u>
<u>EQUITY</u>					
Fund balances:					
Reserved for:					
Scholarships	\$	30,023	\$ 8,056	\$ 9,626	\$ 47,705
Total fund balances	\$	<u>30,023</u>	<u>\$ 8,056</u>	<u>\$ 9,626</u>	<u>\$ 47,705</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, 2002

	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	\$ 1,293	\$ 347	\$ 388	\$ 2,028
Miscellaneous	0	0	1,010	1,010
Total operating revenues	\$ 1,293	\$ 347	\$ 1,398	\$ 3,038
Operating expenses:				
Scholarships	\$ 0	\$ 0	\$ 1,000	\$ 1,000
Total operating expenses	\$ 0	\$ 0	\$ 1,000	\$ 1,000
Operating income	\$ 1,293	\$ 347	\$ 398	\$ 2,038
Fund balance at beginning of year	\$ 28,730	\$ 7,709	\$ 9,228	\$ 45,667
Fund balance at end of year	\$ 30,023	\$ 8,056	\$ 9,626	\$ 47,705

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, 2002

	Nonexpendable Trust Funds			Totals
	Mitchell Scholarship Fund	Waverly/ Wakefield Rotary Scholarship	Richard C. Moore, III Scholarship	
<u>Cash Flows From Operating Activities:</u>				
Net operating income (loss)	\$ 1,293	\$ 347	\$ 398	\$ 2,038
Net cash provided by (used in) operating activities	\$ 1,293	\$ 347	\$ 398	\$ 2,038
Increase (decrease) in cash and cash equivalents	\$ 1,293	\$ 347	\$ 398	\$ 2,038
Cash and cash equivalents at beginning of year	28,730	7,709	9,228	45,667
Cash and cash equivalents at end of year	\$ 30,023	\$ 8,056	\$ 9,626	\$ 47,705

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, 2002

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Primary Government:</b>			
<b>General Fund:</b>			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 2,665,934	\$ 2,646,277	\$ (19,657)
Real and personal public service corporation property taxes	349,296	363,849	14,553
Personal property taxes	1,475,649	1,390,191	(85,458)
Mobile home taxes	60,212	63,465	3,253
Machinery and tools taxes	677,442	775,943	98,501
Merchant's capital taxes	72,443	65,757	(6,686)
Penalties	90,000	93,917	3,917
Interest	49,200	21,308	(27,892)
	<hr/>	<hr/>	<hr/>
Total general property taxes	\$ 5,440,176	\$ 5,420,707	\$ (19,469)
Other local taxes:			
Local sales and use taxes	\$ 442,121	\$ 405,571	\$ (36,550)
Consumers' utility taxes	160,000	157,431	(2,569)
Consumption tax	43,000	36,468	(6,532)
Business license taxes	200	180	(20)
Franchise license taxes	1,100	15,682	14,582
Motor vehicle licenses	169,000	167,112	(1,888)
Bank stock taxes	4,454	1,878	(2,576)
Taxes on recordation and wills	29,800	27,688	(2,112)
	<hr/>	<hr/>	<hr/>
Total other local taxes	\$ 849,675	\$ 812,010	\$ (37,665)
Permits, privilege fees and regulatory licenses:			
Animal licenses	\$ 5,000	\$ 5,361	\$ 361
Transfer fees	450	449	(1)
Building and related permits	34,000	30,923	(3,077)
Zoning and subdivision permits	5,000	12,904	7,904
Erosion and sediment control permit	800	333	(467)
Other permits, fees and licenses	25	1,200	1,175
	<hr/>	<hr/>	<hr/>
Total permits, privilege fees and regulatory licenses	\$ 45,275	\$ 51,170	\$ 5,895
Fines and forfeitures:			
Court fines and forfeitures	\$ 159,000	\$ 212,786	\$ 53,786
	<hr/>	<hr/>	<hr/>
Total fines and forfeitures	\$ 159,000	\$ 212,786	\$ 53,786
Revenue from use of money and property:			
Revenue from use of money	\$ 250,000	\$ 114,424	\$ (135,576)
Revenue from use of property	72,500	48,593	(23,907)
	<hr/>	<hr/>	<hr/>
Total revenue from use of money and property	\$ 322,500	\$ 163,017	\$ (159,483)

