

COUNTY OF NEW KENT, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

FILE COPY

COUNTY OF NEW KENT, VIRGINIA

Directory of Principal Officers

BOARD OF SUPERVISORS

W.R. "Ray" Davis, Jr., Chairman

Julian T. Lipscomb
James H. Burrell

Rebecca M. Ringley
Dean E. Raynes

COUNTY SCHOOL BOARD

Cynthia Gaines, Chairman

Merle Gill
Terry Lawler

Van McPherson
Patricia Lange

SOCIAL SERVICES BOARD

Janet Salmon, Chairman

Dean E. Raynes
Celia Craft
Faye Patterson

Alma Randolph
Gene Adkins

OTHER OFFICIALS

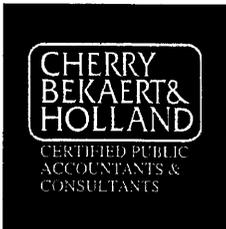
Clerk of the Circuit Count.....	Barbara U. Gregory
Interim County Administrator	Richard S. Ellyson
Commonwealth's Attorney	C. Linwood Gregory
Commissioner of the Revenue	Grosjean G. Crump, III
Treasurer.....	Herbert C. Jones, Jr.
Sheriff.....	F. W. Howard, Jr.
Superintendent of Schools.....	Dr. J. Roy Geiger, II
Director, Department of Social Services.....	Marianne D. Powell

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Independent Auditors' Report On Financial Statements And Supplementary Schedules

The Honorable Members of the Board of Supervisors
County of New Kent, Virginia

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

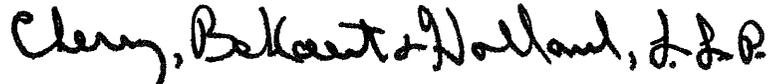
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audit of Counties,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

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

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining financial statements. The accompanying financial information listed as supplementary schedules in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements. Included in the supplementary schedules is the schedule of expenditures of federal awards which 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*. Such information has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in our opinion, such information is fairly presented in all material respects in relation to the general purpose financial statements of the respective individual funds and account groups taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2002 on our consideration of the County of New Kent's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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Richmond, Virginia
October 10, 2002

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COUNTY OF NEW KENT, VIRGINIA

Combined Balance Sheet

All Funds, Account Groups, and Discretely Presented Component Units

June 30, 2002

	Governmental Fund Types			Proprietary
	General	Special Revenue	Capital Projects	Fund Types
				Enterprise
ASSETS AND OTHER DEBITS				
Cash and cash equivalents	\$ 3,524,118	\$ 198	\$ 8,652,923	\$ 1,335,954
Cash held by others	-	-	-	-
Restricted cash	-	-	119,244	-
Receivables (net of allowance for uncollectibles):				
Taxes including penalties	574,031	-	-	-
Accounts receivable	172,682	9,312	43,244	178,311
Prepaid assets	50,701	-	-	-
Due from other funds and component units	178,580	-	-	-
Due from other governments	360,934	106,037	-	114,934
Fixed assets (net of accumulated depreciation)	-	-	-	9,149,674
Amount to be provided for the retirement of general long-term obligations	-	-	-	-
Total assets and other debits	\$ 4,861,046	\$ 115,547	\$ 8,815,411	\$ 10,778,873
LIABILITIES				
Accounts payable and accrued liabilities	\$ 400,236	\$ 67,483	\$ 3,735	\$ 62,318
Due to other funds and component units	-	48,064	130,516	-
Amounts held for social service clients	-	-	-	-
Deposits	-	-	54,548	33,425
Deferred revenue	565,021	-	-	-
Bonds and notes payable	-	-	-	-
State literary fund loans payable	-	-	-	-
Capital lease obligations	-	-	-	-
Accrued expenses	40,008	-	-	-
Accrued compensated absences	-	-	-	17,904
Early retirement program	-	-	-	-
Deferred compensation payable	-	-	-	-
Total liabilities	1,005,265	115,547	188,799	113,647
FUND EQUITY AND OTHER CREDITS				
Investment in general fixed assets	-	-	-	-
Contributed capital, net	-	-	-	9,083,989
Retained Earnings - Unreserved	-	-	-	1,581,237
Fund balance:				
Reserved for:				
Unemployment	57,274	-	-	-
E911	110,754	-	-	-
Unreserved:				
Designated	72,504	-	8,626,612	-
Undesignated	3,615,249	-	-	-
Total fund equity	3,855,781	-	8,626,612	10,665,226
Total liabilities, fund equity, and other credits	\$ 4,861,046	\$ 115,547	\$ 8,815,411	\$ 10,778,873

See accompanying notes.

Exhibit 1

Fiduciary Fund Types	Account Group		Totals "Memorandum Only"	Component Unit		Totals "Memorandum Only"
	General Long - term Obligation	General Fixed Assets	Primary Government	School Board	IDA	Reporting Entity
\$ 8,750	\$ -	\$ -	\$ 13,521,943	\$ 657,179	\$ 136,828	\$ 14,315,950
-	-	-	-	52,543	-	52,543
380,673	-	-	499,917	-	-	499,917
-	-	-	-	-	-	-
-	-	-	574,031	-	-	574,031
-	-	-	403,549	2,122	-	405,671
-	-	-	50,701	-	-	50,701
-	-	-	178,580	-	-	178,580
2,378	-	-	584,283	466,170	-	1,050,453
-	-	11,109,206	20,258,880	13,417,125	100,000	33,776,005
-	-	-	-	-	-	-
-	6,109,732	-	6,109,732	1,159,104	-	7,268,836
<u>\$ 391,801</u>	<u>\$ 6,109,732</u>	<u>\$ 11,109,206</u>	<u>\$ 42,181,616</u>	<u>\$ 15,754,243</u>	<u>\$ 236,828</u>	<u>\$ 58,172,687</u>
\$ -	\$ -	\$ -	\$ 533,772	\$ 66,024	\$ 7,545	\$ 607,341
-	-	-	178,580	-	-	178,580
11,128	-	-	11,128	-	-	11,128
-	-	-	87,973	-	-	87,973
-	-	-	565,021	-	-	565,021
-	4,698,419	-	4,698,419	-	-	4,698,419
-	700,000	-	700,000	-	-	700,000
-	365,309	-	365,309	490,965	-	856,274
-	-	-	40,008	897,613	-	937,621
-	346,004	-	363,908	265,631	-	629,539
-	-	-	-	402,508	-	402,508
380,673	-	-	380,673	-	-	380,673
<u>391,801</u>	<u>6,109,732</u>	<u>-</u>	<u>7,924,791</u>	<u>2,122,741</u>	<u>7,545</u>	<u>10,055,077</u>
-	-	11,109,206	11,109,206	13,417,125	100,000	24,626,331
-	-	-	9,083,989	-	-	9,083,989
-	-	-	1,581,237	-	-	1,581,237
-	-	-	57,274	-	-	57,274
-	-	-	110,754	-	-	110,754
-	-	-	8,699,116	214,377	129,283	9,042,776
-	-	-	3,615,249	-	-	3,615,249
<u>-</u>	<u>-</u>	<u>11,109,206</u>	<u>34,256,825</u>	<u>13,631,502</u>	<u>229,283</u>	<u>48,117,610</u>
<u>\$ 391,801</u>	<u>\$ 6,109,732</u>	<u>\$ 11,109,206</u>	<u>\$ 42,181,616</u>	<u>\$ 15,754,243</u>	<u>\$ 236,828</u>	<u>\$ 58,172,687</u>

COUNTY OF NEW KENT, VIRGINIA

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances

All Governmental Funds and Discretely Presented Component Units
Year Ended June 30, 2002

	Governmental Fund Types			Totals "Memorandum Only"
	General	Special Revenue	Capital Projects	Primary Government
Revenues:				
General property taxes	\$ 9,905,449	\$ -	\$ -	\$ 9,905,449
Other local taxes	2,239,287	-	-	2,239,287
Permits, fees and licenses	298,615	-	-	298,615
Fines and forfeitures	91,536	-	-	91,536
Revenue from use of money and property	358,038	-	357	358,395
Charges for services	79,697	111,622	-	191,319
Miscellaneous	713,050	5,443	18,124	736,617
Recovered costs	16,046	-	-	16,046
Intergovernmental:				
Commonwealth	3,460,093	314,461	130,704	3,905,258
Federal	834,361	32,768	-	867,129
Total revenues	17,996,172	464,294	149,185	18,609,651
Expenditures:				
Current:				
General government administration	1,599,955	-	-	1,599,955
Judicial administration	494,673	-	-	494,673
Public safety	3,032,609	-	-	3,032,609
Public works	1,112,197	256,759	-	1,368,956
Health and welfare	933,945	472,028	-	1,405,973
Education	4,666	-	-	4,666
Community development	1,001,532	-	-	1,001,532
Parks, recreation and cultural	90,350	-	-	90,350
Capital projects	-	-	1,156,145	1,156,145
Debt service:				
Principal retirement	254,482	-	-	254,482
Interest and other fiscal charges	151,786	-	-	151,786
Total expenditures	8,676,195	728,787	1,156,145	10,561,127
Excess (deficiency) of revenues over expenditures	9,319,977	(264,493)	(1,006,960)	8,048,524
Other financing sources (uses):				
Operating transfers in		264,493	2,170,875	2,435,368
Operating transfers out	(9,123,363)			(9,123,363)
Total other financing sources (uses)	(9,123,363)	264,493	2,170,875	(6,687,995)
Excess (deficiency) of revenues & other sources over expenditures & other uses	196,614	-	1,163,915	1,360,529
Fund balance, beginning	3,659,167	-	7,462,697	11,121,864
Fund balance, ending	\$ 3,855,781	\$ -	\$ 8,626,612	\$ 12,482,393

See accompanying notes.

