

COUNTY OF MIDDLESEX, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE ♦ RADFORD ♦ RICHMOND ♦ STAUNTON

COUNTY OF MIDDLESEX, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2001

COUNTY OF MIDDLESEX, VIRGINIA

BOARD OF SUPERVISORS

Kenneth W. Williams, Chairman

John D. Miller, Jr.
Frederick S. Crittenden

Lenora O. Weber
Wayne H. Jessie

COUNTY SCHOOL BOARD

John M. Moore, Chairman

Elliot Reed
James W. Goforth

Jack R. Hester
Richard Shores

Jan Creekmore, Clerk

COUNTY WELFARE BOARD

John Fackler, Chairperson

Elizabeth Anderson
Wayne Jessie

Joan Harris
Lenora O. Weber

OTHER OFFICIALS

Judge of the Circuit Court William H. Shaw, III
Clerk of the Circuit Court Peggy Walton
Judge of the General District Court R. Bruce Long
Judge of Juvenile & Domestic Relation District Court Isabel Atlee
Commonwealth's Attorney James H. Ward, Jr.
Commissioner of the Revenue Mary L. Ebinger
Treasurer Betty S. Bray
Sheriff Guy L. Abbott
Superintendent of Schools Charles H. Lackey
Director of Department of Social Services Kathryn F. Fitchett
Clerk of the School Board Jan Creekmore
County Administrator Charles M. Culley, Jr.

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ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF SUPERVISORS COUNTY OF MIDDLESEX, VIRGINIA

We have audited the accompanying general purpose financial statements and the combining financial statements of the County of Middlesex, Virginia, as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the County of Middlesex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, except that the omission of the general fixed asset account group described above results in an incomplete presentation, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Middlesex, Virginia, as of June 30, 2001, and the results of operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the County of Middlesex, Virginia, as of June 30, 2001 and the results of operation of such funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 15, 2001 on our consideration of the County of Middlesex, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Robinson, Terry, & Associates

Charlottesville, Virginia
November 15, 2001

General Purpose Financial Statements

COUNTY OF MIDDLESEX, VIRGINIA

Combined Balance Sheet
 All Funds, Account Groups, and Discretely Presented Component Unit
 At June 30, 2001

	<u>Governmental Funds</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS			
<u>Assets:</u>			
Cash and cash equivalents	\$ 4,537,256	\$ 328,423	\$ 364,333
Receivables (net of allowances for uncollectibles):			
Taxes	554,354	-	-
Accounts	56,352	13,901	-
Due from other funds	12,180	-	-
Due from component unit	230,781	-	-
Due from other governmental units	259,399	-	-
<u>Other debits:</u>			
Amount to be provided for the retirement of general long-term debt	-	-	-
Total assets and other debits	<u>\$ 5,650,322</u>	<u>\$ 342,324</u>	<u>\$ 364,333</u>
LIABILITIES			
Accounts payable	\$ 28,520	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	12,180	-
Due to primary government	-	-	-
Amounts held for others	-	-	-
Deferred revenue	562,054	-	-
General obligation bonds payable	-	-	-
State Literary Fund loan payable	-	-	-
Lease revenue bond payable	-	-	-
Appropriation loan payable	-	-	-
Capital lease obligations	-	-	-
Accrued compensated absences	-	-	-
Retirement incentive costs	-	-	-
Accrued landfill costs	-	-	-
Total liabilities	<u>\$ 590,574</u>	<u>\$ 12,180</u>	<u>\$ -</u>
EQUITY			
<u>Fund balances:</u>			
Unreserved:			
Designated:			
Capital projects	\$ -	\$ -	\$ 364,333
Subsequent year's expenditures	-	330,144	-
School construction	-	-	-
Undesignated	5,059,748	-	-
Total equity	<u>\$ 5,059,748</u>	<u>\$ 330,144</u>	<u>\$ 364,333</u>
Total liabilities and equity	<u>\$ 5,650,322</u>	<u>\$ 342,324</u>	<u>\$ 364,333</u>

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

Exhibit 1

<u>Fiduciary Funds</u> <u>Trust and Agency</u>	<u>Account Group</u> <u>General Long-term Debt</u>	<u>Totals (Memorandum Only)</u> <u>Primary Government</u>	<u>Component Unit</u> <u>School Board</u>	<u>Totals (Memorandum Only)</u> <u>Reporting Entity</u>
\$ 5,438	\$ -	\$ 5,235,450	\$ 12,932,399	\$ 18,167,849
-	-	554,354	-	554,354
-	-	70,253	2,936	73,189
-	-	12,180	-	12,180
-	-	230,781	-	230,781
-	-	259,399	238,860	498,259
-	2,581,626	2,581,626	13,868,736	16,450,362
<u>\$ 5,438</u>	<u>\$ 2,581,626</u>	<u>\$ 8,944,043</u>	<u>\$ 27,042,931</u>	<u>\$ 35,986,974</u>
\$ -	\$ -	\$ 28,520	\$ 84,595	\$ 113,115
-	-	-	782,631	782,631
-	-	12,180	-	12,180
-	-	-	230,781	230,781
5,438	-	5,438	-	5,438
-	-	562,054	-	562,054
-	-	-	1,945,000	1,945,000
-	-	-	18,750	18,750
-	-	-	11,500,000	11,500,000
-	427,015	427,015	-	427,015
-	1,950,862	1,950,862	-	1,950,862
-	158,825	158,825	74,980	233,805
-	-	-	330,006	330,006
-	44,924	44,924	-	44,924
<u>\$ 5,438</u>	<u>\$ 2,581,626</u>	<u>\$ 3,189,818</u>	<u>\$ 14,966,743</u>	<u>\$ 18,156,561</u>
\$ -	\$ -	\$ 364,333	\$ -	\$ 364,333
-	-	330,144	75,629	405,773
-	-	-	12,000,158	12,000,158
-	-	5,059,748	401	5,060,149
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,754,225</u>	<u>\$ 12,076,188</u>	<u>\$ 17,830,413</u>
<u>\$ 5,438</u>	<u>\$ 2,581,626</u>	<u>\$ 8,944,043</u>	<u>\$ 27,042,931</u>	<u>\$ 35,986,974</u>

COUNTY OF MIDDLESEX, VIRGINIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Funds and Discretely Presented Component Unit
 Year Ended June 30, 2001

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Revenues:			
General property taxes	\$ 6,998,054	\$ -	\$ -
Other local taxes	1,410,047	165,642	-
Permits, privilege fees and regulatory licenses	175,287	-	-
Fines and forfeitures	6,347	-	-
Revenue from use of money and property	276,911	-	1,277
Charges for services	116,973	-	-
Miscellaneous	90,151	-	-
Recovered costs	59,538	-	-
Intergovernmental:			
Commonwealth	1,937,093	-	-
Federal	487,624	-	-
	<u>11,558,025</u>	<u>165,642</u>	<u>1,277</u>
Total revenues	\$ 11,558,025	\$ 165,642	\$ 1,277
Expenditures:			
Current:			
General government administration	\$ 829,811	\$ -	\$ -
Judicial administration	315,258	-	-
Public safety	3,671,063	-	-
Public works	1,062,395	-	-
Health and welfare	1,302,375	-	-
Education	4,255	-	-
Parks, recreation, and cultural	133,088	-	-
Community development	202,081	-	-
Capital projects	54,781	-	165,977
Debt service:			
Principal retirement	47,847	-	-
Interest and other fiscal charges	39,499	-	-
	<u>7,662,453</u>	<u>-</u>	<u>165,977</u>
Total expenditures	\$ 7,662,453	\$ -	\$ 165,977
Excess (deficiency) of revenues over expenditures	<u>\$ 3,895,572</u>	<u>\$ 165,642</u>	<u>\$ (164,700)</u>
Other financing sources (uses):			
Loan proceeds	\$ 1,782,700	\$ -	\$ -
Operating transfers in	138,113	-	-
Operating transfers out	-	(97,538)	(40,575)
Operating transfers from/to primary government	<u>(5,183,655)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	\$ (3,262,842)	\$ (97,538)	\$ (40,575)
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ 632,730	\$ 68,104	\$ (205,275)
Fund balances at beginning of year	<u>4,427,018</u>	<u>262,040</u>	<u>569,608</u>
Fund balances at end of year	<u>\$ 5,059,748</u>	<u>\$ 330,144</u>	<u>\$ 364,333</u>

The 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	
\$	6,998,054	\$ -	\$	6,998,054
	1,575,689	-		1,575,689
	175,287	-		175,287
	6,347	-		6,347
	278,188	618,712		896,900
	116,973	223,871		340,844
	90,151	40,986		131,137
	59,538	-		59,538
	1,937,093	4,490,576		6,427,669
	487,624	779,685		1,267,309
<u>\$</u>	<u>11,724,944</u>	<u>\$ 6,153,830</u>	<u>\$</u>	<u>17,878,774</u>
\$	829,811	\$ -	\$	829,811
	315,258	-		315,258
	3,671,063	-		3,671,063
	1,062,395	-		1,062,395
	1,302,375	-		1,302,375
	4,255	9,160,394		9,164,649
	133,088	-		133,088
	202,081	-		202,081
	220,758	707,597		928,355
	47,847	296,788		344,635
	39,499	974,767		1,014,266
<u>\$</u>	<u>7,828,430</u>	<u>\$ 11,139,546</u>	<u>\$</u>	<u>18,967,976</u>
<u>\$</u>	<u>3,896,514</u>	<u>\$ (4,985,716)</u>	<u>\$</u>	<u>(1,089,202)</u>
\$	-	\$ -	\$	-
	138,113	-		138,113
	(138,113)	-		(138,113)
	(5,183,655)	5,183,655		-
<u>\$</u>	<u>(5,183,655)</u>	<u>\$ 5,183,655</u>	<u>\$</u>	<u>-</u>
\$	(1,287,141)	\$ 197,939	\$	(1,089,202)
	5,258,666	11,878,249		17,136,915
<u>\$</u>	<u>3,971,525</u>	<u>\$ 12,076,188</u>	<u>\$</u>	<u>16,047,713</u>