**Governmental Funds and Discretely Presented Component Unit**

**Schedule of Revenues -- Budget and Actual**

**Year Ended June 30, 2002**

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Primary Government:</b>			
<b>General Fund:</b>			
Revenue from local sources:			
Charges for services:			
Court costs	\$ 665	\$ 665	\$ 0
Charges for Commonwealth's attorney	415	501	86
Charges for correction and detention:			
Care of prisoners - local	7,900	36,054	28,154
Telephone fees - inmates	0	15,876	15,876
Charges for other protection	20	0	(20)
Charges for sanitation and waste removal:			
Tipping fees from Atlantic Development	3,153,800	3,153,800	0
Quality control fees	140,454	112,701	(27,753)
Charges for Industrial development	<u>0</u>	<u>500</u>	<u>500</u>
Total charges for services	\$ <u>3,303,254</u>	\$ <u>3,320,097</u>	\$ <u>16,843</u>
Miscellaneous revenue:			
Miscellaneous	\$ <u>108,600</u>	\$ <u>116,403</u>	\$ <u>7,803</u>
Total miscellaneous revenue	\$ <u>108,600</u>	\$ <u>116,403</u>	\$ <u>7,803</u>
Recovered costs:			
Medical expense - sheriff	\$ 6,500	\$ 27,742	\$ 21,242
Social Security bounty-jail	300	1,000	700
Wakefield sheriff's patrol	43,093	35,267	(7,826)
Health department	0	65	65
Jail clean-up	52,000	36,789	(15,211)
Juror reimbursement	2,900	6,961	4,061
Clerk's pay-ins	5,450	4,100	(1,350)
VHDA administration	<u>42,000</u>	<u>41,828</u>	<u>(172)</u>
Total recovered costs	\$ <u>152,243</u>	\$ <u>153,752</u>	\$ <u>1,509</u>
Total revenue from local sources	\$ <u>10,380,723</u>	\$ <u>10,249,942</u>	\$ <u>(130,781)</u>
Revenue from the Commonwealth:			
Noncategorical aid:			
ABC profits	\$ 20,500	\$ 23,878	\$ 3,378
Wine taxes	11,000	12,381	1,381
Mobile home titling taxes	60,000	26,396	(33,604)
Tax on Deeds	22,427	30,771	8,344
Auto rental tax	600	60	(540)
Railroad rolling stock taxes	78,000	68,973	(9,027)
Personal property tax relief reimbursements	<u>1,142,893</u>	<u>1,076,706</u>	<u>(66,187)</u>
Total noncategorical aid	\$ <u>1,335,420</u>	\$ <u>1,239,165</u>	\$ <u>(96,255)</u>

Governmental Funds and Discretely Presented Component Unit

Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2002

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
<b>Primary Government:</b>			
<b>General Fund:</b>			
Categorical aid:			
Shared expenses:			
Commonwealth's attorney	\$ 205,000	\$ 208,280	\$ 3,280
Sheriff	1,200,000	1,201,567	1,567
Commissioner of the revenue	82,000	77,224	(4,776)
Treasurer	91,500	91,558	58
Medical examiner	1,000	150	(850)
Registrar/electoral board	43,000	41,193	(1,807)
Correction grant - jail	142,000	153,702	11,702
<b>Total shared expenses</b>	<b>\$ 1,764,500</b>	<b>\$ 1,773,674</b>	<b>\$ 9,174</b>
Welfare:			
Welfare administration and assistance	\$ 338,931	\$ 362,140	\$ 23,209
Abstinence grant	151,250	151,250	0
Comprehensive services	155,000	168,497	13,497
<b>Total welfare</b>	<b>\$ 645,181</b>	<b>\$ 681,887</b>	<b>\$ 36,706</b>
Other categorical aid:			
Emergency services grants	\$ 0	\$ 8,684	\$ 8,684
Indoor plumbing grant	59,948	21,488	(38,460)
Drug forfeiture	0	4,912	4,912
VJCCCS grant	0	18,722	18,722
Victim witness program	54,543	25,965	(28,578)
Arts grant	10,000	0	(10,000)
Payment in lieu of taxes-prison	200,000	223,580	23,580
Fire programs funds	10,000	13,000	3,000
<b>Total other categorical aid</b>	<b>\$ 334,491</b>	<b>\$ 316,351</b>	<b>\$ (18,140)</b>
<b>Total categorical aid</b>	<b>\$ 2,744,172</b>	<b>\$ 2,771,912</b>	<b>\$ 27,740</b>
<b>Total revenue from the Commonwealth</b>	<b>\$ 4,079,592</b>	<b>\$ 4,011,077</b>	<b>\$ (68,515)</b>
Revenue from the Federal Government:			
Categorical aid:			
Welfare administration and assistance	\$ 924,103	\$ 987,383	\$ 63,280
Community development block grant	0	785,057	785,057
School resource officer	0	24,198	24,198
Indoor plumbing grant	247,052	88,555	(158,497)