Exhibit 2

Component Unit		Totals "Memorandum Only"
School Board	IDA	Reporting Entity
\$ -	\$ -	\$ 9,905,449
-	-	2,239,287
-	-	298,615
-	-	91,536
-	2,560	360,955
78,806	44,207	314,332
278,325	117,890	1,132,832
-	-	16,046
8,417,648	-	12,322,906
907,578	-	1,774,707
<u>9,682,357</u>	<u>164,657</u>	<u>28,456,665</u>
-	-	1,599,955
-	-	494,673
-	-	3,032,609
-	-	1,368,956
-	-	1,405,973
15,472,697	-	15,477,363
-	93,995	1,095,527
-	-	90,350
-	-	1,156,145
559,313	-	559,313
336,454	-	336,454
<u>16,368,464</u>	<u>93,995</u>	<u>26,617,318</u>
<u>(6,686,107)</u>	<u>70,662</u>	<u>1,839,347</u>
6,687,995	-	9,123,363
<u>6,687,995</u>	<u>-</u>	<u>(9,123,363)</u>
1,888	70,662	1,839,347
212,489	58,621	11,392,974
<u>\$ 214,377</u>	<u>\$ 129,283</u>	<u>\$ 13,232,321</u>

COUNTY OF NEW KENT, VIRGINIA

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual

General, Special Revenue and Discretely Presented Component Unit
School Board Special Revenue Funds
Year Ended June 30, 2002

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
General property taxes	\$ 10,923,131	\$ 9,905,449	\$ (1,017,682)
Other local taxes	1,903,227	2,239,287	336,060
Permits, fees and licenses	140,500	298,615	158,115
Fines and forfeitures	85,000	91,536	6,536
Revenue from use of money and property	321,200	358,038	36,838
Charges for services	64,072	79,697	15,625
Miscellaneous	693,463	713,050	19,587
Recovered costs	-	16,046	16,046
Intergovernmental:			
Commonwealth	2,512,893	3,460,093	947,200
Federal	988,959	834,361	(154,598)
Total revenues	<u>17,632,445</u>	<u>17,996,172</u>	<u>363,727</u>
Expenditures:			
Current:			
General government administration	1,897,893	1,599,955	297,938
Judicial administration	564,425	494,673	69,752
Public safety	3,186,379	3,032,609	153,770
Public works	1,202,470	1,112,197	90,273
Health and welfare	1,026,351	933,945	92,406
Education	4,666	4,666	-
Parks, recreation and cultural	90,350	90,350	-
Community development	1,519,122	1,001,532	517,590
Debt service:			
Principal retirement	145,000	254,482	(109,482)
Interest and other fiscal charges	269,269	151,786	117,483
Total expenditures	<u>9,905,925</u>	<u>8,676,195</u>	<u>1,229,730</u>
Excess (deficiency) of revenues over expenditures	<u>7,726,520</u>	<u>9,319,977</u>	<u>1,593,457</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(7,810,801)	(9,123,363)	(1,312,562)
Total other financing sources (uses)	<u>(7,810,801)</u>	<u>(9,123,363)</u>	<u>(1,312,562)</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	<u>(84,281)</u>	<u>196,614</u>	<u>280,895</u>
Fund balance, beginning	<u>539,567</u>	<u>3,659,167</u>	<u>3,119,600</u>
Fund balance, ending	<u>\$ 455,286</u>	<u>\$ 3,855,781</u>	<u>\$ 3,400,495</u>

See accompanying notes.

Special Revenue Funds			Component Unit - School Board		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
97,000	111,622	14,622	80,200	78,806	(1,394)
20,884	5,443	(15,441)	278,260	278,325	65
-	-	-	-	-	-
718,562	314,461	(404,101)	8,596,290	8,417,648	(178,642)
53,534	32,768	(20,766)	956,885	907,578	(49,307)
<u>889,980</u>	<u>464,294</u>	<u>(425,686)</u>	<u>9,911,635</u>	<u>9,682,357</u>	<u>(229,278)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
337,300	256,759	80,541	-	-	-
1,178,921	472,028	706,893	-	-	-
-	-	-	16,184,585	15,472,697	711,888
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	559,313	559,313	-
-	-	-	333,775	336,454	(2,679)
<u>1,516,221</u>	<u>728,787</u>	<u>787,434</u>	<u>17,077,673</u>	<u>16,368,464</u>	<u>709,209</u>
<u>(626,241)</u>	<u>(264,493)</u>	<u>361,748</u>	<u>(7,166,038)</u>	<u>(6,686,107)</u>	<u>479,931</u>
626,241	264,493	(361,748)	7,166,038	6,687,995	(478,043)
-	-	-	-	-	-
<u>626,241</u>	<u>264,493</u>	<u>(361,748)</u>	<u>7,166,038</u>	<u>6,687,995</u>	<u>(478,043)</u>
-	-	-	-	1,888	1,888
-	-	-	-	212,489	212,489
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,377</u>	<u>\$ 214,377</u>

COUNTY OF NEW KENT, VIRGINIA

Exhibit 4

Statement of Revenues, Expenses and Changes in Retained Earnings
Proprietary Fund Type
Year Ended June 30, 2002

Operating revenues:	
Charges for services	\$ 467,695
Route 133 fees	290,651
Connection fees	301,230
Miscellaneous	<u>16,040</u>
Total operating revenues	<u>1,075,616</u>
Operating expenses:	
Personal services	168,136
Fringe benefits	53,096
Contractual services	119,194
Other charges	239,685
Depreciation	<u>648,932</u>
Total expenses	<u>1,229,043</u>
Net operating loss	(153,427)
Nonoperating income:	
Revenue from use of money	<u>5,952</u>
Net loss before capital contributions	(147,475)
Capital contributions:	
Contributed capital revenue	384,200
CDBG grant revenue	<u>413,458</u>
Net Income	650,183
Retained earnings at beginning of year	<u>931,054</u>
Retained earnings at end of year	<u>\$ 1,581,237</u>

See accompanying notes.

COUNTY OF NEW KENT, VIRGINIA**Exhibit 5****Statement of Cash Flows
Proprietary Fund Type
Year Ended June 30, 2002****CASH FLOWS FROM OPERATING ACTIVITIES**

Operating income	\$ (153,427)
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation	648,932
Loss on disposal of asset	512
Changes in operating assets and liabilities	
Increase in accounts receivable	(33,796)
Increase in due from other governments	(114,934)
Decrease in prepaid assets	691
Increase in accounts payable	47,867
Increase in deposits	5,775
Increase in claims, judgments and compensated absences	<u>8,890</u>

Net cash provided by operating activities 410,510

CASH FLOWS FROM CAPITAL AND RELATED FINANCING

Purchase of fixed assets	(670,521)
CDBG grant revenue	<u>413,458</u>

Net cash used for capital and related financing activities (257,063)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	<u>5,952</u>
----------	--------------

Net cash provided by investing activities 5,952

Increase in cash and cash equivalents 159,399

Cash and cash equivalents at beginning of year 1,176,555

Cash and cash equivalents at end of year \$ 1,335,954

See accompanying notes.

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COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 1 - Summary of Significant Accounting Policies

The County of New Kent, Virginia (the County) was incorporated in 1916 and its current Charter was granted in 1950. The County operates under a Board of Supervisors form of government and provides the following services; public safety (police and fire), public works, health and welfare services, education, community and economic development and judicial and general administrative services.

The accounting policies of the County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies. Unless otherwise stated, the accounting policies of the School Board of the County of New Kent are similar to those of the County.

Financial Reporting Entity

The County's financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability of the primary government to impose its will, or (b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government.

The accompanying financial statements present the County (the primary government) and its component units. The financial data of the component units is included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

The County's component units are discretely presented. Discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable, or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that it is legally separate from the County.

Discretely Presented Component Units

The component units are fiscally dependent on the County and provide services primarily to the citizens of the County. A description of the discretely presented component units follows:

The School Board of the County of New Kent (the School Board) operates the public education system in the County for grades kindergarten through twelve. The members of the School Board are elected by the citizens of the County. The School Board is presented as a governmental fund type.

The New Kent County Industrial Development Authority (IDA) promotes economic development throughout the county. The IDA is presented as a governmental fund type.

The financial statements of the component units are prepared in accordance with generally accepted accounting principles applicable to governmental units using the modified accrual basis of accounting.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 1 - Summary of Significant Accounting Policies (Continued)

Jointly Governed Organization

Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (the Waste Authority) was established under the provision of the Virginia Water and Sewer Authorities Act. The Waste Authority's board is comprised of representatives from the Cities of Petersburg, Hopewell, Colonial Heights and Richmond, the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George and the Town of Ashland. The 20 member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has one representative on the board. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any on-going financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2002 were \$ 503,437.

Financial Statement Presentation

The accounts of the County are organized on the basis of fund and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. Account groups are used to establish control over certain assets and liabilities that are not recorded in funds. The various funds and account groups are grouped in the financial statements as follows:

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the County's Governmental Fund types:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects discussed below) which require separate accounting as the result of regulatory provisions or administrative actions. The County's Special Revenue Funds consist of the Human Services Fund and the Airport Fund.

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for construction of major capital facilities (other than projects financed or constructed by Proprietary Funds), vehicles, computer upgrades, fire equipment, and other equipment.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary Fund Type

Proprietary Funds are used to account for the County's on-going organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The following is the County's proprietary fund type:

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. These funds account for the operations of the County-owned water service utility.

In accordance with Governmental Accounting Standards Boards (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, proprietary fund types follow all applicable GASB pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements and predecessor APB Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989. Under paragraph 7 of GASB Statement No. 20, the County has elected not to apply FASB pronouncements issued after November 30, 1989.

Fiduciary Fund Type

Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the County's fiduciary fund type:

Agency Fund - The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Account Groups

Account groups are used to establish accounting control and accountability for the County's general long-term obligations and general fixed assets. The following is the County's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the County, other than those accounted for in the Proprietary Funds. All fixed assets in this account group are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are valued at fair market value as of the date received. Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, and drainage systems, are not capitalized. No depreciation has been provided on general fixed assets.

General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to account for the outstanding principal balances of the County's general obligation bonds and other long-term liabilities other than those accounted for in the Enterprise Funds.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current net assets.

The proprietary fund is accounted for on the flow of economic resources (measurement focus). With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Operating statements of this fund present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The basis of accounting determines when the revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund types and agency fund are presented in the financial statements using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available") to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unaccrued principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The County considers all revenues available if they are collected within 45 days after year-end, including property taxes. Sales taxes, which are collected by the state and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state, which is generally in the month preceding receipt by the County.

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

Expenditures, other than principal and interest on long-term debt, are recorded as the related fund liabilities are incurred, if measurable, except for principal and interest on long-term debt which is recognized when due.

Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value.

Because the County uses the pooled cash investment method, individual fund overdrafts have been reclassified as due to/due from other funds for financial statement purposes. All income from pooled cash is recorded in the General Fund.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 1 - Summary of Significant Accounting Policies (Continued)

Allowances for Uncollectibles

The County calculates its allowances for uncollectibles using historical collection data and, in certain cases, specific account analysis. At June 30, 2002, the allowances approximated \$354,085 in the General Fund.

Fixed Assets - Enterprise Fund

Purchased fixed assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are valued at their estimated fair values on the dates donated.

Fixed assets for the Water Fund are stated at cost less accumulated depreciation.

Depreciation is charged as an expense against operations and has been provided using the straight-line method generally over the following estimated useful lives:

Equipment	3-5 years
Machinery and structures	20-40 years
Distribution equipment	60 years

Depreciation on fixed assets acquired by grant entitlements and shared revenue is accounted for as an operating expense and as a reduction of contributed capital. Depreciation expense totaled \$648,932.

Contributed Capital

Contributed capital, June 30, 2001	\$ 5,991,461
Prior period adjustment	<u>3,092,528</u>
Contributed capital, June 30, 2002	<u>\$ 9,083,989</u>

A prior period adjustment was made to record donated fixed assets not previously reported.