COUNTY OF MIDDLESEX, VIRGINIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- General, Special Revenue and Capital Projects Funds
 And Discretely Presented Component Unit School Board
 Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
General property taxes	\$ 7,240,747	\$ 6,998,054	\$ (242,693)	\$ -	\$ -	\$ -
Other local taxes	1,377,500	1,410,047	32,547	-	165,642	165,642
Permits, privilege fees and regulatory licenses	100,100	175,287	75,187	-	-	-
Fines and forfeitures	2,000	6,347	4,347	-	-	-
Revenue from use of money and property	243,000	276,911	33,911	-	-	-
Charges for services	132,412	116,973	(15,439)	-	-	-
Miscellaneous	46,279	90,151	43,872	-	-	-
Recovered costs	41,200	59,538	18,338	-	-	-
Intergovernmental:						
Commonwealth	2,155,011	1,937,093	(217,918)	-	-	-
Federal	8,339	487,624	479,285	-	-	-
Total revenues	\$ 11,346,588	\$ 11,558,025	\$ 211,437	\$ -	\$ 165,642	\$ 165,642
Expenditures:						
Current:						
General government administration	\$ 918,767	\$ 829,811	\$ 88,956	\$ -	\$ -	\$ -
Judicial administration	361,678	315,258	46,420	-	-	-
Public safety	2,188,334	3,671,063	(1,482,729)	-	-	-
Public works	1,151,911	1,062,395	89,516	-	-	-
Health and welfare	1,470,886	1,302,375	168,511	-	-	-
Education	7,255	4,255	3,000	-	-	-
Parks, recreation, and cultural	134,651	133,088	1,563	-	-	-
Community development	258,648	202,081	56,567	-	-	-
Capital projects	277,300	54,781	222,519	-	-	-
Debt service:						
Principal retirement	47,847	47,847	-	-	-	-
Interest and other fiscal charges	39,499	39,499	-	-	-	-
Total expenditures	\$ 6,856,776	\$ 7,662,453	\$ (805,677)	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over expenditures	\$ 4,489,812	\$ 3,895,572	\$ (594,240)	\$ -	\$ 165,642	\$ 165,642
Other financing sources (uses):						
Capital lease proceeds	\$ -	\$ 1,782,700	\$ 1,782,700	\$ -	\$ -	\$ -
Operating transfers in	138,113	138,113	-	-	-	-
Operating transfers out	(100,000)	-	100,000	(78,000)	(97,538)	(19,538)
Operating transfers from/to primary government	(5,710,752)	(5,183,655)	527,097	-	-	-
Total other financing sources (uses)	\$ (5,672,639)	\$ (3,262,842)	\$ 2,409,797	\$ (78,000)	\$ (97,538)	\$ (19,538)
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ (1,182,827)	\$ 632,730	\$ 1,815,557	\$ (78,000)	\$ 68,104	\$ 146,104
Fund balances at beginning of year	1,182,827	4,427,018	3,244,191	78,000	262,040	184,040
Fund balances at end of year	\$ -	\$ 5,059,748	\$ 5,059,748	\$ -	\$ 330,144	\$ 330,144

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

Capital Projects Funds			Component Unit School Board		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,277	1,277	1,000	618,712	617,712
-	-	-	252,662	223,871	(28,791)
-	-	-	14,500	40,986	26,486
-	-	-	-	-	-
-	-	-	4,699,492	4,490,576	(208,916)
-	-	-	910,026	779,685	(130,341)
<u>\$ -</u>	<u>\$ 1,277</u>	<u>\$ 1,277</u>	<u>\$ 5,877,680</u>	<u>\$ 6,153,830</u>	<u>\$ 276,150</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	9,241,474	9,160,394	81,080
-	-	-	-	-	-
-	-	-	-	-	-
178,000	165,977	12,023	1,087,207	707,597	379,610
-	-	-	296,250	296,788	(538)
-	-	-	963,501	974,767	(11,266)
<u>\$ 178,000</u>	<u>\$ 165,977</u>	<u>\$ 12,023</u>	<u>\$ 11,588,432</u>	<u>\$ 11,139,546</u>	<u>\$ 448,886</u>
<u>\$ (178,000)</u>	<u>\$ (164,700)</u>	<u>\$ 13,300</u>	<u>\$ (5,710,752)</u>	<u>\$ (4,985,716)</u>	<u>\$ 725,036</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
178,000	-	(178,000)	-	-	-
(40,575)	(40,575)	-	(14,375)	-	14,375
-	-	-	5,703,852	5,183,655	(520,197)
<u>\$ 137,425</u>	<u>\$ (40,575)</u>	<u>\$ (178,000)</u>	<u>\$ 5,689,477</u>	<u>\$ 5,183,655</u>	<u>\$ (505,822)</u>
\$ (40,575)	\$ (205,275)	\$ (164,700)	\$ (6,900)	\$ 197,939	\$ 219,214
<u>40,575</u>	<u>569,608</u>	<u>529,033</u>	<u>6,900</u>	<u>11,878,249</u>	<u>11,871,349</u>
<u>\$ -</u>	<u>\$ 364,333</u>	<u>\$ 364,333</u>	<u>\$ -</u>	<u>\$ 12,076,188</u>	<u>\$ 12,090,563</u>

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COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
as of June 30, 2001

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The locality has no blended component units to be included for the year ended June 30, 2001.

Discretely Presented Component Units. The Middlesex County School Board members are elected by the voters of the County and are responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. There primary funding is from the General Fund of the County. 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, 2001.

C. Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

Excluded from the County's Comprehensive Annual Financial Report

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

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

C. Other Related Organizations

Middle Peninsula Regional Jail Authority

The Middle Peninsula Regional Jail Authority is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The counties of Mathews, King and Queen, King William and Middlesex provide the financial support for the Authority through the assessment of user fees for prisoner care and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Authority's funding or has oversight responsibility over its operations. Middlesex County paid \$621,644 to the Authority for the fiscal year ended June 30, 2001.

Virginia Peninsulas Public Service Authority

The Virginia Peninsula Public Service Authority is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The cities of Hampton, Newport News, Poquoson, Williamsburg and the counties of Essex, James City, King and Queen, King William, Mathews, Middlesex and York are the participating jurisdictions and appoint the Authority's governing Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations.

Middle Peninsula Northern Neck Community Services Board

The Middle Peninsula Northern Neck Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The Counties of Essex, King and Queen, King William, Middlesex, Richmond, Mathews, Gloucester, Westmoreland, Lancaster and Northumberland appoint one member each to the Board. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Middlesex County contributed \$22,560 as operating grants to the Middle Peninsula Northern Neck Community Services Board for the fiscal year ended June 30, 2001.

D. Financial Statement Presentation

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

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

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

D. Financial Statement Presentation (Continued)

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

1. Governmental Funds - account for the expendable financial resources, other than those accounted for in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

General Fund - accounts for all revenues and expenditures applicable to the general operations of the County which are not accounted for in another fund.

Special Revenue Funds - account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions on administrative action. Special Revenue Funds consist of the E-911 Fund.

Capital Projects Funds - account for financial resources to be used for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds. The Capital Project Funds consists of the General Capital Projects Fund.

2. Fiduciary Funds (Trust and Agency Funds) - account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Funds presentation. The Special Welfare Fund is the only Agency Funds of the County.

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

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

D. Financial Statement Presentation (Continued)

3. Account Groups - are used to account for general obligation long-term debt and general fixed assets. The government does not record fixed assets and, accordingly, a general fixed assets account group is not reported. The general long-term debt account group is used to account for general long-term obligations of the County except for those accounted for in the Proprietary Funds, which are expected to be financed from governmental funds.
4. Combined/Combining Financial Statements - These statements are referred to as General Purpose Financial Statements and provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. All funds and account groups of a specific fund classification are combined and presented as one in the financial statements. For example, all funds classified as Capital Projects Funds are combined and presented under the caption "Capital Projects Funds."
5. Budgetary Comparison Statements - The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, compare budget and actual data for all governmental funds for which budgets were adopted. A review of the budgetary comparisons presented herein will disclose how accurately the governing body was able to forecast the revenues and expenditures of the County.
6. Total Columns on the Combined Statements - Overview - The total columns on the combined statements - Overview 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 changes in financial position 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.

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

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

E. Basis of Accounting

1. Governmental Funds - Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Taxes collected during the year and taxes due at June 30 collected within 60 days after that date are recognized as revenue in the accompanying financial statements. 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 30 to 60 days preceding receipt by the County. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants, such as entitlement programs, are recognized in the period to which the grant applies.

Expenditures, other than compensated absences and interest on long-term debt, are recorded as the related fund liabilities are incurred. Compensated absences are recorded as a general long-term obligation when incurred and recorded as an expenditure of the appropriate fund when paid. Interest on long-term debt is recognized when due except for an amount due on July 1, which is accrued.

2. Fiduciary Funds - Agency funds do not involve the measurement of results of operations. They are accounted for using the modified accrual basis of accounting. Accordingly, assets and liabilities are recognized when they occur regardless of the timing and related cash flows.

The budgets are presented on the same basis of accounting as the basic financial statements described above. 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 MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

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

E. Basis of 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, and the Capital Projects Funds.
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 revised budget for the year.

G. 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 \$170,000 at June 30, 2001 and is composed solely of property taxes.

NOTE 2--CASH AND INVESTMENTS:

Cash and Cash Equivalents: Cash and cash equivalents consist of all cash on hand and in banks, highly liquid investments and certificates of deposit.

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

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 2--CASH 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).

The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its safekeeping agent in the County'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 County'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 County's name.

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

	<u>Category</u>			<u>Not Categorized</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
SNAP bond pool funds	\$ -	\$ -	\$ -	\$ 12,123,674
Local Government Investment Pool	-	-	-	1,561,499
Money market and common investment pool funds	-	-	-	1,001,817
Total	\$ -	\$ -	\$ -	\$ 14,686,990

Total cash and cash equivalents for primary government:

Deposits	\$ 2,671,405
Cash on hand and cash items	829
Investments	2,563,216
Total	\$ 5,235,450

Cash and Cash equivalents for component unit - School Board:

Deposits	\$ 808,725
Investments	12,123,674
Total	\$ 12,932,399

Total cash and cash equivalents \$ 18,167,849

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 3--PROPERTY TAXES RECEIVABLE:

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 on June 5 and December 5. The County bills and collects its own property taxes.

NOTE 4--DUE FROM OTHER GOVERNMENTAL UNITS:

Primary government:

Commonwealth of Virginia		
Local Sales taxes	\$	129,165
Public assistance		23,827
Comprehensive Services Act		43,472
Other		62,935
Total	\$	<u>259,399</u>

Component Unit School Board:

Commonwealth of Virginia		
State sales taxes	\$	178,422
Fringe benefits		20,551
Federal pass-through		
School funds		39,887
Total	\$	<u>238,860</u>

NOTE 5--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 \$562,054 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$562,054 at June 30, 2001.

