

**COUNTY OF FAUQUIER, VIRGINIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



FISCAL YEAR ENDED JUNE 30, 2002

COUNTY OF FAUQUIER, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2002

Prepared by:

The Fauquier County Government & Public Schools
Department of Finance



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Fauquier County Government & Public Schools



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November 27, 2002

Chairman and Members of the Fauquier County Board of Supervisors
Chairman and Members of the Fauquier County Public Schools
Citizens of Fauquier County, Virginia:

We are pleased to present Fauquier County's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002 in accordance with Section 15.2-2511 of the *Code of Virginia*. The financial statements included in this report have received an unqualified auditing opinion, and conform to generally accepted accounting principles as established by the Governmental Accounting Standards Board. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups of Fauquier County and its component unit, Fauquier County Public Schools.

This report is intended to provide informative and relevant financial information for the governing bodies of the County and Public Schools, the citizens of the County, investors, creditors and other concerned readers. All statements and disclosures necessary for the reader to gain a thorough understanding of Fauquier County's financial activities have been included. Readers are encouraged to contact the Fauquier County Government and Public Schools Department of Finance with comments or questions regarding this report.

The Comprehensive Annual Financial Report is presented in four sections:

The **Introductory Section**, which is unaudited, includes this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting, an organizational chart, and a list of principal elected and appointed officials of the County.

The **Financial Section** contains the Independent Auditor's Report, the general purpose financial statements, the combining and individual fund statements, and the account group statements and schedules for all the organizations, activities and functions of the County as primary government and its component unit.

The **Statistical Section**, which is unaudited, includes selected financial and demographic data. The data is presented in summary form for the last ten years.

The **Compliance Section** presents the single audit required in conformity with the U.S. Office of Management and Budget Circular A-133. Information related to this audit includes the independent auditor's reports on internal controls and compliance with applicable laws and regulations; a Schedule of Expenditures of Federal Awards; and a Schedule of Findings and Questioned Costs.

OVERVIEW

Reporting Entity – Fauquier County, Virginia

For financial reporting purposes, the reporting entity known as Fauquier County (County) consists of (1) the County as the primary government, and (2) the Fauquier County Public Schools (Schools) as a component unit of the County. The component unit, Schools, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the primary government, and to provide information regarding its financial position, results of operations, and changes in fund balance from those of the primary government.

The Fauquier County Industrial Development Authority and Water and Sanitation Authority do not have a significant operational or financial relationship to the County, and the County's accountability extends only to the appointment of the respective boards. The Vint Hill Farms Economic Development Authority has no significant operational or financial relationship to the County, and the board members of the Authority are appointed by the Governor. Accordingly, these organizations are excluded from this report.

The County government operates under the Board of Supervisors/County Administrator form of government, as defined under Virginia law. The governing body of the County is the Board of Supervisors, which makes policies for the administration of the County. The Board of Supervisors consists of five members representing the five Magisterial Districts in the County: Cedar Run, Center, Lee, Marshall, and Scott. The Chairman of the Board of Supervisors is elected from within the Board of Supervisors and serves generally for a term of one year in addition to being a District Supervisor. The Board of Supervisors appoints a County Administrator to act as the administrative head of the County. The County Administrator serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, and directs business and administrative procedures within the County government.

Fauquier County completely surrounds the Towns of Warrenton, Remington, and The Plains. The County provides certain governmental services, such as public education, to the Towns' residents pursuant to agreements with such Towns. Property in these Towns is subject to both Town and County taxation.

The County provides a full range of services to its residents, including the following: education; public safety; court services; solid waste disposal; community and economic development; parks and recreational activities; cultural events; public libraries; social services; and general administration. All moneys required to support these services are reflected in this report.

The component unit, Fauquier County Public Schools, is the single largest service provided by the County. The elected School Board is composed of five members, who represent the five magisterial districts. The School Board appoints a superintendent to administer the policies of the School Board. The school system is comprised of two high schools, four middle schools, ten elementary schools, and one alternative school. The combined enrollment as of June 2002

was 9,678 students. The mission of the Fauquier County Public Schools is to cultivate the ability, intellect, and character of each student to ensure an educated citizenry.

Economic Condition and Outlook

Fauquier County is located in the north central piedmont region of Virginia, approximately 45 miles southwest of the nation's capital and approximately 80 miles northwest of Richmond, the state's capital. The County encompasses a land area of approximately 660 square miles, making it the state's eighth largest county. Fauquier County is bordered by the Counties of Prince William, Stafford, Culpeper, Warren, Clarke, Loudoun and Rappahannock. The Rappahannock River forms the County's Western border. Interstate 66 runs East-West through the northern portion of the County. In addition, five U.S. primary routes and two state primary routes traverse the County.

The County remains primarily rural in nature. Because of its proximity to Washington, D.C., the County has experienced consistent, yet controlled, population growth, averaging just less than 1.5% per year over the past ten years. The Board has adopted a vision for the County, which includes the preservation of the physical beauty, historical heritage and environmental quality of the County. The vision is the driving force behind the actions taken by the Board to ensure smart growth and development.

In 1997, the Army's base at Vint Hill Farms Station was closed. Due to the strength of the economy in Northern Virginia, the County has succeeded in overcoming the loss of jobs from this major employer. The base was conveyed to Vint Hill Farms Economic Development Authority (Authority) in the fall of 2000. The land use plan for the base property includes a mix of residential, commercial and public use. The property has been rezoned for 300 housing units and 3.1 million square feet of commercial development. As of June 30, 2002, the Authority had sold 52 acres of land and seven commercial buildings totaling 103,000 square feet. 500,000 square feet of existing buildings have been rented, bringing 350 jobs to the County.

In 1999, the Board of Supervisors renewed its commitment to economic development by adopting an Economic Development Strategic Plan, and establishing an Office of Economic Development as a key element in its overall strategy to promote the County as an attractive place for businesses to locate and for existing businesses to expand. The Office of Economic Development is active in its pursuit of development, consistent with the County's vision.

Major Initiatives for Fiscal Year 2002

The following summary provides the highlights of several major projects undertaken during the fiscal year:

- **Middle school** - the County issued bonds through the Virginia Public School Authority in the amount of \$6.41 million to begin the planning, design and construction of a new middle school in the New Baltimore area of Scott District. This \$17.2 million school will have an estimated capacity of approximately 600 students. Additional bonds will be issued to complete this school, scheduled to open in the fall of 2004.
- **Northern Sports Complex** – the County received a \$10 million Mellon Estate grant to develop a sports complex in the north central portion of the County. The conceptual master plan for the complex includes the development of fields for softball, soccer, baseball, and football; nature and walking trails; amphitheatre; swimming pool; areas for other recreational

activities; as well as pavilions and concession stands, and the infrastructure to support these functions. Completion of the project features is planned over a three year period.

- **Radio system** - the County issued bonds in the amount of \$7.4 million to fund the lease purchase of a comprehensive public safety 800MHz simulcast, trunked radio system. This system will replace an outdated system, and improve the delivery of critical services to County residents. The system is expected to be operational in early 2004.
- **Balanced Scorecard** – the County adopted and began implementation of the “Balanced Scorecard” methodology. This methodology provides a framework for establishing strategic objectives and measuring performance. This process is the first step in becoming a high performance organization, and managing performance to achieve the County’s vision.
- **School Board Strategic Plan** – the School Board held its first ever planning retreat with administrative staff to update the strategic plan. The participants engaged in a process to review core values and shared beliefs, and set goals and priorities for the coming years.

Major Initiatives for the Future

The following summary provides the highlights of several major projects planned in the coming fiscal year:

- **Bealeton Library branch** – construction is planned for a branch library in the amount of \$1.7 million in the Lee District. The opening is planned for late summer of 2003.
- **Warrenton-Fauquier Airport runway widening and expansion** – a \$3.3 million construction project, starting in the fall of 2002. The project will be supported primarily with Federal and State funding. Phase II, requiring an additional \$4.0 million, is expected to be under construction in 2003, contingent upon approval of the next funding phase.
- **Warren Green Building renovation** – the renovation of this historical building will begin early in 2003. The project is estimated to cost \$1.5 million, and will house County administrative offices. Completion is expected in late summer 2003.