**Governmental Funds and Discretely Presented Component Unit**

**Schedule of Revenues -- Budget and Actual**

**Year Ended June 30, 2002**

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Primary Government:</b>			
<b>General Fund:</b>			
Total categorical aid	\$ 1,171,155	\$ 1,885,193	\$ 714,038
Total revenue from the Federal Government	\$ 1,171,155	\$ 1,885,193	\$ 714,038
Total General Fund	<u>\$ 15,631,470</u>	<u>\$ 16,146,212</u>	<u>\$ 514,742</u>
<b>Special Revenue Funds:</b>			
<b>Law Library Fund:</b>			
Revenue from local sources:			
Revenue from use of money and property	\$ 1,000	\$ 573	\$ (427)
Charges for services	<u>1,300</u>	<u>1,465</u>	<u>165</u>
Total revenue from local sources	\$ 2,300	\$ 2,038	\$ (262)
Total Law Library Fund	<u>\$ 2,300</u>	<u>\$ 2,038</u>	<u>\$ (262)</u>
<b>E911 Fund:</b>			
Revenue from local sources:			
Other local taxes - E911 fees	\$ 125,000	\$ 128,673	\$ 3,673
Revenue from the use of money and property	11,000	8,538	(2,462)
Miscellaneous revenue	<u>2,500</u>	<u>521</u>	<u>(1,979)</u>
Total revenue from local sources	\$ 138,500	\$ 137,732	\$ (768)
Revenue from the Commonwealth:			
Categorical aid:			
Wireless board	\$ 0	\$ 72,536	\$ 72,536
Total E911 Fund	<u>\$ 138,500</u>	<u>\$ 210,268</u>	<u>\$ 71,768</u>
Total Special Revenue Funds	<u>\$ 140,800</u>	<u>\$ 212,306</u>	<u>\$ 71,506</u>
<b>Capital Projects Funds:</b>			
<b>County Capital Projects Fund:</b>			
Revenue from local sources:			
Revenue from use of money	\$ 240,000	\$ 93,327	\$ (146,673)
Charges for services - courthouse maintenance fees	<u>27,000</u>	<u>29,875</u>	<u>2,875</u>
Total revenue from local sources	\$ 267,000	\$ 123,202	\$ (143,798)
Revenue from the Commonwealth:			
Categorical aid:			
Western water grant	\$ 670,611	\$ 0	\$ (670,611)
Total County Capital Projects Fund	<u>\$ 937,611</u>	<u>\$ 123,202</u>	<u>\$ (814,409)</u>
<b>Grand Total Revenues -- Primary Government</b>	<u>\$ 16,709,881</u>	<u>\$ 16,481,720</u>	<u>\$ (228,161)</u>

**Governmental Funds and Discretely Presented Component Unit**

**Schedule of Revenues -- Budget and Actual**

**Year Ended June 30, 2002**

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Component Unit -- School Board:</b>			
<b>School Operating Fund:</b>			
Revenue from local sources:			
Miscellaneous revenue	\$ 50,000	\$ 57,135	\$ 7,135
Total revenue from local sources	<u>\$ 50,000</u>	<u>\$ 57,135</u>	<u>\$ 7,135</u>
Revenue from the Commonwealth:			
Categorical aid:			
Share of state sales tax	\$ 1,125,612	\$ 1,053,391	\$ (72,221)
Basic school aid	3,104,217	3,058,112	(46,105)
Remedial education	219,428	198,302	(21,126)
Primary class size	276,681	228,289	(48,392)
Vocational education	102,922	116,822	13,900
Special education	434,991	425,284	(9,707)
Gifted education	34,955	34,175	(780)
Textbook payments	59,471	58,144	(1,327)
At risk	263,697	256,551	(7,146)
School construction	242,774	242,589	(185)
Fringe benefits	401,201	289,232	(111,969)
Maintenance reserve	14,564	14,239	(325)
Technology grant	180,000	92,426	(87,574)
Lottery funds	187,590	216,051	28,461
Other state aid	136,435	74,187	(62,248)
Early reading intervention	50,704	14,720	(35,984)
Enrollment loss	15,155	54,986	39,831
SOL teacher training and materials	86,020	96,548	10,528
Additional teachers	48,789	48,109	(680)
Technology resource	0	17,605	17,605
Teacher incentive payments	95,154	91,132	(4,022)
Total categorical aid	<u>\$ 7,080,360</u>	<u>\$ 6,680,894</u>	<u>\$ (399,466)</u>
Total revenue from the Commonwealth	<u>\$ 7,080,360</u>	<u>\$ 6,680,894</u>	<u>\$ (399,466)</u>
Revenue from the federal government:			
Categorical aid:			
Title I	\$ 363,606	\$ 537,833	\$ 174,227
Chapter II	13,857	15,077	1,220
Title II	0	19,798	19,798
School reform	70,000	100,000	30,000
Class size reduction	0	25,089	25,089
Title VI -- B -- special education	95,000	12,231	(82,769)
Reading excellence grant	0	171,615	171,615
AP grant	0	240	240
Vocational education	40,000	70,357	30,357
School to work	0	22,500	22,500
Total revenue from the federal government	<u>\$ 582,463</u>	<u>\$ 974,740</u>	<u>\$ 392,277</u>