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 6--LONG-TERM OBLIGATIONS:

Primary Government:

Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations of the primary government for the year ended June 30, 2001.

Primary Government:

	Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2001</u>
Appropriation loan	\$ 452,765	\$ -	\$ 25,750	\$ 427,015
Capital lease obligations	190,259	1,782,700	22,097	1,950,862
Accrued landfill costs	47,952	-	3,028	44,924
Accrued compensated absences*	<u>141,790</u>	<u>17,035</u>	<u>-</u>	<u>158,825</u>
 Total	 <u>\$ 832,766</u>	 <u>\$ 1,799,735</u>	 <u>\$ 50,875</u>	 <u>\$ 2,581,626</u>

* Accrued compensated absences is allocated as follows:

General government operations	\$ 102,827
Social Services	<u>55,998</u>
Total	<u>\$ 158,825</u>

Appropriation loan

\$500,000, issued November 6, 1996, due in various semi-annual installments through July 15, 2012; interest payable annually at 5.875%. Future payments required for this obligation are as follows for the respective fiscal years:

	<u>Principal</u>	<u>Interest</u>
2002	\$ 27,285	\$ 24,692
2003	28,911	23,066
2004	30,635	21,342
2005	32,461	19,516
2006	34,396	17,581
2007-2011	205,292	54,592
2012-2013	<u>68,035</u>	<u>3,860</u>
 Totals	 <u>\$ 427,015</u>	 <u>\$ 164,649</u>

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 6--LONG-TERM OBLIGATIONS: (Continued)

Capital lease obligations

The County has entered into various capital lease agreements for the purchase of a transfer station, computer equipment and communications equipment. Title to the assets passes to the County upon completion of payment of the minimum lease payments. There are no restrictions imposed by the agreements. Annual requirements to amortize lease commitments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2002	\$ 230,509
2003	234,999
2004	234,220
2005	233,425
2006	222,600
2007	219,775
2008	218,950
2009	218,125
2010	222,300
2011	221,200
2012	220,100
2013	199,000
2014	199,000
2015	<u>42,275</u>
Total minimum lease payments	\$ 2,916,478
Less: Amounts representing interest	<u>(965,616)</u>
Net lease obligations	<u>\$ 1,950,862</u>

Details of capital leases:

Transfer station, matures, May 1, 2012, interest from 5.25% to 5.50% . . .	\$ 175,000
Communications equipment, matures July 2, 2014, interest at 6.47% . . .	1,731,882
Computer equipment, matures September 1, 2005, interest at 6.18% . . .	<u>43,980</u>
Total	<u>\$ 1,950,862</u>

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 6--LONG-TERM OBLIGATIONS: (Continued)

Landfill Closure and Postclosure Care Cost:

The County closed its landfill operation on October 8, 1993, and contracted with the Virginia Peninsulas Public Service Authority to dispose of its solid waste. The landfill closure was completed during fiscal 1994 and, in accordance with federal and state laws and regulations, is required to monitor the landfill for ten (10) years. The County's annual liability is estimated to be \$9,941 for monitoring and \$2,500 for maintenance over an additional seven (7) years. The total estimated postclosure care liability is \$111,972, and was determined by engineers. During fiscal 2001, the County paid \$3,028 for postclosure monitoring and maintenance. The actual landfill postclosure costs may be higher due to inflation, changes in technology, or changes in regulations. The balance of the estimated post-closure cost at June 30, 2001 is \$44,924.

Component Unit School Board

Changes in Long-term Obligations

The following is a summary of changes in long-term obligations of the School Board for the year ended June 30, 2001.

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2001</u>
Bonds payable	\$ 2,235,000	\$ -	\$ 290,000	\$ 1,945,000
Literary loans	25,000	-	6,250	18,750
Lease Revenue Bond Payable . .	11,500,000	-	-	11,500,000
Accrued compensated absences	75,719	-	739	74,980
Retirement incentive loans . . .	<u>330,544</u>	<u>-</u>	<u>538</u>	<u>330,006</u>
 Total	 <u>\$ 14,166,263</u>	 <u>\$ -</u>	 <u>\$ 297,527</u>	 <u>\$ 13,868,736</u>

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 6--LONG-TERM OBLIGATIONS: (Continued)

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

Year Ending June 30,	<u>General Long-term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2002	\$ 296,960	\$ 794,803
2003	437,709	722,027
2004	428,510	745,673
2005	363,117	721,668
2006	359,034	700,174
2007-2011	2,156,327	3,155,477
2012-2016	2,306,021	2,524,816
2017-2021	2,831,078	1,810,636
2022-2026	3,725,000	859,945
2027	<u>890,000</u>	<u>27,145</u>
Totals	<u>\$ 13,793,756</u>	<u>\$ 12,062,364</u>

<u>Details of Long-term Indebtedness:</u>	<u>Amount Outstanding</u>
General obligation bonds:	
<u>School Bonds</u>	
\$4,750,000 refunding school bonds, issued December 1993, due in various annual installments through December 15, 2011, interest at various rates from 6.1% to 6.4% payable semiannually	
Total General obligation bonds	\$ 1,945,000
State Literary Fund loan:	
\$125,000, issued August 1, 1983, due in annual installments of \$6,250 through August 1, 2003; interest payable annually at 3%	
	\$ 18,750
Retirement Incentive Obligation Loan:	
\$349,373 issued July 30, 1998, due in annual installments of \$33,778 (principal and interest) through July 30, 217, interest at 6.99%	
	330,006
Lease Revenue Bond Payable:	
\$11,500,000 capital lease issued January 15, 2000, due in varying annual installments through January, 2027, interest payable semi-annually at 5.6%	
	\$ 11,500,000
Total long-term indebtedness	<u>\$ 13,793,756</u>

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 7--CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES:

The County has accrued the liability arising from outstanding claims and judgments and compensated absences. County employees earn vacation and sick leave at various rates each month based upon the number of years of service. No benefits or pay is received for unused sick leave upon termination. Accumulated vacation leave up to thirty days is paid upon termination. In addition, eligible County employees earn compensatory leave for hours worked each week in excess of forty. Accumulated compensatory leave is paid up to 280 hours upon termination. The County and School Board have outstanding accrued leave totaling \$158,825 and \$74,980, respectively.

NOTE 8--DEFINED BENEFIT PENSION PLAN:

The County and Component Unit School Board participate in the Virginia Retirement System defined benefit pension plan.

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, 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. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. 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.

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

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 8--DEFINED BENEFIT PENSION PLAN: (Continued)

B. Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer has assumed this 5% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2001 was 1.95%, of annual covered payroll. The School Board's contribution rate for the fiscal year ended 2001 was 9.04% for professional employees and 12.63% for non-professional employees, of annual covered payroll.

C. Annual Pension Cost

For fiscal 2001, the County's annual pension cost of \$0 (does not include the employee share assumed by the County which was \$79,645) was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 1999 actuarial valuation using the entry age normal actuarial cost method.

In fiscal 2001, the County of Middlesex School Board's annual pension cost for the Board's non-professional employees was \$64,302, which was equal to the Board's required and actual contributions. The required contribution was determined as a part of the June 30, 1999 actuarial valuation using the entry age normal actuarial cost method. (does not include the employee share assumed by the School Board which was \$25,824).

The School Board professional employees are included in the VRS statewide cost-sharing pool. The Board's required employer and employee contributions to this pool were \$368,959 and \$244,668, respectively. The School Board contribution rate for its professional employees was 7.54%.

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 8--DEFINED BENEFIT PENSION PLAN: (Continued)

C. Annual Pension Cost (Continued)

The actuarial assumptions used for the fiscal year 2001 contributions are as follows for both the County and non-professional School Board employees:

	<u>County</u>	<u>School Board Non-Professional Employees</u>
Valuation date	June 30, 1999	June 30, 1999
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, closed	Level percent, closed
Payroll growth rate	4%	4%
Remaining amortization period	10 years	27 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return ¹	8.00%	8.00%
Projected salary increases ¹	4.00% to 6.15%	4.00% to 6.15%
Cost-of-living adjustments	3.5%	3.5%

¹ Includes inflation at 4%

The following trend information is presented for three years only.

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) ¹</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County	June 30, 1999	\$ 26,015	100%	\$ -
	June 30, 2000	\$ 29,303	100%	-
	June 30, 2001	-	100%	-
School Board Non-Professional Employees	June 30, 1999	\$ 53,592	100%	\$ -
	June 30, 2000	\$ 42,598	100%	-
	June 30, 2001	\$ 64,302	100%	-

¹ Employer portion only

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 8--DEFINED BENEFIT PENSION PLAN: (Continued)

C. Annual Pension Cost (Continued)

Required Supplementary:

County Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
06-30-98	\$ 3,679,556	\$ 3,097,280	\$ (582,276)	118.8%	\$ 1,306,615	(44.6%)
06-30-99	4,305,104	3,571,232	(733,872)	120.5%	1,393,029	(52.7%)
06-30-00	5,025,614	3,652,878	(1,372,736)	137.6%	1,556,024	(88.2%)

School Board Non-Professional Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
06-30-98	\$ 600,545	\$ 1,333,188	\$ 732,643	45.0%	\$ 407,953	179.6%
06-30-99	726,209	1,293,401	567,192	56.1%	469,472	120.7%
06-30-00	882,399	1,296,511	414,113	68.1%	481,312	86.0%

NOTE 9--DUE FROM COMPONENT UNIT/DUE TO PRIMARY GOVERNMENT:

Fund	Receivable	Payable
General Fund	\$ 242,961	\$ -
School Operating Fund	-	230,781
E-911 Fund	-	12,180
Total	<u>\$ 242,961</u>	<u>\$ 242,961</u>

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 10--CONTINGENT LIABILITIES (INCLUDING FEDERALLY ASSISTED PROGRAMS AND COMPLIANCE AUDITS:

- A. Federal programs in which the County participates were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

- B. At June 30, 2001 there were no 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.

- C. The County is under a court order to construct a new courthouse facility. The County has conducted a feasibility study on the relocation of the courthouse and this matter was defeated in a public referendum on November 6, 2001. The initial estimates to relocate the courthouse to another location utilizing and renovating the existing facilities at such site were in excess of \$5,000,000. The County has now focused its efforts on a site near the existing facilities, but has no estimate of the cost of obtaining the land on which to build the facility, nor the estimated construction cost of such facility.