Vacation and Sick Leave

County employees are granted vacation and sick leave in varying amounts. In the event of termination, other than retirement, County employees are reimbursed for accumulated vacation days based on years of service and are reimbursed for accumulated sick leave up to a specified amount. Upon retirement, County employees are reimbursed for accumulated vacation days and accumulated sick leave (up to a specified amount).

For Governmental Funds, the cost of accumulated vacation and sick leave expected to be paid in the next 12 months is immaterial; therefore, all accumulated vacation and sick leave is recorded in the General Long-Term Debt Account Group. For Proprietary Funds, the cost of vacation and sick leave is recorded as a liability when earned.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 1 - Summary of Significant Accounting Policies (Continued)

Retirement Plan

The County participates in a defined benefit pension plan administered by the Virginia Retirement System. It is the County's policy to fund the normal cost and amortization of unfunded prior service cost over 30 years.

Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid debt instruments and certificates of deposit, with original maturities of three months or less from the date of purchase, are grouped into cash and cash equivalents.

Total Columns

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since the basis of accounting differs among the various funds. Interfund eliminations have not been made in the aggregation of this data.

Debt Service

In the prior year, County debt issued to build public schools was reflected in the School operating statements. In accordance with state guidelines, debt payments were shown in the school debt service fund, and the outstanding debt was shown in the long term debt account group "on behalf of" the county. During 2002, new legislation was passed that granted Counties "tenancy in common" with the school board for school buildings that have outstanding county debt. As a result, the following changes have been made:

- The primary government general fixed assets and long-term debt have been increased by the amount of outstanding school bonded debt.
- The school board component unit general fixed assets and general long-term debt account group have been reduced by the amount of outstanding school bonded debt.

Note 2 - Budgetary Procedures and Budgetary Accounting

The County Administrator submits to the County Board of Supervisors an annual budget for the ensuing fiscal year at least sixty days prior to the beginning of such fiscal year.

A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. After a public hearing, the County Board of Supervisors may change any item in the budget (other than debt service or items required by law). An appropriation ordinance must be adopted by the County Board of Supervisors prior to June 30 or as soon thereafter as is practicable.

The County utilizes the appropriated budget level of budgetary control whereby the County Board of Supervisors adopts budgets for estimated revenues and expenditures on a departmental basis for the General Fund and Special Revenue Funds. Capital Projects Funds are budgeted on an annual basis. Adopted budgets may be amended or superseded by action of the County Board of Supervisors. Appropriations, except for reserved fund balances, lapse at year-end.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 2 - Budgetary Procedures and Budgetary Accounting (Continued)

All operating budgets include proposed expenditures and the means of financing them. County Board of Supervisors must approve any budget revisions at the department level once the appropriation ordinance has been adopted. Budgeted amounts as presented in the financial statements reflect reallocations within budget categories through June 30, 2002. Appropriation control is maintained at the department level. Encumbrances and reserved fund balances outstanding at year-end are reappropriated in the succeeding year. For the year ended June 30, 2002 budgets were as follows:

Total budgeted expenditures and other financing uses (only includes General and Special Revenue Fund types)	\$ <u>19,232,947</u>
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The operating budgets are maintained on the modified accrual basis. The School Board Component Unit did not adopt an annual budget for the School Capital Projects Fund. The following is a reconciliation between the amounts reported for the School Board Component Unit in Exhibit 3 with those amounts reported in Exhibit 2:

Fund balance at end of year, School Board Component Unit – Exhibit D-2	\$ 88,401
School Capital Projects Fund balance at 6/30/02	<u>125,976</u>

Fund balance at end of year, School Board Component Unit – Exhibit 2	\$ <u>214,377</u>
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Note 3 - Deposits and Investments

Deposits - At June 30, 2002, the carrying value of the County's deposits, were \$5,891,401, \$657,179 and \$8,791 for the primary government, School Board, and IDA respectively, and the bank balance was \$6,730,673. The difference is due to outstanding checks, deposits in transit and other reconciling items. All of the County's deposits were insured deposits by federal depository insurance or the provisions of the Virginia Security for Public Deposits Act (the Act). Under the Act, banks holding public deposits in excess of the amounts insured by federal depository insurance must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of federal depository insurance limits. The State Treasury Board has the authority to assess additional collateral from participating financial institutions to cover collateral shortfalls in the event of default and is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of noncompliance by banks and savings and loan institutions.

Investments - Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The County's investments are categorized to give an indication of the level of custody risk assumed at June 30, 2002. 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 counterparty's trust department or safekeeping agent in the County's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty or by its trust department or safekeeping agent, but not in the County's name. The investments in the Local Government Investment Pool and the Money Market Mutual Funds are not subject to categorization as to assumed risks because, in the aggregate, they are considered pooled investments in nature and are not evidenced by securities that exist in physical or book entry form.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 3 - Deposits and Investments (Continued)

	Category			Reported Value	Fair Value
	1	2	3		
Investments					
U.S. Gov't Securities	\$ -	\$ -	\$ -	\$ -	\$ -
Investments not subject to categorization:					
Money Market Mutual Funds				\$ 200,979	\$ 200,979
Mentor Cash Management Fund - MM Mutual Funds				2,617,997	2,617,997
Local Government Investment Pool				5,605,173	5,605,173
Total Investments					8,424,149
Total deposits					5,891,401
Cash in office					400
Restricted cash					499,917
Total cash, cash equivalents and investments per Exhibit 1					<u>\$ 14,815,867</u>

Note 4 - Property Taxes

The County levies real estate and personal property taxes on property within its boundaries, except property specifically exempted by statute. These levies are assessed each year as of January 1 on the estimated market value of the property, at which time a lien in favor of the County is automatically attached to the property. The County follows the practice of reassessing real estate every four to six years and personal property annually.

Real estate taxes and personal property taxes are payable in full on December 5. Property taxes are levied to finance activities of the fiscal year in which they are due from the taxpayer. The County bills and collects taxes and recognizes such as revenue when received except at year-end, when billed but uncollected amounts, net of allowances for uncollectible amounts, are recorded. Property taxes, net of allowances for uncollectible amounts, not collected within 45 days after year-end are reflected as deferred revenue. The tax rates for the year ended June 30, 2002 were as follows: real estate taxes were \$0.77 per \$100 of assessed value, personal property taxes were \$3.75 per \$100 of the NADA assessed value, machinery and tools taxes were \$3.00 per \$100 of the reported value, and aircraft taxes were \$0.50 per \$100 of the reported value.

Note 5 - Interfund Receivables and Payables

The County's interfund receivable and payable balances at June 30, 2002 are presented below:

	Receivables	Payables
Interfunds		
General Fund	\$ 178,580	\$ -
Special Revenue Funds -		
Human Services Fund	-	48,064
Capital Projects Fund	-	130,516
	<u>\$ 178,580</u>	<u>\$ 178,580</u>

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 6 - Due from Other Governmental Units

At June 30, 2002, the General Fund and the Human Services Fund are due \$356,976 and \$106,037, respectively, from the Commonwealth of Virginia. The School Board Component Unit is due \$231,620 from the Commonwealth of Virginia. The Water Fund is due \$114,934 from the Commonwealth of Virginia. The Special Welfare fund is due \$2,378 from the Commonwealth of Virginia.

Also, at June 30, 2002, the General Fund and the School Board Component Unit are due \$3,958 and \$234,550, respectively, from the Federal government.

Note 7 - Fixed Assets

Primary Government:

The following is a summary of changes in general fixed assets account group during the fiscal year:

	Balance July 1, 2001	Additions	Deletions	Transfer from School Board*	Balance June 30, 2002
Land	\$ 363,008	\$ 1,477,000	\$ -	\$ -	\$ 1,840,008
Buildings	1,550,857	188,819	-	3,328,690	5,068,366
Machinery and equipment	2,600,193	757,734	199,282	-	3,158,645
Capital improvements	538,457	503,730	-	-	1,042,187
Total	<u>\$ 5,052,515</u>	<u>\$ 2,927,283</u>	<u>\$ 199,282</u>	<u>\$ 3,328,690</u>	<u>\$ 11,109,206</u>

The following is a summary of changes in fixed assets in the proprietary fund type during the fiscal year:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Water production and distribution facilities	\$ 7,249,276	\$ 3,681,356	\$ 1,280	\$ 10,929,352
Construction in progress	-	465,893	-	465,893
Total property, plant and equipment	<u>7,249,276</u>	<u>3,681,356</u>	<u>1,280</u>	<u>11,395,245</u>
Less accumulated depreciation	<u>(1,597,406)</u>	<u>(648,165)</u>	<u>-</u>	<u>(2,245,571)</u>
Net property, plant and equipment	<u>\$ 5,651,870</u>	<u>\$ 3,033,191</u>	<u>\$ 1,280</u>	<u>\$ 9,149,674</u>

The Component Unit – Industrial Development Authority received a radio tower during the fiscal year from a donation from a private corporation valued at \$100,000.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 7 – Fixed Assets (continued)

Component Unit School Board:

The following is a summary of changes in fixed assets in the Component Unit School Board during the fiscal year:

	Balance July 1, 2001	Additions	Deletions	Transfer to Primary Government*	Balance June 30, 2002
Land	\$ 508,767	\$ 98,462	\$ -	\$ -	\$ 607,229
Buildings	11,375,168	-	-	3,328,690	8,046,478
Machinery and equipment	3,762,101	395,813	43,623	-	4,114,291
Capital improvements	649,127	-	-	-	649,127
Total	\$ 16,295,163	\$ 494,275	\$ 43,623	\$ 3,328,690	\$ 13,417,125

* New state legislation passed in 2002 grant county governments a "tenancy in common" in school buildings with the school board whenever the county incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the cost of each school building financed by county debt is transferred to the county up to the amount of outstanding debt.

Note 8 - Long-Term Obligations

A summary of changes in general long-term debt of the County and Component Unit - School Board for the year ended June 30, 2002 follows:

	Balance June 30, 2001	Increases	Decreases	Balance June 30, 2002
County:				
Lease revenue bonds	\$ 2,165,000	\$ -	\$ 190,000	\$ 1,975,000
Note payable	126,305	-	31,576	94,729
Capital lease obligations	398,215	-	32,906	365,309
Accrued vacation and sick leave - noncurrent portion	389,985	-	43,981	346,004
Reclassification per Senate bill 276	-	3,328,690	-	3,328,690
Total County	\$ 3,079,505	\$ 3,328,690	\$ 298,463	\$ 6,109,732
Component Unit - School Board:				
General obligation bonds	\$ 3,001,521	\$ -	\$ 372,831	\$ 2,628,690
Literary loans	800,000	-	100,000	700,000
Capital lease obligations	605,190	-	114,225	490,965
Accrued vacation and sick leave - noncurrent portion	232,968	32,663	-	265,631
Retirement incentive cost obligations	418,990	-	16,482	402,508
Reclassification per Senate bill 276	-	-	3,328,690	(3,328,690)
Total School Board	\$ 5,058,669	\$ 32,663	\$ 3,932,228	\$ 1,159,104

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 8 - Long-Term Obligations (Continued)

At June 30, 2002, the County has a note payable to Henrico County in the amount of \$94,729. This note relates to the County's portion of the construction costs for an addition to the regional jail located in New Kent County. Annual payments of \$31,576 are due on the note through 2005.