**Governmental Funds and Discretely Presented Component Unit**

**Schedule of Revenues -- Budget and Actual**

**Year Ended June 30, 2002**

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Component Unit -- School Board:</b>			
<b>School Operating Fund:</b>			
Total School Operating Fund	\$ <u>7,712,823</u>	\$ <u>7,712,769</u>	\$ <u>(54)</u>
<b>School Cafeteria Fund:</b>			
Revenue from local sources:			
Revenue from use of money and property - use of money	\$ <u>0</u>	\$ <u>3,556</u>	\$ <u>3,556</u>
Charges for services - cafeteria sales	\$ <u>205,695</u>	\$ <u>301,456</u>	\$ <u>95,761</u>
Miscellaneous revenue	\$ <u>0</u>	\$ <u>3,312</u>	\$ <u>3,312</u>
Total revenue from local sources	\$ <u>205,695</u>	\$ <u>308,324</u>	\$ <u>102,629</u>
Revenue from the Commonwealth:			
Categorical aid:			
School food program grant	\$ <u>11,305</u>	\$ <u>8,916</u>	\$ <u>(2,389)</u>
Revenue from the federal government:			
Categorical aid:			
School food program grant	\$ <u>543,000</u>	\$ <u>388,687</u>	\$ <u>(154,313)</u>
Total School Cafeteria Fund	\$ <u>760,000</u>	\$ <u>705,927</u>	\$ <u>(54,073)</u>
Total Special Revenue Funds	\$ <u>8,472,823</u>	\$ <u>8,418,696</u>	\$ <u>(54,127)</u>
<b>School Capital Projects Fund:</b>			
Revenue from local sources:			
Revenue from use of money and property - use of money	\$ <u>0</u>	\$ <u>4,354</u>	\$ <u>4,354</u>
Total revenue from local sources	\$ <u>0</u>	\$ <u>4,354</u>	\$ <u>4,354</u>
Total School Capital Projects Fund	\$ <u>0</u>	\$ <u>4,354</u>	\$ <u>4,354</u>
<b>Grand Total Revenues -- Component Unit -- School Board</b>	<b>\$ <u>8,472,823</u></b>	<b>\$ <u>8,423,050</u></b>	<b>\$ <u>(49,773)</u></b>

**Governmental Funds and Discretely Presented Component Unit**

**Schedule of Expenditures -- Budget and Actual**

**Year Ended June 30, 2002**

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Primary Government:</b>			
<b>General Fund:</b>			
General government administration:			
Legislative:			
Board of supervisors	\$ 85,360	\$ 154,710	\$ (69,350)
General and financial administration:			
County administrator	\$ 267,741	\$ 224,118	\$ 43,623
Legal services	98,171	61,360	36,811
Independent auditor	47,500	29,000	18,500
Commissioner of the revenue	175,989	160,964	15,025
Equalization board	0	43	(43)
License bureau	35,850	32,561	3,289
Treasurer	234,943	194,777	40,166
Central accounting	15,000	16,917	(1,917)
Other general government services	2,000	25,402	(23,402)
Total general and financial administration	\$ 877,194	\$ 745,142	\$ 132,052
Board of Elections:			
Registrar/electoral board and officials	\$ 118,700	\$ 94,465	\$ 24,235
Total general government administration	\$ 1,081,254	\$ 994,317	\$ 86,937
Judicial administration:			
Courts:			
Circuit court	\$ 23,313	\$ 23,489	\$ (176)
General district court	22,500	13,180	9,320
Special magistrates	7,174	7,094	80
Juvenile and domestic relations district court	26,635	21,044	5,591
Clerk of the circuit court	73,230	67,352	5,878
Total courts	\$ 152,852	\$ 132,159	\$ 20,693
Commonwealth's attorney:			
Commonwealth's attorney	\$ 320,554	\$ 294,262	\$ 26,292
Total judicial administration	\$ 473,406	\$ 426,421	\$ 46,985
Public safety:			
Law enforcement and traffic control:			
Sheriff	\$ 1,968,031	\$ 1,860,708	\$ 107,323
Wakefield sheriff patrol	43,093	43,720	(627)
Criminal justice and Victim witness protection	53,504	51,057	2,447
Total law enforcement and traffic control	\$ 2,064,628	\$ 1,955,485	\$ 109,143