NOTE 11--SURETY BONDS:

	<u>Amount</u>
Virginia Department of Risk Management - Surety	
Betty S. Bray, Treasurer	\$ 400,000
Peggy Walton, Clerk of the Circuit Court	25,000
Mary L. Ebinger Commissioner of the Revenue	3,000
Guy L. Abbott, Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Middlesex County Department of Social Services employee blanket bond	100,000
Virginia Local Government Risk Management Plan	
Middlesex County School Board Public Officials Liability	1,000,000
Middlesex County Public Officials Liability	250,000

COUNTY OF MIDDLESEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2001 (Continued)

NOTE 12--RISK MANAGEMENT:

The government is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; error and omissions; and natural disasters for which the government carries commercial insurance. Workers compensation losses are also covered by commercial insurance. The County and School Board self-insure for unemployment claims. The County has not had reductions in insurance coverage or settlements in excess of insurance coverages in the past three years.

NOTE 13--SUBSEQUENT EVENT:

As discussed in Note 10 part C, the County is under court order to construct new courthouse facilities. A public referendum of the County voters defeated the proposal to move the facility to a site other than in Saluda, Virginia, the County seat. The financial impact of this action is not known.

Combining Financial Statements

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Agency Funds
 Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2001

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<u>Special Welfare Fund:</u>				
Assets:				
Cash	\$ <u>6,169</u>	\$ <u>65,759</u>	\$ <u>66,490</u>	\$ <u>5,438</u>
Liabilities:				
Amounts held for others	\$ <u>6,169</u>	\$ <u>65,759</u>	\$ <u>66,490</u>	\$ <u>5,438</u>

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

Discretely Presented Component Unit School Board
 Combining Balance Sheet
 At June 30, 2001

	Governmental Funds				Account Group	Totals
	School Operating Fund	School Cafeteria Fund	School Textbook Rental Fund	School Capital Projects Fund	General Long-Term Debt	
ASSETS AND OTHER DEBITS						
<u>Assets:</u>						
Cash and cash equivalents	\$ 849,093	\$ 24,623	\$ 58,525	\$ 12,000,158	\$ -	\$ 12,932,399
Receivables:						
Accounts	-	2,936	-	-	-	2,936
Due from other governmental units	230,781	8,079	-	-	-	238,860
<u>Other debits:</u>						
Amount to be provided for the retirement of general long-term debt	-	-	-	-	13,868,736	13,868,736
Total assets and other debits	\$ 1,079,874	\$ 35,638	\$ 58,525	\$ 12,000,158	\$ 13,868,736	\$ 27,042,931
LIABILITIES						
Accounts payable	\$ 84,595	\$ -	\$ -	\$ -	\$ -	\$ 84,595
Accrued liabilities	764,097	18,534	-	-	-	782,631
Due to primary government	230,781	-	-	-	-	230,781
General obligation bonds payable	-	-	-	-	1,945,000	1,945,000
Lease revenue bond payable	-	-	-	-	11,500,000	11,500,000
State Literary Fund loans payable	-	-	-	-	18,750	18,750
Accrued compensated absences	-	-	-	-	74,980	74,980
Retirement incentive loan	-	-	-	-	330,006	330,006
Total liabilities	\$ 1,079,473	\$ 18,534	\$ -	\$ -	\$ 13,868,736	\$ 14,966,743
EQUITY						
<u>Fund balances:</u>						
Unreserved:						
Designated:						
Subsequent year's expenditures	\$ -	\$ 17,104	\$ 58,525	\$ -	\$ -	\$ 75,629
School construction	-	-	-	12,000,158	-	12,000,158
Undesignated	401	-	-	-	-	401
Total equity	\$ 401	\$ 17,104	\$ 58,525	\$ 12,000,158	\$ -	\$ 12,076,188
Total liabilities and equity	\$ 1,079,874	\$ 35,638	\$ 58,525	\$ 12,000,158	\$ 13,868,736	\$ 27,042,931

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

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Discretely Presented Component Unit School Board
 Year Ended June 30, 2001

	Governmental Fund Types				Totals
	School Operating Fund	School Cafeteria Fund	School Textbook Rental Fund	School Capital Projects Fund	
Revenues:					
Revenue from use of money and property	\$ 14,169	\$ 705	\$ 4,183	\$ 599,655	\$ 618,712
Charges for services	15,106	208,765	-	-	223,871
Miscellaneous	40,986	-	-	-	40,986
Intergovernmental:					
Commonwealth	4,170,081	6,824	35,956	277,715	4,490,576
Federal	624,922	154,763	-	-	779,685
Total revenues	\$ 4,865,264	\$ 371,057	\$ 40,139	\$ 877,370	\$ 6,153,830
Expenditures:					
Current:					
Education	\$ 8,744,747	\$ 394,233	\$ 21,414	\$ -	\$ 9,160,394
Capital projects	-	-	-	707,597	707,597
Debt service:					
Principal retirement	296,788	-	-	-	296,788
Interest and other fiscal charges	974,767	-	-	-	974,767
Total expenditures	\$ 10,016,302	\$ 394,233	\$ 21,414	\$ 707,597	\$ 11,139,546
Excess (deficiency) of revenues over expenditures	\$ (5,151,038)	\$ (23,176)	\$ 18,725	\$ 169,773	\$ (4,985,716)
Other financing sources (uses):					
Loan proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	-	-
Operating transfers from/to primary government	5,150,755	-	32,900	-	5,183,655
Total other financing sources (uses)	\$ 5,150,755	\$ -	\$ 32,900	\$ -	\$ 5,183,655
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ (283)	\$ (23,176)	\$ 51,625	\$ 169,773	\$ 197,939
Fund balances at beginning of year	\$ 684	\$ 40,280	\$ 6,900	\$ 11,830,385	\$ 11,878,249
Fund balances at end of year	\$ 401	\$ 17,104	\$ 58,525	\$ 12,000,158	\$ 12,076,188

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

COUNTY OF MIDDLESEX, VIRGINIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances --
 Budget and Actual -- Discretely Presented Component Unit School Board
 Year Ended June 30, 2001

	School Operating Fund			School Cafeteria Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Revenue from use of money and property	\$ 1,000	\$ 14,169	\$ 13,169	\$ -	\$ 705	\$ 705
Charges for services	2,400	15,106	12,706	250,262	208,765	(41,497)
Miscellaneous	14,500	40,986	26,486	-	-	-
Intergovernmental:						
Commonwealth	4,245,967	4,170,081	(75,886)	6,676	6,824	148
Federal	741,026	624,922	(116,104)	169,000	154,763	(14,237)
Total revenues	\$ 5,004,893	\$ 4,865,264	\$ (139,629)	\$ 425,938	\$ 371,057	\$ (54,881)
Expenditures:						
Current:						
Education	\$ 8,738,636	\$ 8,744,747	\$ (6,111)	\$ 425,938	\$ 394,233	\$ 31,705
Capital projects	-	-	-	-	-	-
Debt service:						
Principal retirement	296,250	296,788	(538)	-	-	-
Interest and other fiscal charges	963,501	974,767	(11,266)	-	-	-
Total expenditures	\$ 9,998,387	\$ 10,016,302	\$ (17,915)	\$ 425,938	\$ 394,233	\$ 31,705
Excess (deficiency) of revenues over expenditures	\$ (4,993,494)	\$ (5,151,038)	\$ (157,544)	\$ -	\$ (23,176)	\$ (23,176)
Other financing sources (uses):						
Loan proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	14,375	-	(14,375)	-	-	-
Operating transfers out	-	-	-	-	-	-
Operating transfers from/to primary government	4,979,119	5,150,755	171,636	-	-	-
Total other financing sources (uses)	\$ 4,993,494	\$ 5,150,755	\$ 157,261	\$ -	\$ -	\$ -
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ -	\$ (283)	\$ (283)	\$ -	\$ (23,176)	\$ (23,176)
Fund balances at beginning of year	\$ -	\$ 684	\$ 684	\$ -	\$ 40,280	\$ 40,280
Fund balances at end of year	\$ -	\$ 401	\$ 401	\$ -	\$ 17,104	\$ 17,104

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

School Textbook Rental Fund			School Capital Projects Fund			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 4,183	\$ 4,183	\$ -	\$ 599,655	\$ 599,655	\$ 1,000	\$ 618,712	\$ 617,712
-	-	-	-	-	-	252,662	223,871	(28,791)
-	-	-	-	-	-	14,500	40,986	26,486
37,100	35,956	(1,144)	409,749	277,715	(132,034)	4,699,492	4,490,576	(208,916)
-	-	-	-	-	-	910,026	779,685	(130,341)
<u>\$ 37,100</u>	<u>\$ 40,139</u>	<u>\$ 3,039</u>	<u>\$ 409,749</u>	<u>\$ 877,370</u>	<u>\$ 467,621</u>	<u>\$ 5,877,680</u>	<u>\$ 6,153,830</u>	<u>\$ 276,150</u>
\$ 76,900	\$ 21,414	\$ 55,486	\$ -	\$ -	\$ -	\$ 9,241,474	\$ 9,160,394	\$ 81,080
-	-	-	1,087,207	707,597	379,610	1,087,207	707,597	379,610
-	-	-	-	-	-	296,250	296,788	(538)
-	-	-	-	-	-	963,501	974,767	(11,266)
<u>\$ 76,900</u>	<u>\$ 21,414</u>	<u>\$ 55,486</u>	<u>\$ 1,087,207</u>	<u>\$ 707,597</u>	<u>\$ 379,610</u>	<u>\$ 11,588,432</u>	<u>\$ 11,139,546</u>	<u>\$ 448,886</u>
<u>\$ (39,800)</u>	<u>\$ 18,725</u>	<u>\$ 58,525</u>	<u>\$ (677,458)</u>	<u>\$ 169,773</u>	<u>\$ 847,231</u>	<u>\$ (5,710,752)</u>	<u>\$ (4,985,716)</u>	<u>\$ 725,036</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	14,375	-	(14,375)
-	-	-	(14,375)	-	14,375	(14,375)	-	14,375
32,900	32,900	-	691,833	-	(691,833)	5,703,852	5,183,655	(520,197)
<u>\$ 32,900</u>	<u>\$ 32,900</u>	<u>\$ -</u>	<u>\$ 677,458</u>	<u>\$ -</u>	<u>\$ (677,458)</u>	<u>\$ 5,703,852</u>	<u>\$ 5,183,655</u>	<u>\$ (520,197)</u>
\$ (6,900)	\$ 51,625	\$ 58,525	\$ -	\$ 169,773	\$ 169,773	\$ (6,900)	\$ 197,939	\$ 204,839
<u>\$ 6,900</u>	<u>\$ 6,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,830,385</u>	<u>\$ 11,830,385</u>	<u>\$ 6,900</u>	<u>\$ 11,878,249</u>	<u>\$ 11,871,349</u>
<u>\$ -</u>	<u>\$ 58,525</u>	<u>\$ 58,525</u>	<u>\$ -</u>	<u>\$ 12,000,158</u>	<u>\$ 12,000,158</u>	<u>\$ -</u>	<u>\$ 12,076,188</u>	<u>\$ 12,076,188</u>