FINANCIAL SUMMARY

Internal and Budgetary Controls

County administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft, or misuse; to ensure that adequate accounting data are compiled; and to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits obtained, and the valuation of costs and benefits requires estimates and judgments by management. The County's independent auditors consider certain aspects of these controls during the course of the annual audit, but not for the purpose of providing assurance on the internal control structure.

To ensure compliance with the limits and provisions of the respective budgets as approved by the Board of Supervisors, budgetary controls are maintained at the department level for the operating budget and at the project level for the capital improvements budget. These controls

include a formal appropriation system maintained on the County's automated financial system and periodic reviews. Oversight of all budget operations is performed by the Budget Office. Purchase orders, contracts and commitments for the expenditures of funds are recorded as encumbrances. All appropriations lapse at year end.

Governmental Funds, Expendable Trusts, and Discretely Presented Component Unit

The following summary provides an overview of the financial results of the governmental fund types, expendable trusts, and component unit School Board as more specifically detailed in the Financial Section, Exhibit 2. The activities of these funds include most of the services provided by the County.

(Continued on next page)

Revenue: Revenues received by the governmental funds, expendable trusts, and component unit School Board in fiscal year 2002, and the changes from fiscal year 2001 are shown by revenue source in the following chart and table.

FY 2002 Revenue Sources
Governmental, Expendable Trusts & Component Unit

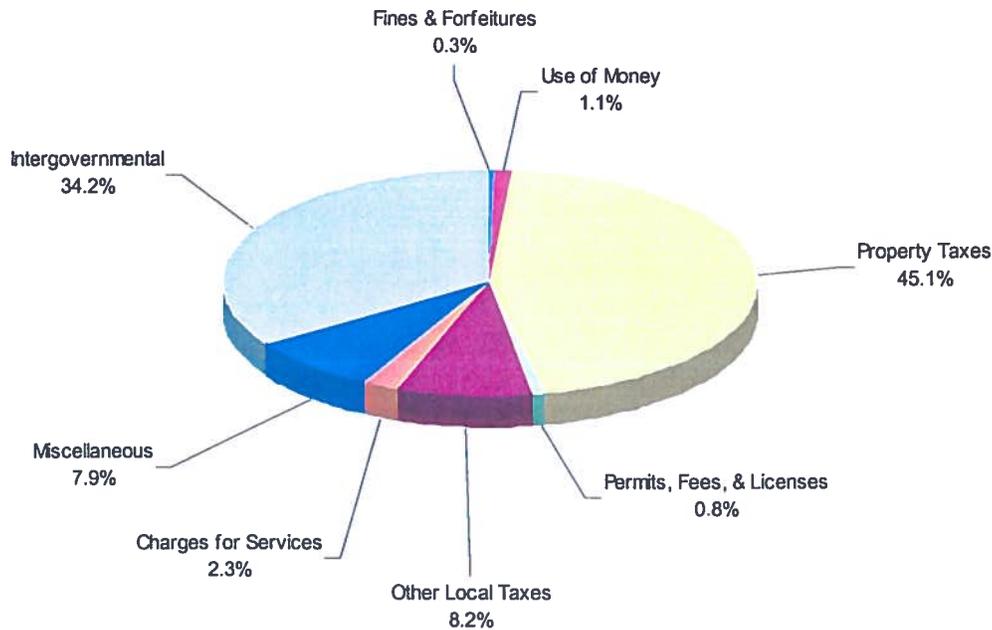


Table 1. Revenue	Fiscal Year 2002	Fiscal Year 2001	% of Total	Inc/(Dec) From 2001	% Change
General Property Taxes	\$ 63,317,360	\$ 59,071,677	45.1%	\$ 4,245,683	7.2%
Other Local Taxes	11,445,316	10,920,367	8.2%	524,949	4.8%
Permits, Fees, & Licenses	1,169,124	1,130,335	0.8%	38,789	3.4%
Fines and Forfeitures	432,297	362,610	0.3%	69,687	19.2%
Use of Money & Property	1,604,544	2,962,308	1.1%	(1,357,764)	-45.8%
Charges for Services	3,251,191	3,104,557	2.3%	146,634	4.7%
Miscellaneous	11,016,053	586,703	7.9%	10,429,350	1777.6%
Intergovernmental	48,014,868	42,737,374	34.2%	5,277,494	12.3%
Total	\$ 140,250,753	\$ 120,875,931	100.0%	\$ 19,374,822	16.0%

As shown in Table 1, for the fiscal year ended June 30, 2002, revenues totaled \$140,250,753, an increase of 16% over fiscal year 2001. The County's primary revenue sources are general property taxes, intergovernmental revenue, and other local taxes, which combined account for 87.5% of the County's revenue in fiscal year 2002.

General property taxes include such taxable property as real estate, personal property, airplanes, and machinery and tools. Revenue for general property taxes was \$63.3 million, an increase from fiscal year 2001 of \$4.2 million, or 7.2%. The increase in this category is primarily attributed to the real estate segment of these taxes. The real estate increase occurred as a result of both higher assessments and growth in taxable properties in the County. The real estate property assessment (Statistical Section, Table 4) increased by 13.3% over the prior year. As a result of higher real property assessments, the County reduced its real estate tax for calendar year 2002. Taxes for calendar year 2001 were charged at the rate of \$0.99 per \$100 of assessed value for general governmental services, and \$0.07 per \$100 for fire and rescue services. In calendar year 2002, the County decreased the rate for general governmental services to \$0.92 per \$100 of assessed value. The portion of the levy dedicated to fire and rescue remained at \$0.07. The general property taxes reported in Table 1 above for fiscal year 2002 include the higher assessments and reduced tax rate for the second half of the fiscal year.

General property taxes also include the personal property tax collections. However, this category does not include that portion of personal property tax revenue that is reimbursed by the State under the Personal Property Tax Relief Act (PPTRA) program initiated in 1998. The State's portion is reported in the intergovernmental revenue category. The following Table 2 summarizes all personal property tax collections, from both individuals and the State. As the table shows, the State's reimbursement has increased while local collections from individuals have decreased.

Table 2. Summary of Personal Property Receipts	Fiscal Year 2002	Fiscal Year 2001	Inc/(Dec) From 2001
Personal Property - Local Share	\$ 11,668,921	\$ 13,497,769	\$ (1,828,848)
Personal Property – State Reimbursement (Intergovernmental)	10,737,830	6,854,329	3,883,501
Total Personal Property Tax Revenue	\$ 22,406,751	\$ 20,352,098	\$ 2,054,653

Intergovernmental revenues include revenue from the state and federal government for such programs as shared expenditures for the Constitutional Offices, health and welfare programs, and alcohol and titling taxes. This category is the second largest revenue category for the County, accounting for 34.2% of revenue. This category experienced a 12.3% growth in fiscal year 2002. The increase is primarily attributed to reimbursement from the State for the personal property tax on vehicles. As shown in Table 2 above, about \$3.9 million of the \$5.3 million increase in intergovernmental revenue is attributed to the State's reimbursement for personal property taxes. Other increases in intergovernmental revenues are primarily from state grants such as records preservation and federal welfare assistance.