**Governmental Funds and Discretely Presented Component Unit**

**Schedule of Expenditures -- Budget and Actual**

**Year Ended June 30, 2002**

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Primary Government:</b>			
<b>General Fund:</b>			
Fire and rescue services:			
Volunteer fire department	\$ 93,500	\$ 260,081	\$ (166,581)
Ambulance and rescue service	224,600	216,918	7,682
Division of forestry	<u>12,516</u>	<u>12,516</u>	<u>0</u>
Total fire and rescue services	\$ <u>330,616</u>	\$ <u>489,515</u>	\$ <u>(158,899)</u>
Correction and detention:			
Sheriff	\$ 369,317	\$ 294,800	\$ 74,517
Crater Criminal Justice Academy	6,061	6,033	28
Drug forfeiture	0	6,072	(6,072)
Crater Juvenile Detention Home	<u>38,321</u>	<u>96,684</u>	<u>(58,363)</u>
Total correction and detention	\$ <u>413,699</u>	\$ <u>403,589</u>	\$ <u>10,110</u>
Inspections:			
Building	\$ <u>78,787</u>	\$ <u>72,707</u>	\$ <u>6,080</u>
Other protection:			
Animal control	\$ 62,039	\$ 50,419	\$ 11,620
Medical examiner (coroner)	1,000	250	750
Emergency services (civil defense)	<u>2,000</u>	<u>2,259</u>	<u>(259)</u>
Total other protection	\$ <u>65,039</u>	\$ <u>52,928</u>	\$ <u>12,111</u>
Total public safety	\$ <u>2,952,769</u>	\$ <u>2,974,224</u>	\$ <u>(21,455)</u>
Public works:			
Maintenance of highways, streets, bridges and sidewalks:			
Street lights	\$ 9,800	\$ 8,774	\$ 1,026
Wastewater treatment plant	<u>56,000</u>	<u>67,593</u>	<u>(11,593)</u>
Total maintenance of highways, streets, bridges and sidewalks	\$ <u>65,800</u>	\$ <u>76,367</u>	\$ <u>(10,567)</u>
Sanitation and waste removal:			
Sanitation disposal	\$ <u>148,518</u>	\$ <u>153,572</u>	\$ <u>(5,054)</u>
Total sanitation and waste removal	\$ <u>148,518</u>	\$ <u>153,572</u>	\$ <u>(5,054)</u>
Maintenance of general buildings and grounds:			
General properties	\$ <u>287,657</u>	\$ <u>286,997</u>	\$ <u>660</u>
Total maintenance of general buildings and grounds	\$ <u>287,657</u>	\$ <u>286,997</u>	\$ <u>660</u>

**Governmental Funds and Discretely Presented Component Unit**

**Schedule of Expenditures -- Budget and Actual**

**Year Ended June 30, 2002**

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Primary Government:</b>			
<b>General Fund:</b>			
Public Works (continued):			
Total public works	\$ 501,975	\$ 516,936	\$ (14,961)
Health and welfare:			
Health:			
Local health department	\$ 146,448	\$ 139,982	\$ 6,466
Total health	\$ 146,448	\$ 139,982	\$ 6,466
Mental health and mental retardation:			
Chapter X board	\$ 49,211	\$ 49,211	\$ 0
Total mental health and mental retardation	\$ 49,211	\$ 49,211	\$ 0
Welfare:			
Welfare administration	\$ 1,533,006	\$ 1,610,394	\$ (77,388)
Comprehensive services act	200,000	242,467	(42,467)
Local area agency on aging	1,500	2,465	(965)
Total welfare	\$ 1,734,506	\$ 1,855,326	\$ (120,820)
Total health and welfare	\$ 1,930,165	\$ 2,044,519	\$ (114,354)
Education:			
Contributions to community colleges	\$ 2,000	\$ 1,803	\$ 197
Tri-City Literacy Council	1,000	500	500
Abstinence education initiative	151,250	148,883	2,367
Contributions headstart and other programs	68,491	65,879	2,612
Total education	\$ 222,741	\$ 217,065	\$ 5,676
Parks, recreation and cultural:			
Parks and recreation			
Recreation center	\$ 1,000	\$ 1,000	\$ 0
Youth athletic club	1,000	1,000	0
Total parks and recreation	\$ 2,000	\$ 2,000	\$ 0
Cultural enrichment:			
Carpenter museum	\$ 10,000	\$ 10,000	\$ 0
Wakefield foundation	5,000	5,000	0
Total cultural enrichment	\$ 15,000	\$ 15,000	\$ 0
Library:			
Regional library	\$ 90,461	\$ 90,479	\$ (18)
Total library	\$ 90,461	\$ 90,479	\$ (18)

**Governmental Funds and Discretely Presented Component Unit**

**Schedule of Expenditures -- Budget and Actual**

**Year Ended June 30, 2002**

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Primary Government:</b>			
<b>General Fund:</b>			
Total parks, recreation and cultural	\$ 107,461	\$ 107,479	\$ (18)
Community development:			
Planning and community development:			
Planning	\$ 122,562	\$ 108,951	\$ 13,611
Crater Planning District Commission	8,100	8,100	0
Board of zoning appeals	2,450	327	2,123
Industrial development authority	1,350	389	961
Economic development	107,050	27,563	79,487
Indoor plumbing	317,000	42,204	274,796
Housing programs	64,280	68,723	(4,443)
Total planning and community development	\$ 622,792	\$ 256,257	\$ 366,535
Environmental management:			
Soil and water conservation district	\$ 6,410	\$ 6,410	\$ 0
Environmental management	140,454	112,918	27,536
Total environmental management	\$ 146,864	\$ 119,328	\$ 27,536
Cooperative extension program:			
VPI extension service	\$ 53,944	\$ 53,949	\$ (5)
Total community development	\$ 823,600	\$ 429,534	\$ 394,066
Total General Fund	\$ 8,093,371	\$ 7,710,495	\$ 382,876
<b>Special Revenue Funds:</b>			
<b>Law Library Fund:</b>			
Judicial administration:			
Courts:			
Law library	\$ 3,000	\$ 5,412	\$ (2,412)
<b>E911 Fund:</b>			
Public safety:			
E911 system	\$ 158,544	\$ 94,275	\$ 64,269
Total Special Revenue Funds	\$ 161,544	\$ 99,687	\$ 61,857