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Supporting Schedules

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2001

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government:			
General Fund:			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 4,619,640	\$ 4,756,070	\$ 136,430
Real and personal public service corporation property taxes	172,000	189,136	17,136
Personal property taxes	2,241,907	1,836,876	(405,031)
Mobile home taxes	65,000	70,817	5,817
Machinery and tools taxes	6,200	6,412	212
Merchants capital	31,000	30,053	(947)
Penalties	60,000	66,026	6,026
Interest and costs	45,000	42,664	(2,336)
	\$ 7,240,747	\$ 6,998,054	\$ (242,693)
Total general property taxes			
Other local taxes:			
Local sales and use taxes	\$ 600,000	\$ 660,454	\$ 60,454
Consumers' utility taxes	360,000	387,727	27,727
Business license taxes	500	75	(425)
Franchise license taxes	18,000	23,073	5,073
Motor vehicle licenses	214,000	224,871	10,871
Bank stock taxes	30,000	30,572	572
Taxes on recordation and wills	155,000	83,275	(71,725)
	\$ 1,377,500	\$ 1,410,047	\$ 32,547
Total other local taxes			
Permits, privilege fees and regulatory licenses:			
Animal licenses	\$ 6,000	\$ 5,611	\$ (389)
Permits and other licenses	94,100	169,676	75,576
	\$ 100,100	\$ 175,287	\$ 75,187
Total permits, privilege fees and regulatory licenses			
Fines and Forfeitures:			
Court fines and forfeitures	\$ 2,000	\$ 6,347	\$ 4,347
Revenue from use of money and property:			
Revenue from use of money	\$ 142,000	\$ 194,092	52,092
Revenue from use of property	101,000	82,819	(18,181)
	\$ 243,000	\$ 276,911	\$ 33,911
Total revenue from use of money and property			

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
General Fund: (Continued)			
Revenue from local sources: (Continued)			
Charges for services:			
Sheriff fees	\$ 2,000	\$ 1,166	\$ (834)
Courthouse maintenance fees	6,500	6,716	216
Commonwealth Attorney fees	500	324	(176)
Gun permit fees	2,000	333	(1,667)
Street signs	500	40	(460)
Parks and recreation	10,000	7,985	(2,015)
Planning and community development	18,200	17,154	(1,046)
Airport fuel and fees	90,122	74,372	(15,750)
VJCCA	2,490	8,394	5,904
Other	100	489	389
	<u>132,412</u>	<u>116,973</u>	<u>(15,439)</u>
Total charges for services	\$ 132,412	\$ 116,973	\$ (15,439)
Miscellaneous revenue:			
Miscellaneous	\$ 20,250	\$ 79,724	59,474
Insurance refunds	26,029	10,427	(15,602)
	<u>46,279</u>	<u>90,151</u>	<u>43,872</u>
Total miscellaneous revenue	\$ 46,279	\$ 90,151	\$ 43,872
Recovered costs:			
Sheriff - DARE	\$ 2,500	\$ 2,926	\$ 426
General District Court	-	110	110
Health Department	-	17,130	17,130
Town police service agreement	38,700	39,372	672
	<u>41,200</u>	<u>59,538</u>	<u>18,338</u>
Total recovered costs	\$ 41,200	\$ 59,538	\$ 18,338
Total revenue from local sources	\$ 9,183,238	\$ 9,133,308	\$ (49,930)
Revenue from the Commonwealth:			
Noncategorical aid:			
ABC profits	\$ 20,000	\$ 21,931	\$ 1,931
Wine taxes	11,000	12,777	1,777
Recordation taxes	-	49,175	49,175
Mobile home titling taxes	40,000	44,069	4,069
Personal property tax relief act	-	405,104	405,104
Rolling stock tax	4,750	2,524	(2,226)
	<u>75,750</u>	<u>535,580</u>	<u>459,830</u>
Total noncategorical aid	\$ 75,750	\$ 535,580	\$ 459,830

COUNTY OF MIDDLESEX, VIRGINIA

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Primary Government: (Continued)			
General Fund: (Continued)			
Revenue from the Commonwealth: (Continued)			
Categorical aid:			
Shared expenses:			
Commonwealth's attorney	\$ 65,000	\$ 61,265	\$ (3,735)
Sheriff	571,208	550,783	(20,425)
Commissioner of the Revenue	77,000	76,652	(348)
Treasurer	82,500	85,875	3,375
Medical examiner	200	120	(80)
Registrar/electroal board	30,000	31,412	1,412
Clerk of the Circuit Court	122,000	121,101	(899)
	<u>947,908</u>	<u>927,208</u>	<u>(20,700)</u>
Total shared expenses	\$ 947,908	\$ 927,208	\$ (20,700)
Welfare:			
Welfare administration and assistance	\$ 778,470	\$ 203,224	\$ (575,246)
Other categorical aid:			
Emergency medical services	\$ 5,588	\$ 5,588	\$ -
Comprehensive Services Act	242,250	160,062	(82,188)
Fire programs	11,538	11,538	-
Clerk's office grant	10,338	10,338	-
DUI grant	2,000	-	(2,000)
Litter control	-	5,827	5,827
Animal license plates	-	124	124
School resource officer	32,770	8,339	(24,431)
Asset forfeits	-	1,050	1,050
Environmental enforcement grant	28,000	22,000	(6,000)
Airport funds	20,399	46,215	25,816
	<u>352,883</u>	<u>271,081</u>	<u>(81,802)</u>
Total other categorical aid	\$ 352,883	\$ 271,081	\$ (81,802)
Total categorical aid	\$ 2,079,261	\$ 1,401,513	\$ (677,748)
Total revenue from the Commonwealth	\$ 2,155,011	\$ 1,937,093	\$ (217,918)
Revenue from the Federal Government:			
Categorical aid:			
Welfare and public assistance	\$ -	\$ 464,274	\$ 464,274
COPS grant	-	6,662	6,662
Transportation safety grant	8,339	13,455	5,116
Law enforcement block grant	-	3,233	3,233
	<u>8,339</u>	<u>487,624</u>	<u>479,285</u>
Total revenue from the Federal Government	\$ 8,339	\$ 487,624	\$ 479,285
Total General Fund	<u>\$ 11,346,588</u>	<u>\$ 11,558,025</u>	<u>\$ 211,437</u>

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
Special Revenue Fund:			
E-911 Fund:			
Other local taxes:			
Revenue from local sources:			
Other local taxes:			
E-911 telephone taxes	\$ -	\$ 165,642	\$ 165,642
Capital Projects Funds:			
General Capital Projects Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ -	\$ 1,277	\$ 1,277
Total General Capital Projects Fund	\$ -	\$ 1,277	\$ 1,277
Total Capital Projects Funds	\$ -	\$ 1,277	\$ 1,277
Grand Total Revenues -- Primary Government	\$ 11,346,588	\$ 11,724,944	\$ 378,356
Component Unit School Board:			
Special Revenue Funds:			
School Operating Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ -	\$ -	\$ -
Revenue from use of property	1,000	14,169	13,169
Total revenue from use of money and property	\$ 1,000	\$ 14,169	\$ 13,169
Charges for services:			
Charges for education	\$ 2,400	\$ 15,106	\$ 12,706
Miscellaneous revenue	\$ 14,500	\$ 40,986	\$ 26,486
Total revenue from local sources	\$ 17,900	\$ 70,261	\$ 52,361

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Component Unit School Board: (Continued)			
Governmental Funds:			
School Operating Fund: (Continued)			
Revenue from the Commonwealth:			
Categorical aid:			
Share of state sales tax	\$ 1,055,986	\$ 1,033,711	\$ (22,275)
Basic school aid	1,893,459	1,819,107	(74,352)
Special education	388,558	375,697	(12,861)
Vocational education	37,994	36,373	(1,621)
Fringe benefits	272,538	259,775	(12,763)
Gifted and talented	21,806	21,133	(673)
Remedial education	33,920	32,874	(1,046)
Reduce K-3	73,437	68,289	(5,148)
At risk	40,526	39,239	(1,287)
CORD grant	70,000	70,000	-
Other	357,743	413,883	56,140
	<u>\$ 4,245,967</u>	<u>\$ 4,170,081</u>	<u>\$ (75,886)</u>
Revenue from the federal government:			
Categorical aid:			
Adult Basic Education	\$ 45,712	\$ 17,938	\$ (27,774)
Title I	235,781	171,914	(63,867)
Title VI	14,000	10,993	(3,007)
Title II	10,000	1,507	(8,493)
Class size reduction	-	32,680	32,680
Jobs Training Partnership Act (JTPA)	15,767	48,749	32,982
Title VI -- B -- Special Education	198,404	197,501	(903)
Preschool grant	16,000	19,105	3,105
Vocational education	24,000	27,168	3,168
Literacy Challenge grant	106,600	84,377	(22,223)
Family literacy	8,618	-	(8,618)
Drug free schools and communities	10,000	12,370	2,370
Goals 2000	29,981	620	(29,361)
Other	26,163	-	(26,163)
	<u>\$ 741,026</u>	<u>\$ 624,922</u>	<u>\$ (116,104)</u>
Total revenue from the federal government	<u>\$ 741,026</u>	<u>\$ 624,922</u>	<u>\$ (116,104)</u>
Total School Operating Fund	<u>\$ 5,004,893</u>	<u>\$ 4,865,264</u>	<u>\$ (139,629)</u>
School Cafeteria Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ -	\$ 705	\$ 705