Bonds and loans payable at June 30, 2002 for the County is comprised of the following individual issues:

County:	<u>Year Issued</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
General obligation bond:			
1997 Refunding	1997	4.20-5.65%	\$ 1,700,000
1995 School Bonds	1995	6.10-6.60%	1,118,690
1993 School Bonds	1993	7.10-7.50%	1,510,000
Lease revenue bond:			
Governmental Funds:			
1997 IDA HVAC	1997	4.70-5.25%	275,000
Literary Loan:			<u>700,000</u>
Total County bonds			<u><u>\$ 5,303,690</u></u>

All of the County's debt is guaranteed by the full faith and credit of the County. The County is in compliance with all significant financial debt covenants.

The School Board has a retirement insensitive obligation of \$402,508 as of June 30, 2002. This represents the amount to be paid to the Virginia Retirement System (VRS) for additional costs incurred due to eligible school employees electing early retirement. To be eligible members had to be at least 50 years of age by September 1, 1991 and have had at least 25 years of VRS service credit by that date.

The annual requirements for the retirement of fixed principal and interest on outstanding debt of the County and School Board are as follows:

<u>Year Ending June 30</u>	<u>County (1)</u>	<u>School Board (2)</u>
2003	\$ 1,011,366	\$ 46,440
2004	971,404	46,440
2005	951,232	46,440
2006	893,104	46,440
2007	669,613	46,440
Future years	<u>2,347,562</u>	<u>417,957</u>
Total payments due	6,844,281	650,157
Less amounts representing interest	1,445,862	247,649
Total bonds and loans payable	<u><u>\$ 5,398,419</u></u>	<u><u>\$ 402,508</u></u>

(1) Includes lease revenue bond, note payable, general obligation bonds and literary loan.

(2) Retirement incentive cost obligations.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 9 - Defeased Debt

On December 11, 1997 the County of New Kent issued general obligation bonds of \$2,290,000. The net proceeds were deposited in an irrevocable trust with the Bank of New York to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the County's General Long-Term Debt Account Group.

At June 30, 2002 the balance due on the defeased bonds was \$1,700,000.

Note 10 - Obligations Under Capital Leases

A summary of future minimum rental payments under capital leases of the County and School Board as of June 30, 2002 is as follows:

<u>Year Ending June 30</u>	<u>County</u>	<u>School Board</u>
2003	\$ 60,684	\$ 81,557
2004	60,684	81,557
2005	60,684	81,557
2006	60,684	40,779
2007	60,684	40,779
Thereafter	<u>182,050</u>	<u>326,224</u>
Total minimum lease payments	485,470	652,453
Less amounts representing imputed interest	<u>120,161</u>	<u>161,489</u>
Present value of net minimum capital lease payments	<u>\$ 365,309</u>	<u>\$ 490,964</u>

Note 11 - Equity Balances

The County's equity balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Contributed Capital - Reflects capital contributions from the County, state and federal governments and others to the Enterprise Fund.

Retained Earnings - Represents the remainder of the County's equity in cumulative earnings or losses in the Proprietary Fund.

Reserved for unemployment- Represents amounts that County management have identified for future unemployment claims.

Reserved for E911- Represents amounts that County management have reserved for development, installation and maintenance of the enhanced emergency telephone response system.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 11 - Equity Balances (Continued)

Unreserved - designated- Fund balance has been designated in the various funds for the following purposes:

Primary Government:	
General Fund	
E911-Wireless	\$ 46,306
Asset Forfeiture -sheriff	16,290
Asset forfeiture-commonwealth attorney	8,485
Litter control	<u>1,423</u>
Total General Fund Designated Fund Balance	<u><u>72,504</u></u>
Capital Projects:	<u>\$ 8,626,612</u>
Component Units:	
School board	
Designated for future operations	\$ 214,377
IDA	
Designated for future economic development	<u>129,283</u>
Total Component Units	<u>\$ 343,660</u>

Unreserved - Undesignated- Represents the remainder of the County's equity in Governmental Fund type balances.

Note 12 – Conduit Debt

The Industrial Development Authority for New Kent County has issued industrial development revenue bonds pursuant to the Bond Purchase and Financing Agreement. All responsibility for the payment of this debt rests with the Borrower. The Industrial Development Authority, as issuer, has no responsibility for the payment of this debt. Outstanding conduit debt obligations are as follows at June 30, 2002:

<u>Description</u>	<u>Original issue</u>
Industrial Development Revenue Bond Series 2001	\$ 10,000,000

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 13 - Defined Benefit Pension Plan

A. Plan Description

The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees who retire with reduced benefit at age 55 (age 50 for participating law enforcement officers and firefighters) with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.5 percent of their average final salary (AFS) up to \$13,200 plus 1.65 percent of AFS over \$13,200 for each year of credited service. An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. Employees with 35 years or more of credited service are entitled to an annual benefit equal to 1.65 percent of AFS for each year of credited service. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the 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 the System at P.O. Box 2500, Richmond, VA 23218-2500.

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 VRS. The employer may assume 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. Contributions made by the County were 1.00% and contributions made by the School Board for non-professional employees were 5.23% of covered payrolls for the fiscal year ended 2002. Total employer contributions made to the VRS statewide teacher pool for professional employees by the School Board for fiscal years 2002, 2001 and 2000 amounted to \$314,019, \$629,957 and \$694,709, respectively, and represented 3.58%, 7.54% and 9.04%, respectively, of the current covered payroll.

C. Annual Pension Cost

For 2002, the County's annual pension cost of \$29,867 and the School Board's annual pension cost of \$65,963 for non-professional employees was equal to the County's and School Board's required actuarial contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, (b) projected salary increases of 4% per year, and (c) 3.0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4%. The actuarial value of the County's assets is equal to the modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market's value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 30 years or less.

COUNTY OF NEW KENT, VIRGINIA

Notes to Financial Statements Year Ended June 30, 2002

Note 15 - Deferred compensation Plan

Eligible employees of the County may participate in a deferred compensation plan in accordance with Internal Revenue Code section 457. The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination of employment, retirement, death or an unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts deferred and all income attributable to those amounts, property or rights are held in trust for the participants.

Note 16 - Commitments and Contingencies

The County and School Board participate in a number of Federal award programs. Although the County's and School Board's grant programs have been audited in accordance with the provisions of the Single Audit Act Amendment of 1996, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County and School Board expect such amounts, if any, to be immaterial.

During the normal course of business, the County and its employees have been made as defendants in claims for personal injuries, property damage and specific performances which are being defended by the County Attorney and associated counsel. It is the opinion of the County Attorney that the resolution of such litigation will not involve a substantial liability to the County.

Note 17 - Risk Management

The County is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial coverage for these risks of loss. Through this coverage, the County obtains general liability coverage of \$2,000,000 per occurrence, auto liability coverage of \$2,000,000 per occurrence, property coverage at functional replacement up to policy limits for real and personal property, workers' compensation up to the statutory limits, public officials/excess general liability of \$1,000,000 per occurrence and crime blanket coverage of \$250,000.

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Required Supplementary Information

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COUNT OF NEW KENT, VIRGINIA

**Required Supplementary Information
Schedule of Funding Progress – Defined Benefit Plans
June 30, 2001**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Primary Government:						
June 30, 1999	\$ 5,287,046	\$ 4,569,327	\$ (717,719)	115.71%	\$ 2,286,411	(31.4%)
June 30, 2000	\$ 6,234,079	\$ 4,779,634	\$ (1,454,445)	130.43%	\$ 2,659,843	(54.7%)
June 30, 2001	\$ 6,936,346	\$ 5,358,691	\$ (1,577,655)	129.44%	\$ 2,922,503	(54.0%)
School Board - Component Unit:						
June 30, 1999	\$ 1,441,286	\$ 1,661,533	\$ 220,247	86.74%	\$ 998,269	22.06%
June 30, 2000	\$ 1,725,392	\$ 1,592,336	\$ (133,056)	108.36%	\$ 1,110,460	(11.98%)
June 30, 2001	\$ 1,995,829	\$ 1,784,432	\$ (211,397)	111.85%	\$ 1,210,657	(17.46%)

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GENERAL FUND

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2002**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue from local sources:			
General Property Taxes:			
Real property taxes	\$ 7,017,324	\$ 7,491,098	\$ 473,774
Personal property taxes	3,300,919	1,694,221	(1,606,698)
Public service corporation property taxes	463,942	470,294	6,352
Mobile home taxes	17,190	16,262	(928)
Machinery and tools taxes	99	5,009	4,910
Airplane taxes	3,657	2,971	(686)
Penalties	80,000	137,997	57,997
Interest	40,000	87,597	47,597
	<u>10,923,131</u>	<u>9,905,449</u>	<u>(1,017,682)</u>
Total general property taxes			
Other local taxes			
Local sales and use taxes	590,000	561,475	(28,525)
Consumers' utility taxes	240,000	320,706	80,706
Business license taxes	450,000	528,844	78,844
Motor vehicle licenses	275,000	308,306	33,306
Bank stock taxes	35,000	42,595	7,595
Taxes on recordation and wills	85,000	193,783	108,783
Admissions tax	-	3,919	3,919
Rolling stock tax	37,227	93,628	56,401
Emergency telephone service taxes	191,000	186,031	(4,969)
	<u>1,903,227</u>	<u>2,239,287</u>	<u>336,060</u>
Total other local taxes			
Permits, fees and licences			
Animal licenses	10,500	13,830	3,330
Building permits	82,100	164,635	82,535
Permits and other licenses	47,900	120,150	72,250
	<u>140,500</u>	<u>298,615</u>	<u>158,115</u>
Total permits, fees and licenses			
Fines and forfeitures:			
Court fines and forfeitures	85,000	91,536	6,536
Revenue from use of money and property:			
Revenue from use of money	300,000	331,003	31,003
Revenue from use of property	21,200	27,035	5,835
	<u>\$ 321,200</u>	<u>\$ 358,038</u>	<u>\$ 36,838</u>
Total revenue from use of money and property			