**Governmental Funds and Discretely Presented Component Unit**

**Schedule of Expenditures -- Budget and Actual**

**Year Ended June 30, 2002**

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Primary Government:</b>			
<b>Capital Projects Funds:</b>			
<b>County Capital Projects Fund:</b>			
Capital Projects:			
New radio communication system	\$ 1,100,000	\$ 617,226	\$ 482,774
Waste site purchase	9,000	0	9,000
Remove underground storage tanks	40,000	28,490	11,510
Emergency repair Jarratt Senior Center	30,000	0	30,000
Old social services building renovation	10,000	0	10,000
Water and sewer for high school	1,000,000	288,882	711,118
County office building	25,000	0	25,000
Wakefield Airport Commission	5,000	0	5,000
Western Water Grant	670,611	183,211	487,400
Sheriff's department storage building	25,000	0	25,000
SCJHS demolition & renovation	200,000	0	200,000
Pocahontas project	0	299,353	(299,353)
Renovation of middle school	0	24,174	(24,174)
Special projects	100,000	0	100,000
<b>Total capital projects</b>	<b>\$ 3,214,611</b>	<b>\$ 1,441,336</b>	<b>\$ 1,773,275</b>
Debt service:			
Principal retirement	\$ 1,748,203	\$ 435,000	\$ 1,313,203
Interest and fiscal charges	100,000	94,718	5,282
<b>Total debt service</b>	<b>\$ 1,848,203</b>	<b>\$ 529,718</b>	<b>\$ 1,318,485</b>
<b>Total County Capital Projects Fund</b>	<b>\$ 5,062,814</b>	<b>\$ 1,971,054</b>	<b>\$ 3,091,760</b>
<b>Grand Total Expenditures -- Primary Government</b>	<b>\$ 13,317,729</b>	<b>\$ 9,781,236</b>	<b>\$ 3,536,493</b>
<b>Component Unit -- School Board:</b>			
<b>School Operating Fund:</b>			
Education:			
Administration of schools:			
Administration, attendance and health	\$ 487,767	\$ 531,882	\$ (44,115)
Instruction Costs:			
Elementary and secondary schools	\$ 9,991,439	\$ 9,822,412	\$ 169,027
Operating costs:			
Pupil transportation	\$ 1,311,436	\$ 1,343,413	\$ (31,977)
Maintenance of school plant	1,318,165	1,119,100	199,065
<b>Total operating costs</b>	<b>\$ 2,629,601</b>	<b>\$ 2,462,513</b>	<b>\$ 167,088</b>
<b>Total education</b>	<b>\$ 13,108,807</b>	<b>\$ 12,816,807</b>	<b>\$ 292,000</b>

**Governmental Funds and Discretely Presented Component Unit**

**Schedule of Expenditures -- Budget and Actual**

**Year Ended June 30, 2002**

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Component Unit -- School Board:</b>			
<b>School Operating Fund:</b>			
Debt service:			
Principal retirement	\$ 0	396,413	(396,413)
Interest and fiscal charges	<u>6,000</u>	<u>428,550</u>	<u>(422,550)</u>
Total debt service	<u>\$ 6,000</u>	<u>\$ 824,963</u>	<u>\$ (818,963)</u>
Total School Operating Fund	<u>\$ 13,114,807</u>	<u>\$ 13,641,770</u>	<u>\$ (526,963)</u>
<b>School Cafeteria Fund:</b>			
Education:			
Operating costs:			
School food services	<u>\$ 760,000</u>	<u>\$ 702,697</u>	<u>\$ 57,303</u>
<b>School Textbook Fund:</b>			
Education:			
Purchase of textbooks	<u>\$ 100,000</u>	<u>\$ 0</u>	<u>\$ 100,000</u>
<b>School Capital Project Fund:</b>			
Capital projects	<u>\$ 8,146,324</u>	<u>\$ 5,442,728</u>	<u>\$ 2,703,596</u>
<b>Grand Total Expenditures -Component Unit -School Board</b>	<u>\$ 22,121,131</u>	<u>\$ 19,787,195</u>	<u>\$ 2,333,936</u>