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Component Unit School Board: (Continued)			
Governmental Funds: (Continued)			
School Cafeteria Fund: (Continued)			
Revenue from local sources: (Continued)			
Charges for services:			
Cafeteria sales	\$ 250,262	\$ 208,765	\$ (41,497)
Total revenue from local sources	\$ 250,262	\$ 209,470	\$ (40,792)
Revenue from the Commonwealth:			
Categorical aid:			
School food program grant	\$ 6,676	\$ 6,824	\$ 148
Total revenue from the Commonwealth	\$ 6,676	\$ 6,824	\$ 148
Revenue from the federal government:			
Categorical aid:			
School breakfast program	-	33,480	33,480
School lunch program	\$ 169,000	\$ 121,283	\$ (47,717)
Total revenue from the federal government	\$ 169,000	\$ 154,763	\$ (14,237)
Total School Cafeteria Fund	\$ 425,938	\$ 371,057	\$ (54,881)
School Textbook Rental Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Use of money	\$ -	\$ 4,183	\$ 4,183
Revenue from the Commonwealth:			
Categorical aid:			
Textbook payments	\$ 37,100	\$ 35,956	\$ (1,144)
Total School Textbook Rental Fund	\$ 37,100	\$ 40,139	\$ 3,039
School Capital Projects Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Use of money	\$ -	\$ 599,655	\$ 599,655

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Revenues -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Component Unit School Board: (Continued)			
Governmental Funds: (Continued)			
School Capital Projects Fund: (Continued)			
Revenue from the Commonwealth:			
Categorical aid:			
School construction grants	\$ 225,979	\$ 226,070	\$ 91
Lottery funds	183,770	51,645	(132,125)
	409,749	277,715	(132,034)
Total revenue from the Commonwealth	\$ 409,749	\$ 277,715	\$ (132,034)
Total School Capital Projects	\$ 409,749	\$ 877,370	\$ 467,621
Grand Total Revenues -- Component Unit School Board	\$ 5,877,680	\$ 6,153,830	\$ 276,150
Grand Total Revenues - Reporting Entity	\$ 17,224,268	\$ 17,878,774	\$ 654,506

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2001

Fund, Function, Activity, and Element	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government:			
General Fund:			
General government administration:			
Legislative:			
Board of supervisors	\$ 72,060	\$ 50,219	\$ 21,841
General and financial administration:			
County administrator	\$ 176,029	\$ 174,947	\$ 1,082
Legal services	74,500	76,312	(1,812)
Independent auditor	18,500	16,925	1,575
Commissioner of the revenue	185,689	160,946	24,743
Assessor	25,000	6,241	18,759
Treasurer	180,541	177,222	3,319
Risk management	70,324	11,721	58,603
Data processing	55,266	94,139	(38,873)
Total general and financial administration	\$ 785,849	\$ 718,453	\$ 67,396
Board of Elections:			
Electoral board and officials	\$ 22,127	\$ 21,577	\$ 550
Registrar	38,731	39,562	(831)
Total board of elections	\$ 60,858	\$ 61,139	\$ (281)
Total general government administration	\$ 918,767	\$ 829,811	\$ 88,956
Judicial administration:			
Courts:			
Circuit court	\$ 33,380	\$ 24,475	\$ 8,905
General district court	9,350	7,332	2,018
Juvenile and domestic relations district court	18,140	21,197	(3,057)
Clerk of the circuit court	172,184	170,458	1,726
Magistrate	7,075	-	7,075
Juvenile and domestic relations district court service	8,465	1,708	6,757
Merrimac Center	34,656	16,512	18,144
Total courts	\$ 283,250	\$ 241,682	\$ 41,568
Commonwealth's attorney:			
Commonwealth's attorney	\$ 78,428	\$ 73,576	\$ 4,852
Total judicial administration	\$ 361,678	\$ 315,258	\$ 46,420

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

Fund, Function, Activity, and Element	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
General Fund: (Continued)			
Public safety:			
Law enforcement and traffic control:			
Sheriff	\$ 800,368	\$ 811,841	\$ (11,473)
Town police	39,116	39,770	(654)
County deputy	38,036	29,461	8,575
School resource officer	32,770	6,369	26,401
School crossing guard	11,000	8,068	2,932
	<u>921,290</u>	<u>895,509</u>	<u>25,781</u>
Total law enforcement and traffic control	\$ 921,290	\$ 895,509	\$ 25,781
Public safety:			
Fire and rescue services:			
Volunteer fire department	\$ 126,614	\$ 126,776	\$ (162)
Volunteer rescue squads	80,504	80,504	-
EMS training	5,000	13,857	(8,857)
	<u>212,118</u>	<u>221,137</u>	<u>(9,019)</u>
Total fire and rescue services	\$ 212,118	\$ 221,137	\$ (9,019)
Correction and detention:			
Regional jail	\$ 729,756	\$ 621,644	\$ 108,112
Inspections:			
Building	\$ 110,781	\$ 107,098	\$ 3,683
Other protection:			
Animal control	\$ 30,523	\$ 29,446	\$ 1,077
Medical examiner (coroner)	500	150	350
Emergency services (civil defense)	11,700	9,475	2,225
E-911	171,666	54,722	116,944
Communications equipment	-	1,731,882	(1,731,882)
	<u>214,389</u>	<u>1,825,675</u>	<u>(1,611,286)</u>
Total other protection	\$ 214,389	\$ 1,825,675	\$ (1,611,286)
Total public safety	\$ 2,188,334	\$ 3,671,063	\$ (1,482,729)
Public works:			
Maintenance of highways, streets, bridges and sidewalks:			
Street and road cleaning	\$ 500	\$ 338	\$ 162

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

Fund, Function, Activity, and Element	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
General Fund: (Continued)			
Public works: (Continued)			
Sanitation and waste removal:			
Refuse collection - convenience centers	\$ 82,508	\$ 83,854	\$ (1,346)
Refuse collection - grounds maintenance	3,000	700	2,300
VPPSA	591,304	586,715	4,589
	<u>676,812</u>	<u>671,269</u>	<u>5,543</u>
Total sanitation and waste removal			
	\$ 676,812	\$ 671,269	\$ 5,543
Maintenance of general buildings and grounds:			
General properties	\$ 328,837	\$ 276,811	\$ 52,026
Holly Point	2,500	1,202	1,298
Canoe house landing	500	951	(451)
Airport	142,762	111,824	30,938
	<u>474,599</u>	<u>390,788</u>	<u>83,811</u>
Total maintenance of general buildings and grounds			
	\$ 474,599	\$ 390,788	\$ 83,811
Total public works			
	\$ 1,151,911	\$ 1,062,395	\$ 89,516
Health and welfare:			
Health:			
Local health department	\$ 123,831	\$ 123,831	\$ -
Free health clinic	5,500	5,000	500
Laurel Shelter, Inc.	2,000	-	2,000
Local hospitals	200	-	200
	<u>131,531</u>	<u>128,831</u>	<u>2,700</u>
Total health			
	\$ 131,531	\$ 128,831	\$ 2,700
Mental health and mental retardation:			
Chapter X board	\$ 22,560	\$ 22,560	\$ -
	<u>22,560</u>	<u>22,560</u>	<u>-</u>
Welfare:			
Administration and assistance	\$ 883,552	\$ 798,114	\$ 85,438
Comprehensive Services	415,000	334,302	80,698
Area Agency on Aging	5,500	5,500	-
Rental assistance program	950	1,275	(325)
Vocational rehabilitation centers	4,543	4,543	-
Humane society	5,250	5,250	-
Disabilities Services Board	2,000	2,000	-
	<u>1,316,795</u>	<u>1,150,984</u>	<u>165,811</u>
Total welfare			
	\$ 1,316,795	\$ 1,150,984	\$ 165,811
Total health and welfare			
	\$ 1,470,886	\$ 1,302,375	\$ 168,511

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

Fund, Function, Activity, and Element	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
General Fund: (Continued)			
Education:			
Contributions to community colleges	\$ 4,255	\$ 4,255	\$ -
Virginia High School League Activities	3,000	-	3,000
Total education	<u>\$ 7,255</u>	<u>\$ 4,255</u>	<u>\$ 3,000</u>
Parks, recreation and cultural:			
Parks and recreation:			
Administration	\$ 34,475	\$ 33,495	\$ 980
Museum	2,931	2,931	-
Sports complex	24,000	23,417	583
Total parks and recreation	<u>\$ 61,406</u>	<u>\$ 59,843</u>	<u>\$ 1,563</u>
Library:			
Regional library	\$ 73,245	\$ 73,245	\$ -
Total parks, recreation and cultural	<u>\$ 134,651</u>	<u>\$ 133,088</u>	<u>\$ 1,563</u>
Community development:			
Planning and community development::			
Planning	\$ 98,597	\$ 91,291	\$ 7,306
Zoning administration	47,867	36,462	11,405
Economic development	23,785	6,072	17,713
Board of zoning appeals	5,350	3,612	1,738
Anniversary committee	1,500	-	1,500
Total planning and community development	<u>\$ 177,099</u>	<u>\$ 137,437</u>	<u>\$ 39,662</u>
Environmental management:			
Soil and water conservation district	\$ 2,100	\$ 2,100	\$ -
Environmental enforcement	45,457	39,736	5,721
Forestry service	2,492	2,492	-
Total environmental management	<u>\$ 50,049</u>	<u>\$ 44,328</u>	<u>\$ 5,721</u>
Cooperative extension program:			
Extension service	\$ 31,500	\$ 20,316	\$ 11,184
Total community development	<u>\$ 258,648</u>	<u>\$ 202,081</u>	<u>\$ 56,567</u>