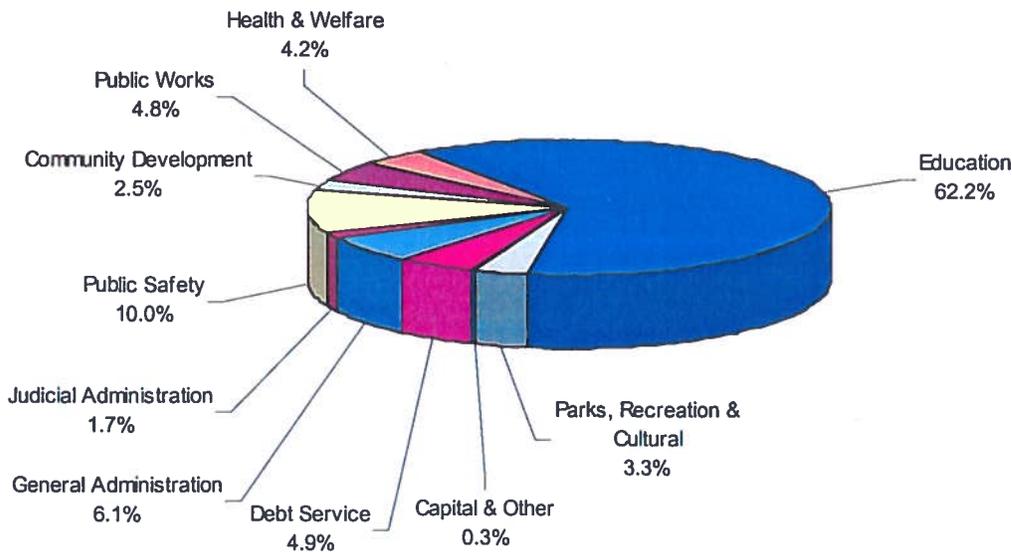
The other local taxes category includes such taxes as the local share of state sales tax, consumer utility taxes, business license taxes, franchise taxes, and recordation and wills taxes. Overall, other local taxes increased \$524,949, or 4.8%. The most significant increases in this category occurred in taxes on recordation and wills, and to a lesser extent sales tax. Recordation and wills taxes increased by 36%, or about \$277,000. Sales taxes increased 3.3%, or about \$156,000.

Miscellaneous revenue showed the largest increase in terms of actual dollars and percent change. This increase is the result of the Mellon Estate grant received by the County in the amount of \$10 million. Under the terms of this grant, the County has undertaken a project to build a northern sports complex. Once completed, the complex will offer a wide variety of recreational activities such as softball, soccer, baseball, football, volleyball, nature trails, walking

trails, an amphitheatre, and dock and pond. Most of the infrastructure and facilities are scheduled to be completed within two years. The final aspects of the master plan will be completed in the third year, consisting primarily of a swimming pool facility.

Expenditures: The expenditures in fiscal year 2002 and the changes from fiscal year 2001 are shown in the following chart and table.

**FY 2002 Expenditures by Activity
Governmental, Expendable Trusts & Component Unit**



	Fiscal Year 2002	Fiscal Year 2001	% of Total	Inc/(Dec) From 2001	% Change
General Administration	\$ 7,729,740	\$ 6,948,055	6.1	\$ 781,685	11.3
Judicial Administration	2,107,733	1,925,457	1.7	182,276	9.5
Public Safety	12,684,365	11,112,953	10.0	1,571,412	14.1
Public Works	6,152,615	5,380,379	4.8	772,236	14.4
Health & Welfare	5,324,034	4,934,176	4.2	389,858	7.9
Education	78,882,845	72,220,501	62.2	6,662,344	9.2
Parks, Recreation & Cultural	4,241,026	3,180,143	3.3	1,060,883	33.4
Community Development	3,124,838	2,681,114	2.5	443,724	16.5
Capital & Other	439,427	351,520	0.3	87,907	25.0
Debt Service	6,188,549	6,288,144	4.9	(99,595)	-1.6
Total	\$ 126,875,172	\$ 115,022,442	100.0	\$ 11,852,730	10.3

As shown in Table 3, in fiscal year 2002 expenditures increased approximately \$11.9 million, or 10.3%. Overall, education accounted for the single largest category of direct expenditures at

\$78.9 million, or 62.2% of the total expenditures. In direct dollars, education received an increase of \$6.7 million more in fiscal year 2002 than in the prior year. This funding was used to expand instructional programs, improve salaries to be more competitive, and cover debt service for the new middle school. In addition, education incurs indirect expenditures, which are categorized as General Administration. The County has consolidated the services provided by the departments of general services (maintenance of buildings and grounds), human resources, and finance. Approximately 70% of the costs of these consolidated functions is associated with educational activities. As shown in Schedule 2 of the Financial Section of this report, these functions cost approximately \$4.4 million in fiscal year 2002. The portion allocated to education is approximately \$3.1 million.

The second most significant category of expenditures is for public safety at \$12.7 million, or 10% of total expenditures. Public safety's allocation in fiscal year 2002 is up approximately \$1.6 million from 9.6% in fiscal year 2001. In actual dollars expended, public safety received an increase of approximately \$1.6 million.

Parks and recreation expenditures increased a total of \$1.1 million, or 33.4%, in fiscal year 2002. The costs associated with the sports complex of \$704,474 are responsible for the most significant change. Other increases from the prior year are associated with parks and recreation operating costs.

Overview of General Fund Results

The General Fund is the general operating fund of the County. This fund accounts for all revenues and expenditures of the County that are not accounted for in other funds. Many of the County's primary functions are reported in the General Fund, including such functions as administration; public safety, except fire & rescue; detention center and dispatch; health & welfare; and recreation.

A primary measure of performance for the General Fund is the amount of undesignated fund balance that is available for use in current and future operations. A strong undesignated fund balance is important for the County's financial health. It is one of the determining factors in the County's bond rating, which impacts the cost of borrowing funds for major projects. It also helps sustain the County during economic downturns, or unforeseen emergencies. With this in mind, the County's Board of Supervisors adopted a financial policy to maintain a general fund balance of no less than five percent (5%) of general fund revenue. The General Fund's undesignated fund balance at the end of the fiscal year was \$22,286,322, or 23.4% of general fund revenue. Table 4 summarizes the change in fund balance for the past two fiscal years.

Table 4. General Fund Undesignated Fund Balance	Fiscal Year 2002	Fiscal Year 2001	Inc/(Dec) From 2001
Revenues & other financing sources	\$ 95,117,188	\$ 87,447,612	\$ 7,669,576
Expenditures & other financing uses	90,279,508	84,232,282	6,047,226
Addition to Fund Balance	4,837,680	3,215,330	1,622,350
Beginning Fund Balance	17,448,642	14,233,312	3,215,330
Ending Fund Balance	<u>\$ 22,286,322</u>	<u>\$ 17,448,642</u>	<u>\$ 4,837,680</u>

Proprietary Funds

The County's Proprietary Funds consist of two components: the Enterprise Funds and the Internal Service Funds. The Enterprise Funds include the following:

- The **Landfill**, which provides for solid waste disposal and recycling. The landfill is totally supported by user fees and other revenue. During Fiscal Year 2002, the landfill generated net income of \$1,907,705.
- The **Airport** serves Fauquier County by providing landing facilities, hangers and tie-down spaces for small aircraft. The airport is supported by state and federal grants, user fees, personal property taxes on aircraft and other income. During Fiscal Year 2002, the airport generated net income of \$779,238. This income is primarily the result of reimbursements from the Federal Government for capital projects.

In addition, the County operates two Internal Service Funds. These funds are as follows:

- The **Health Insurance Fund** accounts for the resources devoted to the County's and School's self-insured health benefit plan. During Fiscal Year 2002, the Health Insurance fund had net income of \$1,036,770.
- The **Fleet Maintenance Fund** accounts for the resources devoted to the repair and maintenance of the vehicles owned by the County and Schools. During Fiscal Year 2002, the Fleet Maintenance Fund had net loss of \$69,316.

Employees' Retirement Plans

Fauquier County contributes to the Virginia Retirement System (VRS), an agent multiple employer public retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. All full-time permanent employees must participate in VRS. Benefit provisions and requirements are established by State statute.

In 1995, the County established a length of service award program (Program) for the Fauquier County Fire and Rescue Association (Association) and its member companies. This is a single employer defined benefit plan for volunteer firefighters meeting certain criteria for participation. The County contributes 100% of the costs of the program. This plan is described more fully in Note 12 in the Financial Section of this report.