GENERAL FUND

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Charges for services:			
Charges for Sheriff	\$ 1,878	\$ 2,587	\$ 709
Charges for Circuit Court	59,244	72,488	13,244
Charges for Commonwealth Attorney	300	565	265
Charges for boarding of dogs	1,000	931	(69)
Charges for planning	1,650	3,126	1,476
Total charges for services	<u>64,072</u>	<u>79,697</u>	<u>15,625</u>
Miscellaneous revenue:			
Miscellaneous	144,359	96,883	(47,476)
Off-track betting proceeds	549,104	616,167	67,063
Total miscellaneous revenue	<u>693,463</u>	<u>713,050</u>	<u>19,587</u>
Recovered costs	<u>-</u>	<u>16,046</u>	<u>16,046</u>
Total revenue from local sources	<u>14,130,593</u>	<u>13,701,718</u>	<u>(428,875)</u>
Revenue from the Commonwealth:			
Non-categorical aid:			
ABC profits	27,248	35,737	8,489
Wine taxes	16,129	19,002	2,873
Motor vehicle carriers' tax	-	-	-
Mobile home titling taxes	27,500	19,776	(7,724)
Tax on deeds	73,344	88,545	15,201
Vehicle rental tax	800	1,091	291
Personal property tax reimbursement	-	1,728,744	1,728,744
Total non-categorical aid	<u>145,021</u>	<u>1,892,895</u>	<u>1,747,874</u>
Categorical aid:			
Shared expenses:			
Commonwealth's Attorney	158,489	144,543	(13,946)
Sheriff	754,734	767,496	12,762
Commissioner of the Revenue	59,227	85,597	26,370
Treasurer	91,729	91,971	242
Medical Examiner	-	191	191
Registrar/Electoral Board	42,019	39,755	(2,264)
Clerk of the Circuit Court	161,271	159,060	(2,211)
Total shared expenses	<u>1,267,469</u>	<u>1,288,613</u>	<u>21,144</u>
Categorical aid:			
Welfare administration and assistance	<u>\$ 627,054</u>	<u>\$ 149,088</u>	<u>\$ (477,966)</u>

GENERAL FUND

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2002**

	Budget	Actual	Variance Favorable (Unfavorable)
Other categorical aid:			
Two for life funds	\$ 5,600	\$ 6,797	\$ 1,197
Emergency services grant	39,740	15,000	(24,740)
Fire program funds	13,400	17,826	4,426
Chesapeake Bay grant	51,000	39,453	(11,547)
Victim & witness assistance grant	43,361	37,829	(5,532)
VA Sheriff's association grant	1,000	1,000	-
Enhancing community policing	-	1,449	1,449
DCJS 1 Time Special Project	5,000	5,000	-
Historic commission	10,000	-	(10,000)
VDOT grant revenue	298,748	-	(298,748)
Litter control	5,500	5,143	(357)
	<u>473,349</u>	<u>129,497</u>	<u>(343,852)</u>
Total other categorical aid			
	<u>473,349</u>	<u>129,497</u>	<u>(343,852)</u>
Total categorical aid	<u>2,367,872</u>	<u>1,567,198</u>	<u>(800,674)</u>
Total revenue from the Commonwealth	<u>2,512,893</u>	<u>3,460,093</u>	<u>947,200</u>
Revenue from the Federal Government:			
Categorical Aid			
Welfare	488,561	456,149	(32,412)
Other categorical aid:			
DMV child safety seat grant	1,500	1,000	(500)
Emergency management prep grant	-	24,754	24,754
Local law enforcement block grant	3,281	8,754	5,473
Violence against women formula grant	12,634	14,154	1,520
CDBG Grant	379,995	232,554	(147,441)
DMV - radar speed enhancement grant	-	1,500	1,500
DMV highway safety program	18,000	4,500	(13,500)
DMV - highway safety equipment	7,500	10,000	2,500
DMV - New Kent Bike Safety Program	3,000	1,145	(1,855)
DMV - smart safe and sober	800	3,300	2,500
COPS grant	36,574	36,574	-
Universal hiring grant	37,114	39,977	2,863
	<u>988,959</u>	<u>834,361</u>	<u>(154,598)</u>
Total revenue from the Federal Government			
	<u>988,959</u>	<u>834,361</u>	<u>(154,598)</u>
Total revenues	<u>\$ 17,632,445</u>	<u>\$ 17,996,172</u>	<u>\$ 363,727</u>

GENERAL FUND
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
General Government Administration:			
Legislative:			
Board of appeals	\$ 100	\$ 12	\$ 88
Board of supervisors	238,833	227,785	11,048
Total legislative	<u>238,933</u>	<u>227,797</u>	<u>11,136</u>
General and Financial Administration:			
Accounting	246,875	223,256	23,619
Central purchasing/stores	119,286	120,800	(1,514)
Central switchboard	16,327	17,300	(973)
Commissioner of the Revenue	175,945	172,181	3,764
County administrator	197,601	221,847	(24,246)
Legal services	201,100	211,207	(10,107)
MIS	107,200	99,834	7,366
Reserved for contingency	240,554	-	240,554
Merit pay county employees	30,000	-	30,000
Treasurer	217,139	216,972	167
Total general and financial administration	<u>1,552,027</u>	<u>1,283,397</u>	<u>268,630</u>
Board of Elections:			
Electoral board and officials	6,206	6,568	(362)
Registrar	100,727	82,193	18,534
Total board of elections	<u>106,933</u>	<u>88,761</u>	<u>18,172</u>
Total general government administration	<u>1,897,893</u>	<u>1,599,955</u>	<u>297,938</u>
Judicial Administration:			
Courts:			
Circuit court	62,191	50,374	11,817
General district court	20,965	22,004	(1,039)
Special magistrates	7,050	7,001	49
Juvenile and domestic relations district court	13,979	10,466	3,513
Clerk of the circuit court	270,783	232,862	37,921
Total courts	<u>374,968</u>	<u>322,707</u>	<u>52,261</u>
Commonwealth's Attorney:			
Commonwealth's Attorney	189,457	171,966	17,491
Total judicial administration	<u>\$ 564,425</u>	<u>\$ 494,673</u>	<u>\$ 69,752</u>

GENERAL FUND

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Public Safety:			
Law enforcement and traffic control:			
Sheriff	\$ 324,914	\$ 307,580	\$ 17,334
Grants programs	194,848	187,384	7,464
Law enforcement	<u>1,213,204</u>	<u>1,153,753</u>	<u>59,451</u>
Total law enforcement and traffic control	<u>1,732,966</u>	<u>1,648,717</u>	<u>84,249</u>
Fire and Rescue Services:			
Volunteer fire department	230,972	227,967	3,005
Ambulance and rescue service	94,300	95,497	(1,197)
E-911 system	274,743	219,305	55,438
Forest fire service	<u>4,869</u>	<u>4,868</u>	<u>1</u>
Total fire and rescue services	<u>604,884</u>	<u>547,637</u>	<u>57,247</u>
Correction and detention:			
Confinement of prisoners	369,205	367,151	2,054
Probation office	<u>78,379</u>	<u>83,968</u>	<u>(5,589)</u>
Total correction and detention	<u>447,584</u>	<u>451,119</u>	<u>(3,535)</u>
Inspections:			
Administration of public safety	<u>103,179</u>	<u>99,379</u>	<u>3,800</u>
Other Protection:			
Animal control	102,369	94,913	7,456
Game warden	1,800	-	1,800
School resource officers	56,151	56,122	29
Emergency services	<u>137,446</u>	<u>134,722</u>	<u>2,724</u>
Total other protection	<u>297,766</u>	<u>285,757</u>	<u>12,009</u>
Total public safety	<u>3,186,379</u>	<u>3,032,609</u>	<u>153,770</u>
Public Works:			
Sanitation and waste removal:			
Refuse collection	775,404	727,019	48,385
Litter control	<u>5,500</u>	<u>5,655</u>	<u>(155)</u>
Total sanitation and waste removal	<u>\$ 780,904</u>	<u>\$ 732,674</u>	<u>\$ 48,230</u>

GENERAL FUND

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Maintenance of Buildings and Grounds:			
General properties	\$ 421,566	\$ 379,523	\$ 42,043
Total maintenance of buildings and grounds	421,566	379,523	42,043
Total public works	1,202,470	1,112,197	90,273
Health and Welfare:			
Health:			
Local health department	128,433	128,433	-
Mental Health/Mental Retardation:			
Henrico Community Services Board	82,750	82,750	-
Welfare/Social Services:			
Public assistance and administration	774,624	686,051	88,573
Quinn River	30,486	29,236	1,250
Welfare Board	4,909	2,977	1,932
Area Agency on Aging	2,349	2,349	-
Transportation for the elderly	2,800	2,149	651
Total welfare/social services	815,168	722,762	92,406
Total health and welfare	1,026,351	933,945	92,406
Education:			
Contributions to community colleges	4,666	4,666	-
Cultural - regional library	90,350	90,350	-
Community Development:			
Planning and Community Development:			
Planning	185,969	171,687	14,282
Historic commission	21,100	-	21,100
Zoning board	57,597	51,113	6,484
Economic development	215,409	57,041	158,368
Economic development - basic construction	678,743	390,771	287,972
Parks and recreation	191,207	179,057	12,150
Planning commission	23,707	22,410	1,297
Total planning and community development	\$ 1,373,732	\$ 872,079	\$ 501,653

GENERAL FUND
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Environmental Management:			
Wetlands Board	\$ 55,138	\$ 51,670	\$ 3,468
Soil and water districts	12,600	12,600	-
Cooperative forestry and reforestation	1,300	1,339	(39)
Total environmental management	<u>69,038</u>	<u>65,609</u>	<u>3,429</u>
Cooperative Extension Program:			
Cooperative extension program - horticulture	76,352	63,844	12,508
Total community development	<u>1,519,122</u>	<u>1,001,532</u>	<u>517,590</u>
Debt Service:			
Principal retirement	145,000	254,482	(109,482)
Interest and fiscal charges	269,269	151,786	117,483
Total debt service	<u>414,269</u>	<u>406,268</u>	<u>8,001</u>
Total expenditures	<u>9,905,925</u>	<u>8,676,195</u>	<u>1,229,730</u>
Total revenues over expenditures	<u>7,726,520</u>	<u>9,319,977</u>	<u>1,593,457</u>
Other financing sources (uses):			
Operating transfers out - School Fund	(7,166,038)	(6,687,995)	478,043
Operating transfers out - Human Services Fund	(451,291)	(194,811)	256,480
Operating transfers out - Capital Projects Fund	(60,485)	(2,200,044)	(2,139,559)
Operating transfers out - Airport	(132,987)	(40,513)	92,474
Total other financing sources (uses)	<u>(7,810,801)</u>	<u>(9,123,363)</u>	<u>(1,312,562)</u>
Revenues and other financing sources over(under) expenditures and other financing uses	<u>(84,281)</u>	<u>196,614</u>	<u>280,895</u>
Fund balance at beginning of year	<u>539,567</u>	<u>3,659,167</u>	<u>3,119,600</u>
Fund balance at end of year	<u>\$ 455,286</u>	<u>\$ 3,855,781</u>	<u>\$ 3,400,495</u>