## STATISTICAL TABLES



**COUNTY OF SUSSEX, VIRGINIA**

**Schedule 3**

**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
1994	3,439,086	767,749	47,241	185,092	121,426	392,301	158,192	0	7,360,275	12,471,362
1995	4,153,311	813,609	39,496	154,491	148,660	3,707,008	252,138	322,072	8,264,960	17,855,745
1996	4,278,027	817,764	40,183	171,501	254,465	4,412,657	165,018	447,027	8,578,341	19,164,983
1997	4,787,425	888,133	41,384	227,220	245,399	3,156,485	170,067	185,120	9,154,555	18,855,788
1998	5,262,481	880,718	40,842	208,588	274,522	2,952,781	91,963	174,317	9,500,122	19,386,334
1999	5,609,959	884,390	50,589	220,399	328,724	5,206,929	280,197	202,469	10,415,647	23,199,303
2000	5,337,214	893,865	46,704	172,973	305,305	1,792,885	182,337	460,200	11,499,325	20,690,808
2001	5,543,684	952,691	46,065	160,402	281,892	3,702,840	352,242	148,840	12,683,090	23,871,746
2002	5,420,707	940,683	51,170	212,786	175,684	3,623,018	177,371	153,752	14,022,043	24,777,214

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	Parks Recreation & Cultural	Community Development	Debt Service	Total
1994	692,575	373,016	1,535,984	699,197	1,345,849	59,004	116,551	101,029	13,248,118
1995	880,525	413,636	1,726,103	628,069	1,354,432	67,774	280,581	166,408	14,910,305
1996	967,558	1,543,602	609,146	630,714	1,475,222	70,872	219,798	393,951	16,053,713
1997	999,410	223,898	2,470,454	573,385	1,630,290	73,372	459,109	720,510	17,914,172
1998	842,385	237,714	2,133,921	505,302	1,612,811	82,041	369,145	691,284	17,460,113
1999	817,864	270,534	2,500,284	393,097	1,809,742	82,329	303,116	689,003	18,827,966
2000	957,030	371,764	2,525,773	589,031	1,783,652	88,911	763,384	690,129	21,031,343
2001	871,929	415,965	2,944,794	515,852	1,845,632	112,211	681,730	841,532	21,606,427
2002	994,317	431,833	3,068,499	516,936	2,044,519	107,479	429,534	1,354,681	22,684,367

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.

**Schedule 4**

**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	
1993	\$289,892,299	\$36,776,893	\$4,312,560	\$4,522,717	\$29,947,570	\$0	\$365,452,039
1994	291,104,758	35,289,463	5,613,685	7,070,848	33,995,573	339,348	373,413,675
1995	378,294,704	39,899,452	11,033,386	6,574,177	45,358,444	445,010	481,605,173
1996	381,008,878	43,498,794	7,569,491	6,561,372	43,405,567	405,071	482,449,173
1997	380,072,877	48,976,201	4,992,659	5,476,854	44,019,220	345,682	483,883,493
1998	379,892,374	52,860,634	10,274,170	5,617,472	44,055,442	411,002	493,111,094
1999	383,338,454	53,903,376	15,518,719	5,234,145	45,557,087	362,278	503,914,059
2000	381,439,198	58,584,106	14,971,013	8,284,597	44,374,336	298,348	507,951,598
2001	444,221,403	60,610,361	13,978,885	7,687,320	55,929,508	282,863	582,710,340
2002	440,959,718	63,808,191	15,630,965	6,512,713	57,788,542	352,945	585,053,074

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
1993	\$0.52	\$4.75	\$0.52	\$4.75	\$1.00	\$0.52	\$4.75
1994	0.52	4.75	0.52	4.75	1.00	0.52	4.75
1995	0.50	4.75	0.50	4.75	1.00	0.50	4.75
1996	0.50	4.75	0.50	4.75	1.00	0.50	4.75
1997	0.54	4.75	0.54	4.75	1.00	0.54	4.75
1998	0.54	4.85	0.54	4.85	1.00	0.54	4.85
1999	0.59	4.85	0.59	4.85	1.00	0.59	4.85
2000	0.60	4.85	0.60	4.85	1.00	0.60	4.85
2001	0.60	4.85	0.60	4.85	1.00	0.60	4.85
2002	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
1993	\$3,358,141	\$3,244,008	96.60%	\$89,728	\$3,333,736	99.27%	\$183,509	5.46%
1994	3,411,257	3,294,441	96.58%	87,011	3,381,452	99.13%	196,752	5.77%
1995	4,067,217	3,972,283	97.67%	113,827	4,086,110	100.46%	260,289	6.40%
1996	4,272,744	4,109,080	96.17%	103,723	4,212,803	98.60%	239,393	5.60%
1997	4,728,576	4,560,642	96.45%	132,342	4,692,984	99.25%	260,006	5.50%
1998	5,238,240	5,050,891	96.42%	120,386	5,171,277	98.72%	248,057	4.74%
1999	5,584,118	5,386,072	96.45%	107,664	5,493,736	98.38%	368,912	6.61%
2000	5,691,184	5,462,550	95.98%	162,311	5,624,861	98.83%	437,248	7.68%
2001	6,176,669	6,030,907	97.64%	136,235	6,167,142	99.85%	378,078	6.12%
2002	6,407,246	6,238,935	97.37%	143,253	6,382,188	99.61%	390,502	6.09%