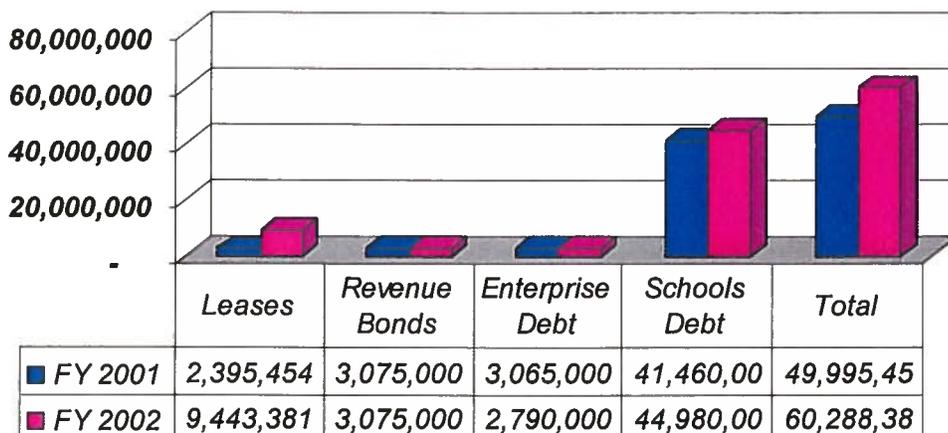
Debt Administration

The County is a highly rated issuer of debt securities. The County's long-term general obligation bonds are rated by Moody's Investor Service as Aa2, and by Standard & Poor's Corporation (S & P) as AA-. In July 2001, the AA- rating from S & P reflected an upgrade from the prior rating of A+. S & P cited "growing participation in the expanding and diverse northern Virginia economy coupled with maintenance of a very low debt burden and improved financial performance" as reasons for the upgrade.

In fiscal year 2002, long-term indebtedness, excluding compensated absences, increased from \$49,995,454 to \$60,288,381, or 20.6%. Of this amount, \$2,790,000 is self-supporting and \$57,498,381 is tax supported. Debt is considered self-supporting if revenues generated by the activity fully support debt repayment, or no tax revenue is used to repay the debt. The enterprise debt, which is for the landfill operation, is self-supporting. Debt is considered tax supported if general tax revenues are used, or if the County has made a pledge of annual appropriation to repay the debt. This debt includes general obligation debt, capital leases and Virginia Public School Authority bonds.

The increase in debt in fiscal year 2002 is the result of the issuance of tax supported debt, including bonds in the amount of \$6,410,000 to build a new middle school, and bonds in the amount of \$7,400,000 for a Public Safety Radio System. In addition, the County issued refunding bonds in the amount of \$8,495,000.

Long-Term Indebtedness



The County has no statutory limit, or "legal debt margin", on the amount of debt it can issue. The Board of Supervisors has adopted certain financial policies limiting the amount of annual debt service payments to no more than ten percent of County revenues. These policies also serve as a guide for a schedule of debt funded projects in the Capital Improvements Program. In fiscal year 2002, the amount of tax-supported debt service payments of \$6,188,549 represented 4.4% of revenues.

Cash and Investment Management

The County Treasurer maintains a cash and investment program for the safeguarding and management of the County's funds. The investment of funds is administered in accordance with the *Code of Virginia*.

The County Treasurer invests primarily in the Local Government Investment Pool, managed by the Treasurer of Virginia, bonds issued by the U.S. Treasury and Federal agencies, bankers' acceptances, highly rated commercial paper and certificates of deposit in banks which have qualified as public depositories as defined by the *Code of Virginia*. Proceeds from bond issues subject to arbitrage rebate are invested in Virginia's State Non-Arbitrage Program (SNAP).

Risk Management

The County maintains a self-insurance program for health insurance for employees of the County, School Board, Vint Hill Farms Economic Development Authority, and Water and Sanitation Authority (participates in dental only).

The activities of this program are reported in the Health Insurance Fund. Revenues in this Fund come from premiums charged to the participating departments and agencies of the County to cover the cost of the insurance benefit, and from the share of the cost charged to employees. The revenue collected is used to cover the estimated claims, premiums paid to purchase excess liability insurance coverage, and operating expenses. Claims filed, or

expected to be filed, through June 30, 2002, are reported as accrued liabilities. The Health Insurance Fund has sufficient reserves to cover its estimated liabilities.

Independent Audit

The County's financial statements for the fiscal year ended June 30, 2002 have been audited by the firm of Robinson, Farmer, Cox Associates, independent certified public accountants, as required by Section 15.2-2511 of the *Code of Virginia*. The audit was conducted in accordance with generally accepted auditing standards and the auditors' report is included in the Financial Section of this report.

Audit testing for compliance with the federal Single Audit Act and related OMB Circular A-133 was performed by Robinson, Farmer, Cox Associates, independent certified public accountants. The auditors' reports are reported in the Compliance Section of this report.

In addition to the independent auditors' reports described above, the auditor furnishes written recommendations to the County Board of Supervisors pertaining to the improvement of certain areas of internal accounting control and overall accounting procedures.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fauquier County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. Fauquier County has received a Certificate of Achievement for the last three (3) years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

Acknowledgments

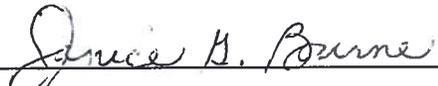
This report was prepared by the professional staff of the Finance Department. Their hard work, dedication and continuing efforts to improve the quality of this report directly benefit all who read and use it. We also acknowledge the cooperation and assistance of the staff of the County Treasurer, the Commissioner of the Revenue, the School Board and the many other County departments and agencies which contributed to preparation of this report.

This Comprehensive Annual Financial Report reflects the County's commitment to the citizens of Fauquier County, the Board of Supervisors and the financial community to provide information in conformance with the highest standards of financial accountability.

Respectfully submitted,



G. Robert Lee
County Administrator



Janice G. Bourne
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fauquier County,
Virginia