Special Revenue Funds
 Combining Balance Sheet
 June 30, 2002

	Human Services Fund	Airport Fund	Totals
ASSETS			
Cash and cash equivalents	\$ -	\$ 198	\$ 198
Receivables	5,443	3,869	9,312
Due from other governmental units	106,037	-	106,037
	<u>106,037</u>	<u>-</u>	<u>106,037</u>
Total assets	<u>\$ 111,480</u>	<u>\$ 4,067</u>	<u>\$ 115,547</u>
LIABILITIES			
Accounts payable	\$ 63,416	\$ 4,067	\$ 67,483
Accrued liabilities	-	-	-
Due to other funds	48,064	-	48,064
	<u>48,064</u>	<u>-</u>	<u>48,064</u>
Total liabilities	<u>111,480</u>	<u>4,067</u>	<u>115,547</u>
FUND EQUITY			
Fund equity:			
Fund balance:			
Unreserved:			
Undesignated	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 111,480</u>	<u>\$ 4,067</u>	<u>\$ 115,547</u>

**Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2002**

	Human Services Fund	Airport Fund	Totals
Revenues:			
Revenue from local sources:			
Charges for services	\$ -	\$ 111,622	\$ 111,622
Miscellaneous	5,443	-	5,443
Intergovernmental			
Commonwealth	239,006	75,455	314,461
Federal	32,768	-	32,768
	<u>277,217</u>	<u>187,077</u>	<u>464,294</u>
Total revenues			
Expenditures:			
Current:			
Health and welfare	472,028	-	472,028
Public works	-	256,759	256,759
	<u>472,028</u>	<u>256,759</u>	<u>728,787</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(194,811)</u>	<u>(69,682)</u>	<u>(264,493)</u>
Other financing sources (uses):			
Operating transfers in	<u>194,811</u>	<u>69,682</u>	<u>264,493</u>
Total other financing sources (uses)	<u>194,811</u>	<u>69,682</u>	<u>264,493</u>
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF NEW KENT, VIRGINIA

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2002

	<u>HUMAN SERVICES FUND</u>		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Revenue from local sources:			
Charges for Services	\$ -	\$ -	\$ -
Miscellaneous	20,884	5,443	(15,441)
Revenue from the Commonwealth:			
Comprehensive Services Act Grants	653,212	239,006	(414,206)
Other categorical aid	-	-	-
Revenue from the Federal Government			
Other categorical aid	53,534	32,768	(20,766)
	<u>727,630</u>	<u>277,217</u>	<u>(450,413)</u>
Total revenue			
Expenditures:			
Current:			
Health and welfare			
Welfare/Social services -			
Comprehensive Services Act	1,178,921	472,028	(706,893)
Public works			
Salaries	-	-	-
Repairs and maintenance	-	-	-
Electricity	-	-	-
Miscellaneous	-	-	-
	<u>1,178,921</u>	<u>472,028</u>	<u>(706,893)</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(451,291)</u>	<u>(194,811)</u>	<u>256,480</u>
Other financing sources (uses):			
Operating transfers in	<u>451,291</u>	<u>194,811</u>	<u>(256,480)</u>
Total other financing sources (uses)	<u>451,291</u>	<u>194,811</u>	<u>(256,480)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AIRPORT FUND			TOTAL		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 97,000	\$ 111,622	\$ 14,622	\$ 97,000	\$ 111,622	\$ 14,622
-	-	-	20,884	5,443	(15,441)
-	-	-	653,212	239,006	(414,206)
65,350	75,455	10,105	65,350	75,455	10,105
-	-	-	53,534	32,768	(20,766)
<u>162,350</u>	<u>187,077</u>	<u>24,727</u>	<u>889,980</u>	<u>464,294</u>	<u>(425,686)</u>
-	-	-	1,178,921	472,028	706,893
51,640	58,130	-	51,640	58,130	(6,490)
10,500	9,607	(893)	10,500	9,607	893
5,750	5,040	-	5,750	5,040	710
269,410	183,982	-	269,410	183,982	85,428
<u>337,300</u>	<u>256,759</u>	<u>(893)</u>	<u>1,516,221</u>	<u>728,787</u>	<u>787,434</u>
<u>(174,950)</u>	<u>(69,682)</u>	<u>105,268</u>	<u>(626,241)</u>	<u>(264,493)</u>	<u>361,748</u>
<u>174,950</u>	<u>69,682</u>	<u>(105,268)</u>	<u>626,241</u>	<u>264,493</u>	<u>(361,748)</u>
<u>174,950</u>	<u>69,682</u>	<u>(105,268)</u>	<u>626,241</u>	<u>264,493</u>	<u>(361,748)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Fiduciary Funds
Combining Balance Sheet
June 30, 2002**

	<u>Agency Funds</u>		
	Special Welfare Fund	Deferred Compensation Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 8,750	\$ -	\$ 8,750
Restricted cash	-	380,673	380,673
Due from the State	2,378	-	2,378
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 11,128</u>	<u>\$ 380,673</u>	<u>\$ 391,801</u>
LIABILITIES			
Amounts held for social service clients	\$ 11,128	\$ -	\$ 11,128
Deferred compensation payable	-	380,673	380,673
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 11,128</u>	<u>\$ 380,673</u>	<u>\$ 391,801</u>

**Fiduciary Funds
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2002**

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
Special Welfare Fund:				
Asset:				
Cash and cash equivalents	\$ 11,969	\$ -	\$ 3,219	\$ 8,750
Due from state	16	2,362	-	2,378
	<u>\$ 11,985</u>	<u>\$ 2,362</u>	<u>\$ 3,219</u>	<u>\$ 11,128</u>
Liability:				
Amounts held for social service clients	<u>\$ 11,985</u>	<u>\$ -</u>	<u>\$ 857</u>	<u>\$ 11,128</u>
Deferred Compensation Fund:				
Asset:				
Cash and cash equivalents	<u>\$ 347,983</u>	<u>\$ 32,690</u>	<u>\$ -</u>	<u>\$ 380,673</u>
Liability:				
Deferred compensation payable	<u>\$ 347,983</u>	<u>\$ 32,690</u>	<u>\$ -</u>	<u>\$ 380,673</u>

Discretely Presented Component Unit-School Board
 Combining Balance Sheet
 June 30, 2002

	Governmental Funds			Account Groups		Totals
	School Fund	School Cafeteria Fund	School Capital Projects	General Long-Term Obligation	General Fixed Assets	
ASSETS AND OTHER DEBITS						
Cash and cash equivalents	\$ 489,828	\$ 41,375	\$ 125,976	\$ -	\$ -	\$ 657,179
Cash held by others	-	52,543	-	-	-	52,543
Due from other governmental units	446,832	19,338	-	-	-	466,170
Accounts Receivable	924.00	1,198	-	-	-	2,122
Other assets	-	-	-	-	-	-
Fixed assets	-	-	-	-	13,417,125	13,417,125
Amount to be provided for the retirement of general long-term obligations	-	-	-	1,159,104	-	1,159,104
Total assets	\$ 937,584	\$ 114,454	\$ 125,976	\$ 1,159,104	\$ 13,417,125	\$ 15,754,243
LIABILITIES						
Liabilities:						
Accounts payable	\$ 66,024	\$ -	\$ -	\$ -	\$ -	\$ 66,024
General obligation bonds payable	-	-	-	-	-	-
State literary fund loans payable	-	-	-	-	-	-
Capital lease obligations	-	-	-	490,964	-	490,964
Accrued Expenses	871,560	26,053	-	-	-	897,613
Accrued compensated absences	-	-	-	265,631	-	265,631
Retirement incentive cost obligation	-	-	-	402,509	-	402,509
Total liabilities	937,584	26,053	-	1,159,104	-	2,122,741
FUND EQUITY						
Fund equity:						
Investment in general fixed assets	-	-	-	-	13,417,125	13,417,125
Fund balance:						
Designated:						
School capital projects	-	-	125,976	-	-	125,976
School food operations	-	88,401	-	-	-	88,401
Total fund equity	-	88,401	125,976	-	13,417,125	13,631,502
Total liabilities and fund equity	\$ 937,584	\$ 114,454	\$ 125,976	\$ 1,159,104	\$ 13,417,125	\$ 15,754,243

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

	<u>Governmental Fund Types</u>			Totals
	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	
Revenues:				
Charges for services	\$ 78,806	\$ -	\$ -	\$ 78,806
Miscellaneous	1,031	277,294	-	278,325
Intergovernmental:				
Commonwealth	8,408,499	9,149	-	8,417,648
Federal	793,540	114,038	-	907,578
	<u>9,281,876</u>	<u>400,481</u>	<u>-</u>	<u>9,682,357</u>
Total revenue				
Expenditures:				
Current:				
Education	15,074,104	398,593	-	15,472,697
Debt service:				
Principal retirement	559,313	-	-	559,313
Interest and other fiscal charges	336,454	-	-	336,454
	<u>15,969,871</u>	<u>398,593</u>	<u>-</u>	<u>16,368,464</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(6,687,995)</u>	<u>1,888</u>	<u>-</u>	<u>(6,686,107)</u>
Other financing sources (uses):				
Operating transfers in (out)	<u>6,687,995</u>	<u>-</u>	<u>-</u>	<u>6,687,995</u>
Total other financing sources (uses)	<u>6,687,995</u>	<u>-</u>	<u>-</u>	<u>6,687,995</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	<u>-</u>	<u>1,888</u>	<u>-</u>	<u>1,888</u>
Fund balances at beginning of year	<u>-</u>	<u>86,513</u>	<u>125,976</u>	<u>212,489</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 88,401</u>	<u>\$ 125,976</u>	<u>\$ 214,377</u>

COUNTY OF NEW KENT, VIRGINIA

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

	School Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Charges for services	\$ 80,200	\$ 78,806	\$ (1,394)
Miscellaneous	500	1,031	531
Intergovernmental:			
Commonwealth	8,586,748	8,408,499	(178,249)
Federal	824,885	793,540	(31,345)
	<u>9,492,333</u>	<u>9,281,876</u>	<u>(210,457)</u>
Total revenue			
Expenditures:			
Current:			
Education	15,765,283	15,074,104	691,179
Debt service:			
Principal retirement	559,313	559,313	-
Interest and other fiscal charges	333,775	336,454	(2,679)
	<u>16,658,371</u>	<u>15,969,871</u>	<u>688,500</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(7,166,038)</u>	<u>(6,687,995)</u>	<u>478,043</u>
Other financing sources (uses):			
Operating transfers in	7,166,038	6,687,995	(478,043)
	<u>7,166,038</u>	<u>6,687,995</u>	<u>(478,043)</u>
Total other financing sources (uses)			
Excess (deficiency) of revenues & other sources over expenditures & other uses	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 80,200	\$ 78,806	\$ (1,394)
277,760	277,294	(466)	278,260	278,325	65
9,542	9,149	(393)	8,596,290	8,417,648	(178,642)
132,000	114,038	(17,962)	956,885	907,578	(49,307)
419,302	400,481	(18,821)	9,911,635	9,682,357	(229,278)
419,302	398,593	20,709	16,184,585	15,472,697	711,888
-	-	-	559,313	559,313	-
-	-	-	333,775	336,454	(2,679)
419,302	398,593	20,709	17,077,673	16,368,464	709,209
-	1,888	1,888	(7,166,038)	(6,686,107)	479,931
-	-	-	7,166,038	6,687,995	(478,043)
-	-	-	7,166,038	6,687,995	(478,043)
-	1,888	1,888	-	1,888	1,888
-	86,513	86,513	-	86,513	86,513
\$ -	\$ 88,401	\$ 88,401	\$ -	\$ 88,401	\$ 88,401