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			
1993	10,248	\$365,452,039	\$194,047	\$0	\$0	\$194,047	\$0	\$19
1994	10,248	373,413,675	101,050	0	0	101,050	0.0003	10
1995	10,248	481,605,173	63,400	0	0	63,400	0.0001	6
1996	10,248	482,449,173	25,750	0	0	25,750	0.0001	3
1997	10,248	483,883,493	0	0	0	0	0.0000	0
1998	10,248	493,111,094	0	0	0	0	0.0000	0
1999	10,248	503,914,059	7,430,000	0	0	7,430,000	0.0147	725
2000	10,248	507,951,598	7,430,000	0	0	7,430,000	0.0146	725
2001	12,504	582,710,340	7,055,000	0	0	7,055,000	0.0121	564
2002	12,504	585,053,074	12,855,073	0	0	12,855,073	0.0220	1,028

Notes: (1) Bureau of Census for 1990 Census and Weldon Cooper Center for Public Service for 2000 Census.  
 (2) From Schedule 5  
 (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

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## 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*

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### 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, 2002, and have issued our report thereon dated November 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Specifications for Audit of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

#### COMPLIANCE

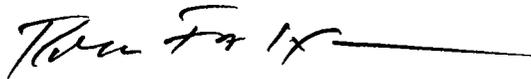
As part of obtaining reasonable assurance about whether the County of Sussex, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material 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 18, 2002.

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

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

Richmond, Virginia  
November 18, 2002

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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### TO THE BOARD OF SUPERVISORS COUNTY OF 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, 2002. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of 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, 2002.

#### 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.

A handwritten signature in black ink, appearing to read "Tom Fox", followed by a horizontal line.

Richmond, Virginia  
November 18, 2002

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2002

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
Department of Agriculture:		
Direct payments:		
Summer Food Program	10.559	\$ 42,377
Pass - through payments:		
State Department of Agriculture:		
National School Lunch Program - Commodities	10.555	39,285
Department of Social Services:		
State Administrative Matching Grants	10.561	212,390
Department of Education:		
National School Lunch Program	10.555/10.553	346,310
Total Department of Agriculture		<u>\$ 640,362</u>
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Refugee and Entrant Assistance	93.566	\$ 497
Low income energy assistance	93.568	10,431
Family preservation	93.556	14,046
Social Services Block Grant	93.667	118,031
Foster Care	93.658	97,602
Subsidized Adoption	93.659	38,648
Day Care	93.596	83,325
Child Care Assistance	93.575	140,684
Temporary Assistance to needy families	93.558	132,433
State Child Insurance Program	93.767	1,100
Medical Assistance Program	93.778	138,196
Total Department of Health and Human Services		<u>\$ 774,993</u>
Federal Emergency Management Agency:		
Pass Through Payments:		
Department of Education:		
LEA Partnerships	83.340	\$ 25,089
		<u>\$ 25,089</u>
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grants	14.228	\$ 785,057
Home Investment Partnerships Program	14.239	88,555
		<u>\$ 873,612</u>
Department of Criminal Justice Services:		
Pass Through Payments:		
Office of Justice Programs		
Crime Victim Assistance	16.575	\$
Local law enforcement block grant	16.592	
Drug grant	16.579	24,198
Total Department of Criminal Justice Services		<u>\$ 24,198</u>

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2002

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expenditures</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	\$ 537,833
Chapter II:		
Improving School Programs State Block Grant	84.298	15,077
Elementary and Secondary Education Act (ESEA):		
Title VI-B:		
Special Education - Grants to States	84.027	12,231
Title VI-D:		
Vocational Education:		
Basic Grants to States	84.048	70,357
Special Projects:		
Advanced placement	84.330	240
School reform	84.332	100,000
Reading excellence	84.338	171,615
Eisenhower math and science	84.281	19,798
Total Department of Education		\$ <u>927,151</u>
Other Assistance:		
Department of Labor:		
Pass Through Payments:		
Department of Education:		
School to work transition	17.249	\$ <u>22,500</u>
Total Expenditures of Federal Awards		\$ <u><u>3,287,905</u></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.

Schedule of Findings and Questioned Costs
For the year ended June 30, 2002

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- A. Material weaknesses identified?
B. Reportable conditions identified that are not considered to be material weaknesses?

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

- Material weaknesses identified?
- Reportable conditions identified that are not considered to be material weaknesses?

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?

Identification of major programs:

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, Title I Program, and Community Development Block Grant.

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

Auditee qualified as low-risk auditee?

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