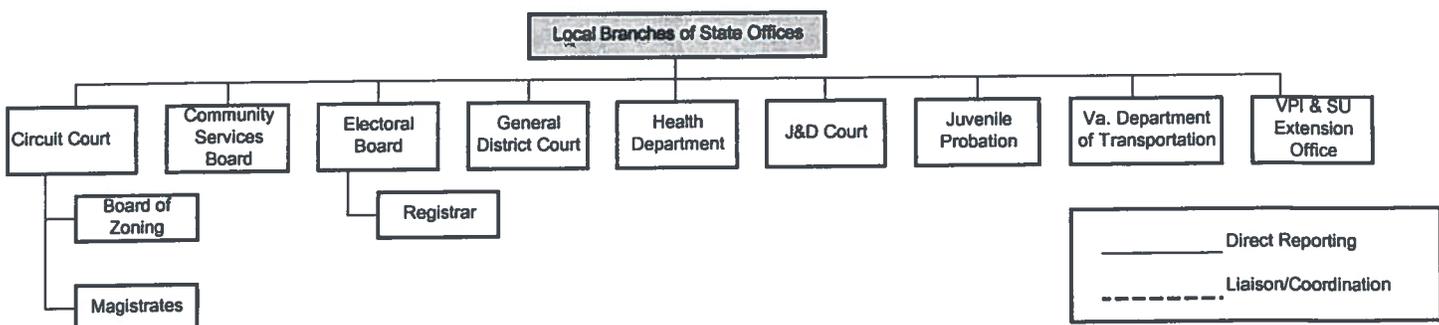
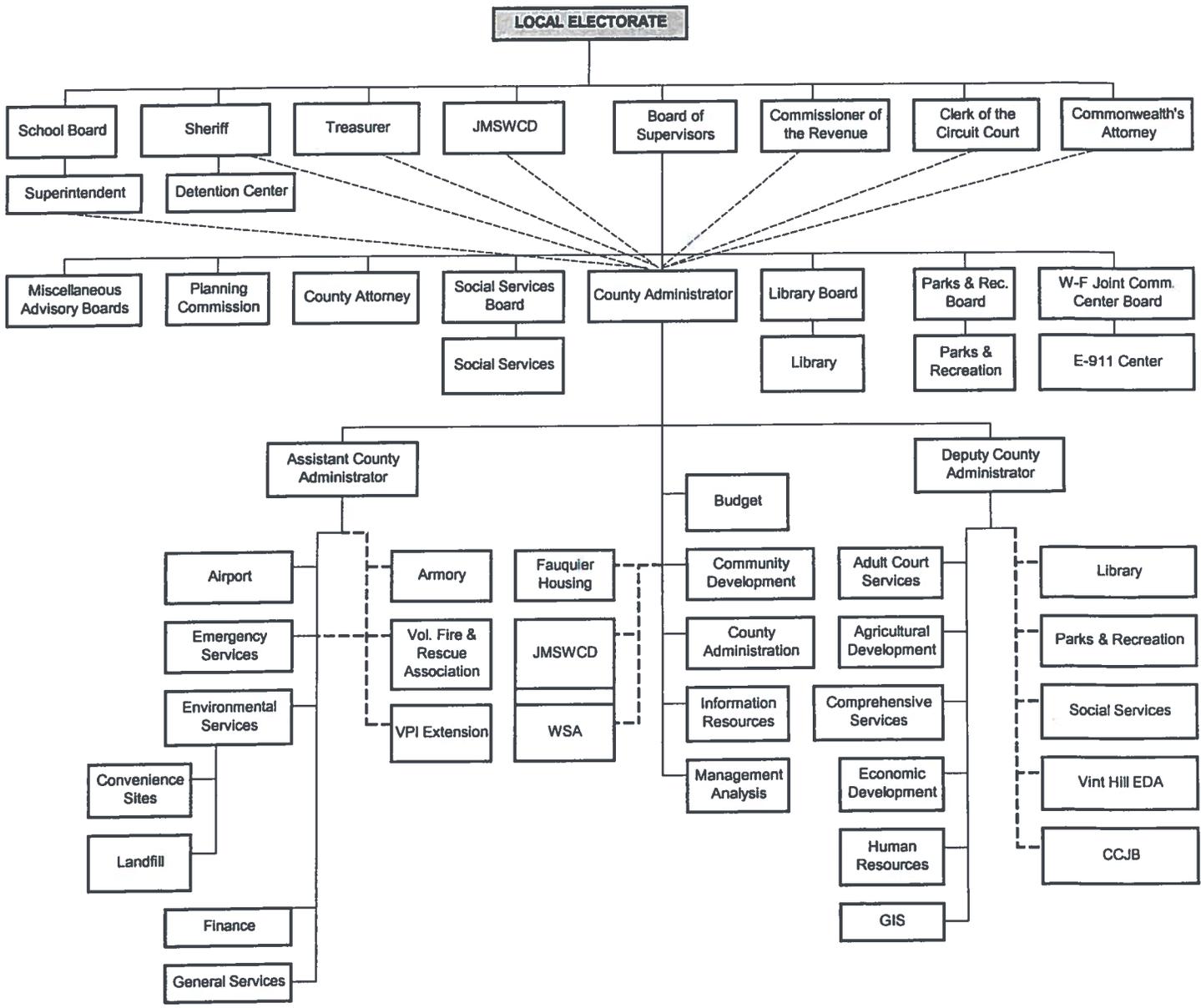
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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



Thomas A. Greve
President

Jeffrey L. Esser
Executive Director



COUNTY OF FAUQUIER, VIRGINIA

BOARD OF SUPERVISORS

Raymond E. Graham, Chairman
Sharon Grove McCamy, Vice-Chairman

Harry Atherton, Jr.
Larry L. Weeks
Joseph Winkelmann

COUNTY ADMINISTRATOR

G. Robert Lee

COUNTY SCHOOL BOARD

Ernest L. Gray, Jr., Chairman
Gary A. Maloche, Vice-Chairman

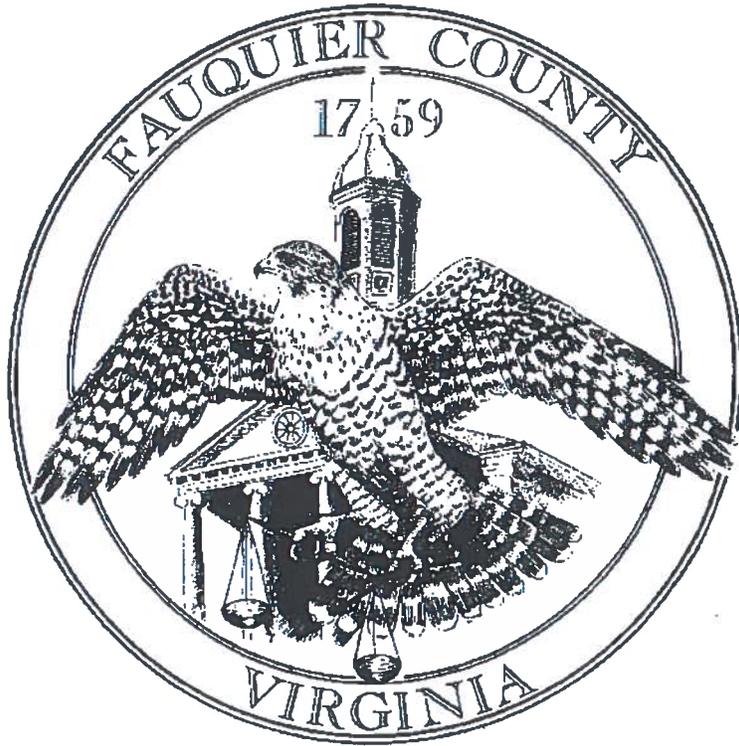
William G. Downey, IV
Bronwyn H. Lambelet
John E. Williams

SUPERINTENDENT OF SCHOOLS

J. David Martin

OTHER OFFICIALS

Clerk of the Circuit Court Gail Barb
Judge of the General District Court Charles B. Foley
Sheriff Joseph Higgs, Jr.
Treasurer Elizabeth A. Ledgerton
Commonwealth's Attorney Jonathan Lynn
Judge of the Circuit Court Jeffrey W. Parker
Judge of Juvenile & Domestic Relations District Court H. Dudley Payne
Interim Director of Finance William Skinker
Commissioner of the Revenue Ross D'Urso



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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF SUPERVISORS COUNTY OF FAUQUIER WARRENTON, VIRGINIA

We have audited the accompanying general purpose financial statements and the combining, individual account group financial statements of the County of Fauquier, Virginia, as of and for the year ended June 30, 2002, as listed in the Table of Contents. These financial statements are the responsibility of the County'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; *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and OMB Circular A-133 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 Fauquier, Virginia, as of June 30, 2002, and the results of operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the County of Fauquier, Virginia, as of June 30, 2002 and the results of its operations of such funds and cash flows of individual proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2002 on our consideration of the County of Fauquier, Virginia's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted 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 supporting schedules in the table of contents, including the schedule of expenditures of federal awards

required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements of the County of Fauquier, Virginia. 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, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

The statistical section listed in the Table of Contents is 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.

Robinson, Famer, Cox Associates

Charlottesville, Virginia

October 4, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

The General Purpose Financial Statements include all funds, account groups and discretely presented component units and notes in order to provide an overview of the financial position and results of operation for the County as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