SCHOOL OPERATING FUND
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Revenue from local sources:			
Charges for services:			
Charges for education	\$ 80,200	\$ 78,806	\$ (1,394)
Miscellaneous revenue:			
Miscellaneous	500	1,031	531
	<u>80,700</u>	<u>79,837</u>	<u>(863)</u>
Total revenue from local sources			
Revenue from the Commonwealth:			
Categorical aid:			
Share of State sales tax	1,726,696	1,594,795	(131,901)
Basic school aid	4,228,224	4,294,127	65,903
Additional teachers	61,868	61,498	(370)
Regular foster care	9,673	20,225	10,552
Gifted and talented	49,188	49,126	(62)
Remedial education	61,485	61,407	(78)
Special education	696,011	694,407	(1,604)
Textbook payments	83,688	83,582	(106)
Vocational education	37,354	36,784	(570)
Retiree health care	2,065	-	(2,065)
Adult education	-	8,203	8,203
Remedial summer school	33,057	26,886	(6,171)
SOL staff/teaching materials	13,663	13,646	(17)
Teacher incentive	127,977	127,819	(158)
SOL staff development	35,520	35,475	(45)
At risk payments	23,097	23,073	(24)
Maintenance support - SOQ	20,495	20,469	(26)
Fringe benefits	442,327	409,023	(33,304)
Technology	308,000	-	(308,000)
Lottery proceeds	295,640	310,683	15,043
Early reading intervention	12,544	16,725	4,181
School report cards	-	948	948
SOL algebra readiness	14,428	17,315	2,887
Electronic classroom	-	79	79
Technology resource asst.	15,002	15,002	-
School construction receipts	258,830	259,511	681
Other	-	2,000	2,000
GED funding	7,859	-	(7,859)
Remediation	15,631	17,315	1,684
Enrollment loss	6,426	-	(6,426)
VPSA Education Tech Grant	-	208,376	208,376
	<u>8,586,748</u>	<u>8,408,499</u>	<u>(178,249)</u>
Total revenue from the Commonwealth			
Revenue from the Federal Government:			
Categorical aid:			
Adult basic education	17,221	14,214	(3,007)
Title I	142,248	132,305	(9,943)

SCHOOL OPERATING FUND
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue from the Federal Government (Continued):			
Title II - EESA(Eisenhower grant)	\$ 20,233	\$ 5,605	\$ (14,628)
Special interpreter training	787	923	136
Sliver grant	12,000	-	(12,000)
Title VIB	352,337	362,648	10,311
Head start/even start	57,468	55,515	(1,953)
Vocational education	24,968	53,551	28,583
Technology literacy challenge	112,948	112,078	(870)
Drug alcohol prevention program	13,297	-	(13,297)
Preschool	22,139	-	(22,139)
Drug free schools	-	11,009	11,009
Title VI	10,015	9,468	(547)
Class reduction grant	39,224	36,224	(3,000)
Total revenue from the Federal Government	824,885	793,540	(31,345)
Total revenues	9,492,333	9,281,876	(210,457)
Expenditures:			
Education:			
Administration, attendance and health	1,027,417	1,044,532	(17,115)
Instruction	11,939,945	11,350,597	589,348
Transportation	1,217,887	1,206,664	11,223
Operation and maintenance	1,580,034	1,472,311	107,723
Total education	15,765,283	15,074,104	691,179
Debt Service:			
Principal	559,313	559,313	-
Interest and fiscal charges	333,775	336,454	(2,679)
Total debt service	893,088	895,767	(2,679)
Total expenditures	16,658,371	15,969,871	688,500
Total revenues over expenditures	(7,166,038)	(6,687,995)	478,043
Other financing sources (uses) -			
Transfers from primary government	7,166,038	6,687,995	(478,043)
Revenues and other financing sources sources over (under) expenditures	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

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

	Primary Government	Component Unit School Board	Total (Memorandum Only)
General fixed assets:			
Land	\$ 1,840,008	\$ 607,229	\$ 2,447,237
Buildings	5,068,366	8,046,478	13,114,844
Machinery and equipment	3,158,645	4,114,291	7,272,936
Capital improvements	<u>1,042,187</u>	<u>649,127</u>	<u>1,691,314</u>
 Total general fixed assets	 <u>\$ 11,109,206</u>	 <u>\$ 13,417,125</u>	 <u>\$ 24,526,331</u>
 Investment in general fixed assets from Capital projects funds, general fund revenues and other miscellaneous revenue sources	 <u>\$ 11,109,206</u>	 <u>\$ 13,417,125</u>	 <u>\$ 24,526,331</u>

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

Function and Activity	Land	Buildings	Machinery and Equipment	Capital Improvements	Total
Primary Government:					
General government control:					
General administration	\$ -	\$ -	\$ 375,619	\$ 167,098	\$ 542,717
Judicial	-	-	102,837	-	102,837
Schools	-	3,328,690	-	-	3,328,690
Total general government control	-	3,328,690	478,456	167,098	645,554
Staff agencies:					
Election	-	-	46,081	-	46,081
Buildings and grounds	415,008	1,649,965	151,911	159,663	2,376,547
Community development	1,065,500	-	63,186	479,198	1,607,884
Total staff agencies	1,480,508	1,649,965	261,178	638,861	4,030,512
Total general government	1,480,508	4,978,655	739,634	805,959	4,676,066
Public safety:					
Police protection	-	-	1,491,792	18,903	1,510,695
Fire protection	25,000	89,711	627,116	32,004	773,831
Other protection	-	-	207,373	-	207,373
Total public safety	25,000	89,711	2,326,281	50,907	2,491,899
Other departments:					
Sanitation	-	-	25,996	180,786	206,782
Public welfare	-	-	25,503	-	25,503
Parks and recreation	334,500	-	41,231	4,535	380,266
Total other departments	334,500	-	92,730	185,321	612,551
Total primary government	1,840,008	5,068,366	3,158,645	1,042,187	7,780,516
Component Unit - School Board:					
Education	607,229	8,046,478	4,114,291	649,127	13,417,125
Total general fixed assets	\$ 2,447,237	\$ 13,114,844	\$ 7,272,936	\$ 1,691,314	\$ 24,526,331

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

Function and Activity	General Fixed Assets July 1, 2001	Additions	Deletions	General Fixed Assets June 30, 2002
Primary government:				
General government control:				
General administration	\$ 531,388	\$ 11,329	\$ -	\$ 542,717
Judicial	88,756	14,080	-	102,836
Schools	-	3,328,690	-	3,328,690
Total general government control	620,144	3,354,099	-	3,974,243
Staff agencies:				
Elections	46,081	-	-	46,081
Buildings and grounds	2,170,535	178,152	16,845	2,331,842
Community development	107,630	1,559,054	14,093	1,652,591
Total staff agencies	2,324,246	1,737,206	30,938	4,030,514
Total general government	2,944,390	5,091,305	30,938	8,004,757
Public safety:				
Police protection	1,400,697	276,299	141,301	1,535,695
Fire protection	349,218	399,612	-	748,830
Other protection	91,961	115,412	-	207,373
Total public safety	1,841,876	791,323	141,301	2,491,898
Other departments:				
Sanitation	213,307	-	6,525	206,782
Public welfare	46,021	-	20,518	25,503
Parks and recreation	6,921	373,345	-	380,266
Total other departments	266,249	373,345	27,043	612,551
Total primary government	5,052,515	6,255,973	199,282	11,109,206
Component Unit - School Board:				
Education	16,295,163	494,275	43,623	16,745,815
Reclassification per Senate bill 276	-	-	3,328,690	(3,328,690)
Total component unit - school board	16,295,163	494,275	3,372,313	13,417,125
Total general fixed assets	\$ 21,347,678	\$ 6,750,248	\$ 3,571,595	\$ 24,526,331

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COUNTY OF NEW KENT, VIRGINIA

Schedule 1

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

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
State administrative matching grants for food stamp program	10.561	46003	94,933
Department of Agriculture and Consumer Services:			
National school breakfast program	10.553	45707	12,655
National school lunch program	10.555	45707	101,383
Commodities - Schools (NOTE B)	10.555	45707	36,145
Federal Emergency Management Agency:			
Department of Emergency Management:			
Pass Through Payments:			
Emergency management and response	83.552	72209	24,754
Department of Justice			
Direct Payments:			
COPS Grant	16.710	N/A	36,574
Universal Hiring Grant	16.710	N/A	39,977
Pass Through Payments:			
Department of Criminal Justice Services:			
Comprehensive Mentoring	16.548	39001	32,767
Local Law Enforcement Grant	16.592	39001	8,754
Violence against women grants	16.588	39001	14,154
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Temporary assistance to needy families	93.558	46210	61,142
Refugee and entrant assistance - state administered program	93.566	46003	148
Low income home energy assistance	93.568	45206	1,056
Payments to states for child care assistance	93.575	49003	102,100
Child care and development	93.596	49010	33,396
Foster care - Title IV-E	93.658	45301	3,906
Adoption assistance	93.659	45303	10,442
Social services block grant	93.667	49005	57,162
Total Independent Living	93.674	49005	31,763
State children's insurance program	93.767	90070	1,573
Medical assistance program (Title XIX)	93.778	46003	43,237
Family preservation and support services	93.556	45301	15,291