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

Fund, Function, Activity, and Element	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
General Fund: (Continued)			
Capital Projects:			
Courthouse study	\$ 20,000	\$ 20,790	\$ (790)
Communications equipment	232,300	33,982	198,318
Other	25,000	9	24,991
Total capital projects	<u>\$ 277,300</u>	<u>\$ 54,781</u>	<u>\$ 222,519</u>
Debt Service:			
Principal	\$ 47,847	\$ 47,847	\$ -
Interest	39,499	39,499	-
Total debt service	<u>87,346</u>	<u>87,346</u>	<u>-</u>
Total General Fund	<u>\$ 6,856,776</u>	<u>\$ 7,662,453</u>	<u>\$ (805,677)</u>
Capital Projects Funds:			
General Capital Projects Fund:			
Sheriff's office building	\$ 178,000	\$ 165,977	\$ 12,023
Total Capital Projects Funds	<u>\$ 178,000</u>	<u>\$ 165,977</u>	<u>\$ 12,023</u>
Grand total expenditures - Primary Government	<u>\$ 7,034,776</u>	<u>\$ 7,828,430</u>	<u>\$ (793,654)</u>
Component Unit School Board:			
Governmental Funds:			
School Operating Fund:			
Education:			
Instruction	\$ 6,863,246	\$ 6,883,518	\$ (20,272)
Administration, attendance and health	488,239	488,235	4
Transportation	587,709	573,536	14,173
Operation and maintenance of school plant	799,442	799,458	(16)
Total education	<u>\$ 8,738,636</u>	<u>\$ 8,744,747</u>	<u>\$ (6,111)</u>
Debt Service:			
Principal	\$ 296,250	\$ 296,788	\$ (538)
Interest	963,501	974,767	(11,266)
Total debt service	<u>1,259,751</u>	<u>1,271,555</u>	<u>(11,804)</u>
Total School Operating Fund	<u>\$ 9,998,387</u>	<u>\$ 10,016,302</u>	<u>\$ (17,915)</u>

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2001 (Continued)

Fund, Function, Activity, and Element	Budget	Actual	Variance Favorable (Unfavorable)
Component Unit School Board:			
Governmental Funds:			
School Cafeteria Fund:	-		
Education:			
School food service	\$ 425,938	\$ 394,233	\$ 31,705
School Textbook Rental Fund:			
Education:			
Purchase of textbooks	\$ 76,900	\$ 21,414	\$ 55,486
School Capital Projects Fund:			
Capital projects	\$ 984,273	\$ 605,137	\$ 379,136
Replacement of buses	102,934	102,460	474
Total School Capital Projects Fund	\$ 1,087,207	\$ 707,597	\$ 379,610
Grand Total Expenditures -- Component Unit School Board	\$ 11,588,432	\$ 11,139,546	\$ 448,886
Grand Total Expenditures - Reporting Entity	\$ 18,623,208	\$ 18,967,976	\$ (344,768)

Schedule of the Treasurer's Accountability
At June 30, 2001

Assets held by the Treasurer:

Cash on hand	\$	200
Returned checks		629
Cash in banks:		
Checking:		
First Virginia Bank		
General account		942,246
School Cafeteria Fund		500
School Textbook Fund		58,525
Special Welfare Fund		5,438
Airport		1,851
Tax payment		9
Sheriff's Forfeiture		9,932
Commonwealth's Attorney Forfeiture		15,273
Southside Bank		
Tax payment		10
School roof		25,722
Citizens and Farmers Bank		10
Chesapeake Bank - School capital outlay		167,917
Savings/Money Market:		
First Virginia Bank - General - secured investors account		28,083
First Virginia Bank - School Cafeteria Fund		27,059
Peninsula Trust Bank		-
Southside Bank		151,464
Citizens and Farmers Bank		338,861
Certificates of deposit:		
Southside Bank		1,355,280
Citizens and Farmers Bank		403,256
Investments:		
Local Government Investment Pool		1,561,499
State Non-Arbitrage Pool		12,123,674
Merrill Lynch		1,001,817
		<u>1,001,817</u>
Total assets	\$	<u><u>18,219,255</u></u>

Liabilities of the Treasurer:

Balance of County Funds (Schedule 4)	\$	18,167,849
Balance of Commonwealth Fund (Schedule 5)		958
Deferred account		(808)
Prepaid taxes		13,156
Erosion and sediment control bonds		33,600
Planning Department bonds		4,500
		<u>4,500</u>
Total liabilities	\$	<u><u>18,219,255</u></u>

NOTE: This schedule is recorded on a cash basis. Assets and liabilities reflected in the other supplementary data and basic financial statements are recorded on the accrual and/or modified accrual basis, except as otherwise noted.

Schedule of the Treasurer's Accountability to the County
 All County Funds and Component Units
 Year Ended June 30, 2001

	Governmental Funds			Fiduciary	Component	Total "Memorandum Only"
	General	Special Revenue	Capital Projects	Trust & Agency	Unit School Board	
Balance July 1, 2000	\$ 3,878,304	\$ 248,264	\$ 569,608	\$ 6,169	\$ 1,127,600	\$ 5,829,945
Receipts (Net):						
General property taxes	\$ 7,022,495	\$ -	\$ -	\$ -	\$ -	\$ 7,022,495
Other local taxes	1,410,074	177,697	-	-	-	1,587,771
Permits, privilege fees and regulatory licenses	175,288	-	-	-	-	175,288
Fines and forfeitures	5,886	-	-	-	-	5,886
Revenue from use of money and property	276,911	-	1,276	-	618,712	896,899
Charges for services	116,972	-	-	-	223,871	340,843
Miscellaneous	90,151	-	-	65,759	40,986	196,896
Recovered costs	59,538	-	-	-	-	59,538
Intergovernmental	2,418,608	-	-	-	5,250,421	7,669,029
Other financing sources	-	-	-	-	12,834,408	12,834,408
Total receipts	\$ 11,575,923	\$ 177,697	\$ 1,276	\$ 65,759	\$ 18,968,398	\$ 30,789,053
Total receipts and balance	\$ 15,454,227	\$ 425,961	\$ 570,884	\$ 71,928	\$ 20,095,998	\$ 36,618,998
Disbursements (Net):						
Warrants (checks) issued	\$ 5,763,886	\$ -	\$ 165,976	\$ 66,490	\$ 11,095,896	\$ 17,092,248
Retirement of Indebtedness	47,847	-	-	-	296,788	344,635
Interest and fiscal charges	39,499	-	-	-	974,767	1,014,266
Total disbursements	\$ 5,851,232	\$ -	\$ 165,976	\$ 66,490	\$ 12,367,451	\$ 18,451,149
Interfund transfers:						
Transfers in	\$ 138,113	\$ -	\$ -	\$ -	\$ 5,203,852	\$ 5,341,965
Transfers out	(5,203,852)	(97,538)	(40,575)	-	-	(5,341,965)
Balance, June 30, 2001	\$ 4,537,256	\$ 328,423	\$ 364,333	\$ 5,438	\$ 12,932,399	\$ 18,167,849

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

Statement of the Treasurer's Accountability to the Commonwealth
 Year Ended June 30, 2001

	<u>Balance July 1, 2000</u>	<u>Receipts</u>	<u>Remittances</u>	<u>Balance June 30, 2001</u>
2001 Taxes:				
Estimated income taxes	\$ -	\$ 459,123	\$ 458,504	\$ 619
2000 Taxes:				
Taxable year income taxes	-	575,377	575,062	315
Estimated income taxes	-	518,429	518,429	-
1999 Taxes:				
Taxable year income taxes	-	53,962	53,962	-
Other Collections:				
Penalty	-	1,475	1,475	-
Interest	-	394	394	-
Share of fees of sheriff and deputies	-	10,007	9,983	24
Totals	\$ -	\$ <u>1,618,767</u>	\$ <u>1,617,809</u>	\$ <u>958</u>

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

COUNTY OF MIDDLESEX, VIRGINIA

General Government Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes (2)	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Charges for Services
1992	\$ 3,949,917	\$ 692,285	\$ 102,325	\$ 246	\$ 196,592	\$ 267,477
1993	4,534,936	699,370	114,636	2,230	271,675	279,002
1994	4,717,029	933,797	86,823	1,340	129,668	313,655
1995	5,070,333	1,035,052	115,570	304	93,565	275,901
1996	5,590,996	1,108,990	93,140	2,298	95,847	298,569
1997	7,731,262	1,140,403	103,371	285	247,575	277,313
1998	6,210,125	1,239,839	124,566	783	424,038	257,956
1999	6,497,192	1,433,400	115,600	1,101	262,139	234,938
2000	6,590,235	1,471,579	129,921	2,229	515,882	259,133
2001	6,998,054	1,575,689	175,287	6,347	896,900	340,844

(1) Includes General, Special Revenue and Capital Projects Funds, and Component Unit School Board

(2) 1997 first year for semi-annual general property tax collections

Schedule 6

	<u>Miscel- laneous</u>	<u>Recovered Costs</u>	<u>Inter- governmental</u>	<u>Total</u>
\$	72,189	\$ 11,759	3,833,109	\$ 9,125,899
	151,795	12,934	4,319,434	10,386,012
	112,067	37,877	4,525,833	10,858,089
	131,189	27,291	4,668,866	11,418,071
	94,393	32,950	4,915,110	12,232,293
	79,008	36,065	5,316,122	14,931,404
	93,853	43,037	5,513,506	13,907,703
	151,762	50,608	6,448,082	15,194,822
	139,878	62,635	7,294,299	16,465,791
	131,137	59,538	7,694,978	17,878,774

COUNTY OF MIDDLESEX, VIRGINIA

General Government Expenditures by Function (1)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>
1992	\$ 558,995	\$ 100,881	\$ 645,124	\$ 490,060	631,806
1993	611,258	95,903	718,534	483,444	671,478
1994	698,480	102,055	813,417	847,218	744,175
1995	756,305	141,288	915,122	831,718	809,118
1996	665,497	150,405	1,173,755	888,803	867,357
1997	658,690	146,463	1,136,234	952,391	919,899
1998	712,516	153,745	1,125,545	878,394	1,111,470
1999	787,678	277,405	1,356,834	977,261	1,177,125
2000	873,385	326,358	1,700,914	1,001,658	1,389,300
2001	829,811	315,258	3,671,063	1,062,395	1,302,375

(1) Includes General, Special Revenue and Capital Projects Funds, and Component Unit School Board

	Education	Recreation and Cultural	Community Development	Capital Projects	Debt Service	Total
\$	6,037,922	\$ 72,220	\$ 144,676	\$ 255,462	\$ 183,254	9,120,400
	5,966,159	39,053	150,782	3,440,808	757,127	12,934,546
	6,348,895	45,418	159,983	4,020,619	721,646	14,501,906
	6,759,249	84,644	172,321	348,272	749,232	11,567,269
	7,032,036	140,609	168,132	195,229	749,141	12,030,964
	7,502,080	165,301	170,619	161,272	731,710	12,544,659
	7,827,892	163,889	187,834	803,624	795,581	13,760,490
	8,414,118	105,857	192,982	556,095	760,047	14,605,402
	9,099,504	145,096	199,323	709,884	572,790	16,018,212
	9,164,649	133,088	202,081	928,355	1,358,901	18,967,976

Property Tax Levies and Collections (1)

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (3)	Current Tax Collections (4)	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (2,4)	Percent of Delinquent Taxes to Tax Levy
1992	\$ 3,814,876	\$ 3,623,423	94.98%	\$ 205,940	\$ 3,829,363	100.38%	\$ 479,699	12.57%
1993	4,458,238	4,236,346	95.02%	199,186	4,435,532	99.49%	467,609	10.49%
1994	4,572,971	4,415,166	96.55%	181,074	4,596,240	100.51%	396,457	8.67%
1995	5,030,868	4,840,727	96.22%	125,707	4,966,434	98.72%	429,959	8.55%
1996	5,486,126	5,284,583	96.33%	156,725	5,441,308	99.18%	432,205	7.88%
1997	7,942,840	7,402,354	93.20%	229,093	7,631,447	96.08%	691,390	8.70%
1998	6,172,628	5,862,668	94.98%	241,270	6,103,938	98.89%	653,003	10.58%
1999	6,404,453	6,236,207	97.37%	228,590	6,464,797	100.94%	625,760	9.77%
2000	6,775,259	6,423,460	94.81%	248,253	6,671,713	98.47%	550,423	8.12%
2001	7,361,029	7,110,471	96.60%	204,137	7,314,608	99.37%	717,037	9.74%

(1) Exclusive of penalties and interest

(2) Includes all years taxes outstanding at year-end

(3) 1997 first year for semi-annual general property tax collections

(4) Includes Commonwealth's reimbursements for personal property taxes and balance outstanding.