COUNTY OF FAUQUIER, VIRGINIA

**Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Unit
At June 30, 2002**

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
<u>ASSETS AND OTHER DEBITS</u>					
Assets:					
Cash and investments	\$ 25,485,026	\$ 887,789	\$ 46,549,827	\$ 1,627,857	\$ 4,177,446
Cash in custody of others	7,735	-	-	-	250
Receivables (Net of allowances for uncollectibles):					
Taxes, including penalties	3,876,701	-	-	-	-
Accounts	928,973	232,133	73,158	605,848	250,151
Interfund	-	-	500,000	-	-
Inventory	-	-	-	-	104,058
Due from primary government	-	-	-	-	-
Due from other governmental units	1,885,982	-	-	50,882	-
Prepays	47,634	-	-	72,500	56
Fixed assets (net of accumulated depreciation)	-	-	-	11,639,484	210,615
Bond issuance costs (net of accumulated amortization)	-	-	-	39,685	-
Security deposits	3,300	-	2,080	-	-
Other debits:					
Amount to be provided for the retirement of general long-term debt	-	-	-	-	-
Total assets and other debits	<u>\$ 32,235,351</u>	<u>\$ 1,119,922</u>	<u>\$ 47,125,065</u>	<u>\$ 14,036,256</u>	<u>\$ 4,742,576</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 866,732	\$ 72,867	\$ 607,033	\$ 362,759	\$ 272,945
Accrued liabilities	251,760	18,691	116,560	14,426	998,370
Retainage payable	-	-	241,315	-	-
Amount held for social service clients	-	-	-	-	-
Amount held for prisoners	-	-	-	-	-
Performance bonds payable	-	-	-	-	-
Due to component units	5,697,772	-	-	-	-
Deferred revenue	3,132,765	-	-	-	-
Interfund payable	-	-	-	500,000	-
Revenue bonds payable	-	-	-	2,790,000	-
General obligation bonds payable	-	-	-	-	-
Capital lease obligations payable	-	-	-	-	-
Landfill closure and postclosure costs	-	-	-	3,520,503	-
Compensated absences	-	-	-	22,740	64,462
Total liabilities	<u>9,949,029</u>	<u>91,558</u>	<u>964,908</u>	<u>7,210,428</u>	<u>1,335,777</u>
<u>EQUITY AND OTHER CREDITS</u>					
Investment in general fixed assets	-	-	-	-	-
Contributed capital	-	-	-	3,936,787	224,893
Retained earnings	-	-	-	2,889,041	3,181,906
Fund balances:					
Reserved for grants	464,258	125,354	-	-	-
Reserved for employees' pension benefits	-	-	-	-	-
Unreserved:					
Designated for subsequent expenditure	-	-	46,160,157	-	-
Undesignated	21,822,064	903,010	-	-	-
Total equity and other credits	<u>22,286,322</u>	<u>1,028,364</u>	<u>46,160,157</u>	<u>6,825,828</u>	<u>3,406,799</u>
Total liabilities, equity and other credits	<u>\$ 32,235,351</u>	<u>\$ 1,119,922</u>	<u>\$ 47,125,065</u>	<u>\$ 14,036,256</u>	<u>\$ 4,742,576</u>

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

Exhibit 1

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)
	Trust and Agency	General Fixed Assets	General Long-term Debt	Primary Government	School Board
\$ 649,310	\$ -	\$ -	\$ 79,377,255	\$ 390,296	\$ 79,767,551
1,828,215	-	-	1,836,200	1,350	1,837,550
-	-	-	3,876,701	-	3,876,701
184,346	-	-	2,274,609	75,153	2,349,762
-	-	-	500,000	-	500,000
-	-	-	104,058	-	104,058
-	-	-	-	5,697,772	5,697,772
-	-	-	1,936,864	2,239,169	4,176,033
-	-	-	120,190	17,087	137,277
-	32,520,315	-	44,370,414	110,884,731	155,255,145
-	-	-	39,685	-	39,685
-	-	-	5,380	-	5,380
-	-	14,944,069	14,944,069	48,225,216	63,169,285
<u>\$ 2,661,871</u>	<u>\$ 32,520,315</u>	<u>\$ 14,944,069</u>	<u>\$ 149,385,425</u>	<u>\$ 167,530,774</u>	<u>\$ 316,916,199</u>
\$ 18,977	\$ -	\$ -	\$ 2,201,313	\$ 639,256	\$ 2,840,569
-	-	-	1,399,807	7,522,494	8,922,301
-	-	-	241,315	-	241,315
82,272	-	-	82,272	-	82,272
97,551	-	-	97,551	-	97,551
546,229	-	-	546,229	-	546,229
-	-	-	5,697,772	-	5,697,772
-	-	-	3,132,765	-	3,132,765
-	-	-	500,000	-	500,000
-	-	3,075,000	5,865,000	-	5,865,000
-	-	-	-	44,980,000	44,980,000
-	-	9,443,381	9,443,381	-	9,443,381
-	-	-	3,520,503	-	3,520,503
-	-	2,425,688	2,512,890	3,245,216	5,758,106
<u>745,029</u>	<u>-</u>	<u>14,944,069</u>	<u>35,240,798</u>	<u>56,386,966</u>	<u>91,627,764</u>
-	32,520,315	-	32,520,315	110,884,731	143,405,046
-	-	-	4,161,680	-	4,161,680
-	-	-	6,070,947	-	6,070,947
-	-	-	589,612	-	589,612
1,704,355	-	-	1,704,355	-	1,704,355
-	-	-	46,160,157	-	46,160,157
212,487	-	-	22,937,561	259,077	23,196,638
<u>1,916,842</u>	<u>32,520,315</u>	<u>-</u>	<u>114,144,627</u>	<u>111,143,808</u>	<u>225,288,435</u>
<u>\$ 2,661,871</u>	<u>\$ 32,520,315</u>	<u>\$ 14,944,069</u>	<u>\$ 149,385,425</u>	<u>\$ 167,530,774</u>	<u>\$ 316,916,199</u>

COUNTY OF FAUQUIER, VIRGINIA

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Unit
Fiscal Year Ended June 30, 2002**

	Governmental Fund Types			Fiduciary
	General	Special Revenue	Capital Projects	Expendable
				Trust
Revenues:				
General property taxes	\$ 59,998,492	\$ 3,318,868	\$ -	\$ -
Other local taxes	10,602,236	843,080	-	-
Permits, privilege fees and regulatory licenses	1,169,124	-	-	-
Fines and forfeitures	432,297	-	-	-
Revenue from use of money and property	1,511,210	-	87,870	4,837
Charges for services	689,485	-	101,363	-
Miscellaneous	130,225	-	10,000,350	72,001
Recovered costs	137,878	2,209	321,533	-
Intergovernmental:				
Commonwealth	18,513,255	182,627	-	-
Federal	1,884,027	-	30,716	-
Total revenues	95,068,229	4,346,784	10,541,832	76,838
Expenditures:				
Current:				
General government administration	6,333,843	-	1,395,897	-
Judicial administration	2,107,733	-	-	-
Public safety	7,929,747	4,133,154	621,464	-
Public works	4,380,582	-	1,772,033	-
Health and welfare	5,324,034	-	-	-
Education	39,912	-	6,955,229	-
Parks, recreation, and cultural	2,996,873	-	1,244,153	-
Community development	3,082,944	-	41,894	-
Non-departmental	365,507	-	-	73,920
Debt service:				
Principal retirement	352,074	-	-	-
Interest and other fiscal charges	114,272	-	-	-
Total expenditures	33,027,521	4,133,154	12,030,670	73,920
Excess (deficiency) of revenues over expenditures	62,040,708	213,630	(1,488,838)	2,918
Other financing sources (uses):				
Operating transfers in	32,176	128,367	6,441,331	-
Operating transfers from - component unit	16,783	-	9,434,199	-
Operating transfers to - primary government	-	-	-	-
Proceeds from refunding bond	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Operating transfers out	(6,658,507)	(32,176)	(20,000)	(8,527)
Proceeds from indebtedness	-	-	7,633,998	-
Operating transfers from - primary government	-	-	-	-
Operating transfers to - component unit	(50,593,480)	-	-	-
Total other financing sources (uses)	(57,203,028)	96,191	23,489,528	(8,527)
Excess (deficiency) of revenues & other sources over expenditures & other uses	4,837,680	309,821	22,000,690	(5,609)
Fund balances at beginning of year	17,448,642	718,543	24,159,467	218,096
Fund balances at end of year	\$ 22,286,322	\$ 1,028,364	\$ 46,160,157	\$ 212,487