COUNTY OF NEW KENT, VIRGINIA

Schedule 1

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

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Department of Education:			
Direct Payments:			
Administration for children, youth, and families:			
Head start	93.600	N/A	\$ 55,515
Pass Through Payments:			
School to Work Program	17.249	17103	27,260
Department of Education			
Education Consolidation and Improvement Act of 1981:			
Title I grants to local educational agencies	84.010	17101	132,305
Title VI-Instructional Materials	84.298	17101	9,468
Elementary and secondary education act (ESEA):			
Title VI-B:			
Special education - grants to states	84.027	17101	347,951
Class Size Reduction	84.340	17101	36,224
Vocational Education	84.048	17103	26,291
Special education - preschool grants	84.173	17102	15,620
Eisenhower mathematics and science education - state grants	84.281	56045	5,605
Drug free schools	84.186	17105	11,009
Adult Literacy	84.002	19202	14,214
Goals 99-01/Literacy Challenge	84.276	17518	7,411
Literacy challenge grant	84.318	60890	104,667
Department of Housing & Community Development:			
Community Development Block Grants - Road Infrastructure	14.228	53305	646,013
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Child Passenger Protection	20.000	60507	1,000
Section 410 Alcohol	20.601	60507	10,000
State and community highway safety grant	20.600	60507	10,445
Totals			<u>\$ 2,224,310</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A-BASIS OF ACCOUNTING

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

COUNTY OF NEW KENT, VIRGINIA

Table 1

Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	Revenue from Use of Money and Property				Permits Fees and Licenses	Fines and Forfeitures	Charges for Services	Miscellaneous	Recovered Costs	Off-Track Betting Proceeds	Inter-governmental	Total
	General Property Taxes	Other Local Taxes	Revenue from Use of Money and Property	Charges for Services								
2002 \$	11,634,193	2,239,287	298,615	91,536	358,395	270,125	465,838	16,046	549,104	12,368,869	\$	28,292,008
2001	9,524,923	2,103,123	222,989	84,153	699,421	207,340	409,326	4,129	555,087	12,610,349		26,420,840
2000	9,255,094	1,873,449	153,795	82,660	644,453	172,295	427,139	634	536,681	11,447,533		24,593,733
1999	9,476,104	1,772,338	161,980	66,575	492,616	138,747	728,197	16,737	535,454	10,148,354		23,537,102
1998	9,096,626	1,811,895	137,033	87,938	366,317	144,680	719,486	13,769	527,713	9,979,777		22,885,234
1997	8,281,055	1,592,757	193,375	141,079	204,150	363,702	1,462,330	120,605	283,741	9,903,160		22,545,954
1996	7,110,920	1,270,703	139,671	78,572	158,823	318,700	1,512,435	77,894	-	8,190,088		18,857,806
1995	6,727,803	1,290,876	145,682	52,281	88,046	323,902	1,013,673	91,085	-	7,463,738		17,197,086
1994	6,612,057	1,162,226	115,027	35,143	211,605	304,932	223,937	79,825	-	7,193,949		15,938,701
1993	6,433,059	1,032,232	88,071	34,322	166,675	327,066	245,891	58,772	-	6,747,384		15,133,472

Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	Health and Welfare				Public Works	Education	Recreation and Cultural	Community Development	Capital Projects (2)	Debt Service	Total
	General Administration	Judicial Administration	Public Safety	Health and Welfare							
2002 \$	1,599,955	494,673	3,032,609	1,368,956	15,477,363	90,350	1,001,532	1,156,145	895,767	\$	26,523,323
2001	1,381,150	410,121	2,736,486	1,251,745	14,468,974	75,240	548,715	1,464,633	1,535,122		25,277,359
2000	1,342,442	290,444	2,422,746	1,251,085	13,670,040	69,125	382,725	961,553	1,400,722		22,955,383
1999	1,353,007	303,589	2,191,728	1,091,958	12,808,436	58,764	297,774	485,462	1,428,231		21,082,738
1998	1,152,646	272,686	1,991,509	1,529,817	11,855,148	52,628	377,723	1,037,076	1,664,710		21,163,054
1997	1,058,412	235,750	1,801,137	1,730,912	11,906,366	46,920	278,109	1,381,583	1,124,617		20,892,475
1996	1,077,804	258,371	1,563,539	930,426	11,197,708	42,550	310,890	3,046,923	1,098,881		20,636,848
1995	1,134,821	173,371	1,441,799	1,123,648	11,030,034	34,704	232,371	1,173,578	1,132,799		18,509,196
1994	771,351	195,819	1,311,023	718,572	10,346,401	32,184	358,909	2,379,112	1,092,983		18,055,545
1993	770,004	170,816	1,293,823	648,347	9,737,512	29,703	412,458	318,949	1,058,529		14,968,240

Notes:

(1) Includes general, special revenue, capital projects funds and school board component unit.

(2) Includes \$483,125 in contingencies in fiscal year 1996.

Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent (1) Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent to Tax Levy</u>
2002	11,680,812	11,289,556	96.65%	161,364	11,450,920	98.03%	928,116	7.95%
2001	10,722,708	10,374,028	96.75%	103,696	10,477,724	97.72%	982,396	9.16%
2000	9,779,374	9,324,260	95.35%	357,650	9,681,910	99.00%	824,516	8.43%
1999	9,498,404	9,050,882	95.29%	241,458	9,292,340	97.83%	888,346	9.35%
1998	8,885,201	8,599,187	96.78%	359,369	8,958,556	100.83%	786,424	8.85%
1997	8,368,083	8,060,349	96.32%	115,103	8,175,452	97.70%	504,277	6.03%
1996	7,028,001	6,854,578	97.53%	127,611	6,982,189	99.35%	725,091	10.32%
1995	6,669,210	6,292,961	94.36%	365,817	6,658,778	99.84%	787,820	11.81%
1994	6,453,717	6,231,827	96.56%	237,916	6,469,743	100.25%	712,493	11.04%
1993	6,193,054	6,152,180	99.34%	137,084	6,289,264	101.55%	764,750	12.35%

- Notes: (1) Exclusive of penalties and interest.
(2) Includes personal property reimbursement from the Commonwealth of Virginia.

**Assessed Valuation of All Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property (1)	Machinery & Tools	Aircraft	Public Utility	
					Real Estate	Total
2002	959,690,495	103,628,115	38,188	719,600	60,897,685	1,124,974,083
2001	923,131,600	97,584,495	3,500	778,020	66,391,934	1,087,889,549
2000	770,996,180	82,268,688	6,825	745,800	51,888,375	905,905,868
1999	753,558,414	77,092,154	2,126,646	455,800	52,605,279	885,838,293
1998	691,584,608	72,004,102	1,845,708	443,525	51,812,599	817,690,542
1997	661,691,461	66,849,438	2,488,885	382,280	53,260,526	784,672,590
1996	562,050,303	56,406,047	2,308,027	379,375	41,390,098	662,533,850
1995	547,230,700	47,271,066	2,645,497	475,600	41,687,494	639,310,357
1994	537,429,128	46,992,986	2,310,759	378,100	40,155,570	627,266,543
1993	525,361,396	44,884,459	2,469,800	533,200	33,676,010	606,924,865

(1) Includes mobile homes

**Property Tax Rates
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property (1)</u>	<u>Machinery & Tools</u>	<u>Aircraft</u>	<u>Public Service</u>
2002	0.77	3.75	3.00	0.50	0.77
2001	0.72	3.75	3.00	1.25	0.72
2000	0.82	3.75	3.00	1.25	0.82
1999	0.82	3.75	3.00	1.25	0.82
1998	0.82	3.75	3.00	1.25	0.82
1997	0.82	3.75	3.00	1.25	0.82
1996	0.82	3.50	3.50	1.25	0.82
1995	0.82	3.50	3.50	1.25	0.82
1994	0.82	3.50	3.50	1.25	0.82
1993	0.74	3.50	3.50	1.25	0.74

(1) Per \$100 of assessed value

**Ratio of Net General Bonded Debt
to Assessed Value and Net Bonded Debt per Capita
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2002	13,462	1,124,974,083	5,303,690	0.0047	394
2001	13,462	1,087,889,549	5,864,333	0.0054	436
2000	10,445	905,905,868	6,520,881	0.0072	624
1999	10,445	885,838,293	7,268,409	0.0082	696
1998	10,445	817,690,542	8,002,613	0.0098	766
1997	10,445	784,672,590	7,880,748	0.0100	754
1996	10,445	662,533,850	8,437,902	0.0127	808
1995	10,445	639,310,357	9,026,256	0.0141	864
1994	10,445	627,266,543	10,018,325	0.0160	959
1993	10,445	606,924,865	7,868,382	0.0130	753

(1) Bureau of the Census.

(2) From Table 4

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.

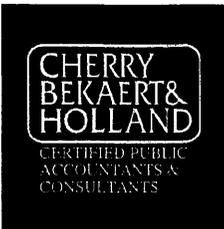
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures (1) Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
2002	559,313	336,454	895,767	25,367,178	3.53%
2001	851,053	494,586	1,345,639	23,812,726	5.65%
2000	850,330	531,755	1,382,085	21,993,830	6.28%
1999	945,211	483,020	1,428,231	20,597,276	6.93%
1998	940,884	596,774	1,537,658	20,125,978	7.64%
1997	557,154	567,463	1,124,617	19,510,892	5.76%
1996	637,647	461,234	1,098,881	17,589,925	6.25%
1995	632,758	500,041	1,132,799	17,335,618	6.53%
1994	570,057	522,926	1,092,983	15,676,433	6.97%
1993	529,553	528,976	1,058,529	14,649,291	7.23%

(1) Includes general and special revenue funds, and component unit School Board.

(2) From Table 2, less capital projects expenditures.

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**Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting in
Accordance with
Government Auditing Standards**

To the Honorable Members of the Board of Supervisors
County of New Kent, Virginia

We have audited the financial statements of the County of New Kent as of and for the year ended June 30, 2002, and have issued our report thereon dated October 10, 2002. We conducted our audit in accordance 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 New Kent's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

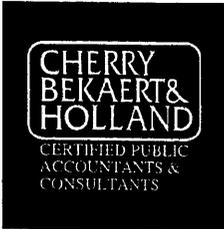
In planning and performing our audit, we considered the County of New Kent's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, 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.

Cherry, Bekaert & Holland, L.L.P.

Richmond, Virginia
October 10, 2002



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

The Honorable Members of the Board of Supervisors
County of New Kent, Virginia

Compliance

We have audited the compliance of the County of New Kent with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The County of New Kent's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of New Kent's management. Our responsibility is to express an opinion on the County of New Kent'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 New Kent's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of New Kent's compliance with those requirements.

In our opinion, the County of New Kent complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the County of New Kent 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 New Kent'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 necessary 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 audit committee, 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.

Cherry, Beckert & Holland, L.L.P.

Richmond, Virginia
October 10, 2002

COUNTY OF NEW KENT, VIRGINIA

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

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the County of New Kent.
2. A reportable condition relating to the audit of the financial statements is reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the County of New Kent were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the County of New Kent expresses an unqualified opinion.
6. The programs tested as major programs were:

<u>Name of Program</u>	<u>CFDA #</u>
CDBG	14.228
School Food	10.553, 10.555
Special Education – Grants to States	84.027

7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The County of New Kent was not determined to be a low risk auditee.

B. Findings - Financial Statement Audit

None

C. Findings and questioned costs- Major Federal Award Programs Audit

None