Assessed Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Estate	(1) Personal Property	Machinery and Tools	Merchants' Capital	Public Utility Real Estate	Total
1992	\$ 512,969,710	\$ 38,921,875	\$ 247,400	\$ 2,171,800	\$ 20,292,101	\$ 574,602,886
1993	532,090,047	38,456,920	235,000	1,959,950	23,477,693	596,219,610
1994	545,621,624	39,762,217	168,500	1,701,550	22,787,546	610,041,437
1995	557,390,540	45,592,631	260,900	1,741,654	24,047,193	629,032,917
1996	753,638,902	49,500,327	207,292	1,622,319	32,718,760	837,687,600
1997	772,953,888	58,702,807	189,866	1,875,193	31,526,808	865,248,562
1998	792,433,100	63,779,228	169,603	2,094,142	30,591,975	889,068,048
1999	834,204,179	66,592,046	178,207	2,141,071	31,280,497	934,396,000
2000	847,159,721	71,552,584	188,743	2,476,672	32,754,798	954,132,518
2001	890,768,984	80,231,135	183,203	2,570,576	36,151,296	1,009,905,194

(1) Includes mobile home taxes

Property Tax Rates (1)

Last Ten Fiscal Years

<u>Fiscal Years</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Mobile Homes</u>	<u>Machinery and Tools</u>	<u>Merchants' Capital</u>	<u>Public Utility</u>
1992	0.52	3.00	0.52	3.00	1.25	0.52
1993	0.59	3.50	0.59	3.50	1.25	0.59
1994	0.59	3.50	0.59	3.50	1.25	0.59
1995	0.63	3.50	0.63	3.50	1.25	0.63
1996	0.50	3.50	0.63	3.50	1.25	0.50
1997	0.50	3.50	0.50	3.50	1.25	0.50
1998	0.50/0.52	3.50	0.52	3.50	1.25	0.52
1999	0.52	3.50	0.52	3.50	1.25	0.52
2000	0.52	3.50	0.52	3.50	1.25	0.52
2001	0.52/0.55	3.50	0.52	3.50	1.25	0.52

(1) Per \$100 of assessed value

COUNTY OF MIDDLESEX, VIRGINIA

Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita

Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available			
1992	8,653	\$ 574,602,886	\$ 5,558,017	\$ -	\$ 5,558,017	0.010	\$ 642
1993	8,653	596,219,610	5,156,352	-	5,156,352	0.009	596
1994	8,653	610,041,437	4,744,300	-	4,744,300	0.008	548
1995	8,653	629,032,917	4,342,450	-	4,342,450	0.007	502
1996	8,653	837,687,600	4,420,600	-	4,420,600	0.005	511
1997	8,653	865,248,562	3,993,750	-	3,993,750	0.005	462
1998	8,653	889,068,048	3,522,500	-	3,522,500	0.004	407
1999	8,653	934,396,000	3,038,316	-	3,038,316	0.003	351
2000	8,653	954,132,518	14,543,309	-	14,543,309	0.015	1,681
2001	9,932	1,009,905,194	14,220,771	-	14,220,771	0.014	1,432

(1) Bureau of the Census

(2) From Schedule 9

(3) Includes all long-term general obligation bonded debt, lease revenue bonds, retirement obligation debt, Literary Fund Loans and appropriation loans. Excludes capital leases, and compensated absences.

Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures

Last Ten Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures			Ratio of Debt Service to General Governmental Expenditures
				(1)	(2)	(3)	
1992	\$ 111,307	\$ 71,947	\$ 183,254	\$ 8,864,938			2.07%
1993	401,665	355,462	757,127	9,493,738			7.98%
1994	412,052	309,594	721,646	10,481,287			6.89%
1995	404,970	313,991	718,961	11,218,997			6.41%
1996	421,850	261,014	682,864	11,835,735			5.77%
1997	444,861	255,455	700,316	12,383,387			5.66%
1998	490,446	273,741	764,187	12,956,866			5.90%
1999	461,250	179,025	640,275	14,049,307			4.56%
2000	344,865	196,531	541,396	15,308,328			3.54%
2001	344,635	1,014,266	1,358,901	18,039,621			7.53%

(1) Includes Primary Government and Component Unit School Board

(2) From Schedule 8, less Capital Projects expenditures

(3) Includes General Fund and Component Unit School Board

Compliance

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ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

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

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

We have audited the financial statements of the County of Middlesex, Virginia as of and for the year ended June 30, 2001, and have issued our report thereon dated November 15, 2001. We conducted our audit in accordance with the Specifications for Audit of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County of Middlesex Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliances 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 performed our audit, we considered County of Middlesex 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 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 Middlesex, Virginia in a separate letter dated November 15, 2001.

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

Robinson, Tammy, Co. Associates

Charlottesville, Virginia

November 15, 2001

ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

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

To the Board of Supervisors
County of Middlesex, Virginia

Compliance

We have audited the compliance of the County of Middlesex, 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, 2001. The County of Middlesex, Virginia's major federal programs are identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Middlesex, Virginia's management. Our responsibility is to express an opinion on the County of Middlesex, 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 Middlesex, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Middlesex Virginia's compliance with those requirements.

In our opinion, the County of Middlesex, 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, 2001.

Internal Control Over Compliance

The management of the County of Middlesex, 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 Middlesex, 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 for the information of the Board of Supervisors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Thomas, & Associates

Charlottesville, Virginia

November 15, 2001

COUNTY OF MIDDLESEX, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2001

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Expenditures
<u>Primary Government:</u>		
Department of Justice:		
Direct payments:		
Public safety and community policing grants	16.710	\$ 6,662
Pass - through payments:		
Department of Criminal Justice Services:		
Law Enforcement Block Grant	16.592	3,233
Total Department of Justice		\$ 9,895
Department of Agriculture:		
Pass - through payments:		
Department of Agriculture and Consumer Services:		
Department of Social Services:		
Food Stamp Administration	10.561	78,144
Total Department of Agriculture		\$ 78,144
Department of Transportation:		
Pass-Through Payments:		
Department of Motor Vehicles:		
State and Community Highway Safety (Section 402 Grants)	20.600	\$ 13,455
Total Department of Transportation		\$ 13,455
Department of Health and Human Services:		
Pass - through payments:		
Department of Social Services:		
Social services block grant	93.667	\$ 79,994
Temporary assistance for needy families	93.558	* 108,116
Foster care	93.658	53,558
Adoption assistance	93.659	9,533
State childrens insurance program	93.767	71
Child care	93.575	23,047
Child care and development block grant	93.596	44,964
Refugee assistance	93.566	151
Medical assistance program	93.778	58,506
Family preservation	93.556	4,733
Low income home energy assistance	93.568	3,157
Independent Living	93.674	300
Total Department of Health and Human Services		\$ 386,130
Total Primary Government		\$ 487,624
<u>Component Unit School Board:</u>		
Department of Agriculture:		
Pass - through payments:		
Department of Agriculture and Consumer Services:		
Food distribution	10.555	* \$ 22,723
Department of Education:		
National school breakfast program	10.553	* 33,480
National school lunch program	10.555	* 121,283
Total Department of Agriculture		\$ 177,486

COUNTY OF MIDDLESEX, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2001

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalog Number	Expenditures
Component Unit School Board: (Continued)		
Department of Labor:		
Pass - through payments:		
Department of Education:		
School to work program	17.250	\$ <u>48,749</u>
Department of Education:		
Pass - through payments:		
Department of Education:		
Adult education - state administered program	84.002	\$ 17,938
Education Consolidation and Improvement Act of 1981:		
Title I:		
Financial assistance to meet special educational needs of disadvantaged children operated by local education agencies	84.010	* 171,914
Preschool Program	84.173	19,105
Title VI:		
Consolidation of federal programs for elementary and secondary education block grant	84.298	10,993
Title VI-B:		
Assistance to states for education of handicapped children	84.027	* 197,501
Vocational education:		
Basic grants to states	84.048	27,168
Title II - Eisenhower Math and Science	84.164	1,507
Literary Challenge Grant	84.318	84,377
Class size reduction	84.340	32,680
Drug free schools and communities	84.186	12,370
Goals 2000	84.276	<u>620</u>
Total Department of Education		\$ <u>576,173</u>
Total Component Unit School Board		\$ <u>802,408</u>
Total Expenditures of Federal Awards		\$ <u>1,290,032</u>

* Major program

Notes to Schedule of Expenditures of Federal Awards

Note A - Basis of Accounting:

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

Note B - Food Distribution:

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2001, the Middlesex County School Board had food commodities totaling \$554 in inventory.

COUNTY OF MIDDLESEX, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2001

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of programs tested:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Nutrition Cluster-National School Lunch Program
84.010	Title I
84.027	Title VI-B Flow Through
93.558	Temporary Assistance to Needy Families

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as low-risk auditee?	No
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Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

COUNTY OF MIDDLESEX, VIRGINIA

Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2001

There were no items reported