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

Exhibit 2

Totals (Memorandum Only)	Component Unit	Totals (Memorandum Only)
Primary Government	School Board	Reporting Entity
\$ 63,317,360	\$ -	\$ 63,317,360
11,445,316	-	11,445,316
1,169,124	-	1,169,124
432,297	-	432,297
1,603,917	627	1,604,544
790,848	2,460,343	3,251,191
10,202,576	351,857	10,554,433
461,620	-	461,620
18,695,882	24,394,844	43,090,726
1,914,743	3,009,399	4,924,142
<u>110,033,683</u>	<u>30,217,070</u>	<u>140,250,753</u>
7,729,740	-	7,729,740
2,107,733	-	2,107,733
12,684,365	-	12,684,365
6,152,615	-	6,152,615
5,324,034	-	5,324,034
6,995,141	71,887,704	78,882,845
4,241,026	-	4,241,026
3,124,838	-	3,124,838
439,427	-	439,427
352,074	3,385,000	3,737,074
114,272	2,337,203	2,451,475
<u>49,265,265</u>	<u>77,609,907</u>	<u>126,875,172</u>
<u>60,768,418</u>	<u>(47,392,837)</u>	<u>13,375,581</u>
6,601,874	-	6,601,874
9,450,982	-	9,450,982
-	(9,450,982)	(9,450,982)
-	8,495,000	8,495,000
-	(8,495,000)	(8,495,000)
(6,719,210)	-	(6,719,210)
7,633,998	6,410,000	14,043,998
-	50,593,480	50,593,480
<u>(50,593,480)</u>	<u>-</u>	<u>(50,593,480)</u>
<u>(33,625,836)</u>	<u>47,552,498</u>	<u>13,926,662</u>
27,142,582	159,661	27,302,243
42,544,748	99,416	42,644,164
<u>\$ 69,687,330</u>	<u>\$ 259,077</u>	<u>\$ 69,946,407</u>

COUNTY OF FAUQUIER, VIRGINIA

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

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavor.)	Budget	Actual	Variance Favorable (Unfavor.)
Revenues:						
General property taxes	\$ 65,927,263	\$ 59,998,492	\$ (5,928,771)	\$ 2,762,807	\$ 3,318,868	\$ 556,061
Other local taxes	10,404,060	10,602,236	198,176	875,840	843,080	(32,760)
Permits, privilege fees and regulatory licenses	1,048,599	1,169,124	120,525	-	-	-
Fines and forfeitures	266,000	432,297	166,297	-	-	-
Revenue from use of money and property	1,745,387	1,511,210	(234,177)	-	-	-
Charges for services	439,012	689,485	250,473	-	-	-
Miscellaneous	51,685	130,225	78,540	-	-	-
Recovered costs	134,630	137,878	3,248	3,000	2,209	(791)
Intergovernmental:						
Commonwealth	7,724,457	18,513,255	10,788,798	87,077	182,627	95,550
Federal	1,793,765	1,884,027	90,262	-	-	-
Total revenues	89,534,858	95,068,229	5,533,371	3,728,724	4,346,784	618,060
Expenditures:						
Current:						
General government administration	6,507,186	6,333,843	173,343	-	-	-
Judicial administration	2,132,857	2,107,733	25,124	-	-	-
Public safety	8,046,762	7,929,747	117,015	4,457,359	4,133,154	324,205
Public works	4,456,873	4,380,582	76,291	-	-	-
Health and welfare	5,917,754	5,324,034	593,720	-	-	-
Education	39,912	39,912	-	-	-	-
Parks, recreation, and cultural	3,005,429	2,996,873	8,556	-	-	-
Community development	3,248,729	3,082,944	165,785	-	-	-
Nondepartmental	1,467,842	365,507	1,102,335	-	-	-
Debt service:						
Principal retirement	352,074	352,074	-	-	-	-
Interest	114,272	114,272	-	-	-	-
Total expenditures	35,289,690	33,027,521	2,262,169	4,457,359	4,133,154	324,205
Excess (deficiency) of revenues over expenditures	54,245,168	62,040,708	7,795,540	(728,635)	213,630	942,265
Other financing sources (uses):						
Operating transfers in	32,176	32,176	-	128,367	128,367	-
Operating transfers from - component unit	16,783	16,783	-	-	-	-
Operating transfers to - primary government	-	-	-	-	-	-
Proceeds from refunding bond	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Operating transfers out (use)	(6,628,297)	(6,658,507)	(30,210)	(32,176)	(32,176)	-
Proceeds from indebtedness	-	-	-	-	-	-
Operating transfers from - primary government	-	-	-	-	-	-
Operating transfers to - component unit	(52,728,966)	(50,593,480)	2,135,486	-	-	-
Total other financing sources (uses)	(59,308,304)	(57,203,028)	2,105,276	96,191	96,191	-
Excess (deficiency) of revenues & other sources over expenditures & other uses	(5,063,136)	4,837,680	9,900,816	(632,444)	309,821	942,265
Fund balances at beginning of year	17,448,642	17,448,642	-	632,444	718,543	86,099
Fund balances at end of year	\$ 12,385,506	\$ 22,286,322	\$ 9,900,816	\$ -	\$ 1,028,364	\$ 1,028,364

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

Capital Projects Funds			Component Unit School Board		
Budget	Actual	Variance Favorable (Unfavor.)	Budget	Actual	Variance Favorable (Unfavor.)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	87,870	87,870	9,000	627	(8,373)
-	101,363	101,363	2,203,444	2,460,343	256,899
10,020,000	10,000,350	(19,650)	233,948	351,857	117,909
308,469	321,533	13,064	-	-	-
-	-	-	-	-	-
120,000	-	(120,000)	24,782,602	24,394,844	(387,758)
452,000	30,716	(421,284)	2,575,573	3,009,399	433,826
<u>10,900,469</u>	<u>10,541,832</u>	<u>(358,637)</u>	<u>29,804,567</u>	<u>30,217,070</u>	<u>412,503</u>
11,031,770	1,395,897	9,635,873	-	-	-
-	-	-	-	-	-
2,306,015	621,464	1,684,551	-	-	-
10,008,805	1,772,033	8,236,772	-	-	-
-	-	-	-	-	-
17,601,224	6,955,229	10,645,995	73,737,713	71,887,704	1,850,009
16,411,122	1,244,153	15,166,969	-	-	-
350,000	41,894	308,106	-	-	-
-	-	-	-	-	-
-	-	-	3,385,000	3,385,000	-
-	-	-	2,387,065	2,337,203	49,862
<u>57,708,936</u>	<u>12,030,670</u>	<u>45,678,266</u>	<u>79,509,778</u>	<u>77,609,907</u>	<u>1,899,871</u>
<u>(46,808,467)</u>	<u>(1,488,838)</u>	<u>45,319,629</u>	<u>(49,705,211)</u>	<u>(47,392,837)</u>	<u>2,312,374</u>
6,441,331	6,441,331	-	-	-	-
9,434,199	9,434,199	-	-	-	-
-	-	-	(9,450,982)	(9,450,982)	-
-	-	-	-	8,495,000	8,495,000
-	-	-	-	(8,495,000)	(8,495,000)
(20,000)	(20,000)	-	-	-	-
4,748,483	7,633,998	(2,885,515)	6,427,227	6,410,000	(17,227)
-	-	-	52,728,966	50,593,480	(2,135,486)
-	-	-	-	-	-
<u>20,604,013</u>	<u>23,489,528</u>	<u>(2,885,515)</u>	<u>49,705,211</u>	<u>47,552,498</u>	<u>(2,152,713)</u>
(26,204,454)	22,000,690	48,205,144	-	159,661	159,661
26,204,454	24,159,467	(2,044,987)	-	99,416	99,416
<u>\$ -</u>	<u>\$ 46,160,157</u>	<u>\$ 46,160,157</u>	<u>\$ -</u>	<u>\$ 259,077</u>	<u>\$ 259,077</u>

Combined Statement of Revenues, Expenses and Changes in Retained Earnings
 All Proprietary Funds
 Fiscal Year Ended June 30, 2002

	Proprietary Funds		Totals (Memorandum Only)
	Enterprise Funds	Internal Service	
Operating revenues:			
Charges for services	\$ 4,969,042	\$ 10,245,802	\$ 15,214,844
Miscellaneous	204,422	196	204,618
Total operating revenues	<u>5,173,464</u>	<u>10,245,998</u>	<u>15,419,462</u>
Operating expenses:			
Container operations	64,811	-	64,811
Landfill operations	1,620,584	-	1,620,584
Contractual services	22,682	-	22,682
Landfill maintenance costs	246,697	-	246,697
Closure and postclosure cost	118,002	-	118,002
Construction and demolition	967,294	-	967,294
Airport operation and maintenance	28,203	-	28,203
Health insurance claims and fees	-	9,304,060	9,304,060
Depreciation	187,681	36,692	224,373
Total operating expenses	<u>3,255,954</u>	<u>9,340,752</u>	<u>12,596,706</u>
Operating income	<u>1,917,510</u>	<u>905,246</u>	<u>2,822,756</u>
Nonoperating revenues (expenses):			
Interest income	3,107	55,590	58,697
Interest income - bonds	25,238	-	25,238
Rental income	35,228	-	35,228
Operating grant - Commonwealth	34,057	-	34,057
Capital grant - Commonwealth	76,171	-	76,171
Capital grant - Federal	655,880	-	655,880
Bond issuance cost amortization	(8,965)	-	(8,965)
Interest expense	(162,001)	-	(162,001)
Total nonoperating revenues	<u>658,715</u>	<u>55,590</u>	<u>714,305</u>
Income before operating transfers	<u>2,576,225</u>	<u>960,836</u>	<u>3,537,061</u>
Operating transfers:			
Operating transfers in	110,718	6,618	117,336
Total operating transfers	<u>110,718</u>	<u>6,618</u>	<u>117,336</u>
Net income	2,686,943	967,454	3,654,397
Add depreciation on fixed assets acquired by contribution from others	23,688	-	23,688
Increase in retained earnings	2,710,631	967,454	3,678,085
Retained earnings at beginning of year	178,410	2,214,452	2,392,862
Retained earnings at end of year	<u>\$ 2,889,041</u>	<u>\$ 3,181,906</u>	<u>\$ 6,070,947</u>

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

Combined Statement of Cash Flows
All Proprietary Funds
Fiscal Year Ended June 30, 2002

	Proprietary Funds		Totals (Memorandum Only)
	Enterprise Funds	Internal Service	
Cash Flows From Operating Activities:			
Operating income	\$ 1,917,510	\$ 905,246	\$ 2,822,756
Adjustments to reconcile net income to net cash provided by operating by operating activities:			
Depreciation	187,681	36,692	224,373
Changes in operating assets and liabilities:			
(Increase)decrease in receivables	(294,101)	264,125	(29,976)
Decrease in inventory	-	47,703	47,703
Increase in prepaid	(3,750)	(56)	(3,806)
Increase in payables	331,185	486,843	818,028
Net cash provided by operating activities	<u>2,138,525</u>	<u>1,740,553</u>	<u>3,879,078</u>
Cash Flows from Noncapital Financing Activities:			
Operating grants - Commonwealth	34,057	-	34,057
Operating transfers in	110,718	6,618	117,336
Net cash provided by noncapital financing activities	<u>144,775</u>	<u>6,618</u>	<u>151,393</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,160,432)	-	(1,160,432)
Capital grants - Commonwealth	76,171	-	76,171
Capital grants - Federal	655,880	-	655,880
Interest expense	(162,001)	-	(162,001)
Principal paid on revenue bonds	(275,000)	-	(275,000)
Due to general fund	(250,000)	-	(250,000)
Increase of accrued landfill closure costs	91,000	-	91,000
Net cash (used in) capital and related financing activities	<u>(1,024,382)</u>	<u>-</u>	<u>(1,024,382)</u>
Cash Flows From Investing Activities:			
Rental income	35,228	-	35,228
Interest income	28,345	55,590	83,935
Net cash provided by investing activities	<u>63,573</u>	<u>55,590</u>	<u>119,163</u>
Increase in cash and cash equivalents	1,322,491	1,802,761	3,125,252
Cash and cash equivalents at beginning of year	<u>305,366</u>	<u>2,374,685</u>	<u>2,680,051</u>
Cash and cash equivalents at end of year	<u>\$ 1,627,857</u>	<u>\$ 4,177,446</u>	<u>\$ 5,805,303</u>

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

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 6

**Pension Trust Fund - Length of Service Award
Statement of Changes in Plan Net Assets
Fiscal Year Ended June 30, 2002**

Additions:

Employer contribution	\$	430,300
Investment income		<u>44,553</u>
Total additions		<u>474,853</u>

Deductions:

Members' benefits		236,171
Administrative fees		2,610
Insurance premium expenditures		<u>58,689</u>

Total deductions 297,470

Net increase 177,383

Net assets held in trust for plan benefits, beginning of year 1,526,972

Net assets held in trust for plan benefits, end of year \$ 1,704,355

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

COUNTY OF FAUQUIER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2002

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements present the County (primary government) and its component unit. The component unit discussed herein is included in the County's reporting entity because of the significance of its operational or financial relationship with the County.

B. Individual Component Unit Disclosures

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

Discretely Presented Component Units -- The Fauquier County School Board was created as a separate legal entity by the County to oversee the operation and management of the elementary and secondary public schools in the County. School Board members are elected by the voters of the County for terms of four years. The School Board is fiscally dependent upon the County because the County Board of Supervisors provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The Board of Supervisors also approves all debt issuances of the School Board, which are general obligations of the County. The School Board does not issue separate financial statements.

C. Related Organizations

Fauquier County Water and Sanitation Authority -- The County created the Authority to provide water and sewer services to areas of the County.

Fauquier County Industrial Development Authority -- The County created the Authority to attract and provide financing for industries within the County.

These organizations are not included as component units because, although the Board of Supervisors appoints the board members, the County is neither financially accountable for nor can it impose its will on these Authorities.

D. Financial Statement Presentation

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. Each fund is a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses; and segregates funds according to their intended purpose. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The various funds are grouped in the financial statements as follows:

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

- **General Fund**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Presentation (continued)

- **Special Revenue Funds**
The Special Revenue Funds account for the proceeds of revenue sources that are legally restricted to expend for specific purposes, excluding expendable trusts and major capital projects. Special Revenue Funds consist of the Joint Dispatch Center, funded through a tax levied on the basis of telephone connections; and the Fire and Rescue Fund, funded through a dedicated portion of the real estate tax collections.
 - **Capital Projects Funds**
Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The Capital Projects Funds consist of the Capital Projects Fund for the County and Schools, and the Utility Projects Fund for general government utility projects.
2. **Proprietary Funds** account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position and cash flows. The Proprietary Funds consist of Enterprise and Internal Service Funds.
- **Enterprise Funds**
The Enterprise Funds account for those operations that are financed and operated in a manner similar to private business enterprises, or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Enterprise Funds of the County are the Solid Waste Fund, and the Airport Fund.
 - **Internal Service Funds**
The Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government. Internal Service Funds consist of the Fleet Maintenance Fund and the Health Insurance Fund.
3. **Fiduciary Funds** include the Trust and Agency Funds, which account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Expendable Trust, Pension Trust and Agency Funds.
- **Expendable Trust Funds**
The Expendable Trust Funds of the County are the Library Trust, Parks and Recreation Trust, and the Public and Private Trust.
 - **Pension Trust Fund**
The Pension Trust Fund is the Length of Service Award Program.
 - **Agency Funds**
The Agency Funds of the County are the Disability Service Board, Special Welfare, Revenue Maximization, Street Light, Service to Other Governmental Units, Performance Bond, and Detention Center.
4. **Account Groups** are used to establish accounting control over general fixed assets and general long-term liabilities. Long-term obligations and fixed assets related to proprietary funds are accounted for within the proprietary funds. A general fixed assets account group and a long-term debt account group are included herein.
5. **Combined/Combining Format**
- **Combined Financial Statements**
These statements are referred to as General Purpose Financial Statements and provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. All funds and account groups of a specific fund classification are combined and presented as one in the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Combined/Combining Format (continued)

For example, all funds classified as Fiduciary funds are combined and presented under the caption "Fiduciary Funds."

▪ **Combining Financial Statements**

These statements are presented by fund type, and display the individual financial statements for each fund of a given fund type. For example, the Fiduciary Funds Combining Balance Sheet presents the financial results of each individual trust and agency fund.

6. Budgetary Comparison Statements compare budget and actual data for all governmental funds for which budgets were adopted. These statements include the Combined and Combining Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual. A review of the budgetary comparisons presented herein will disclose how accurately the governing body was able to forecast the revenues and expenditures of the County.

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

E. Basis of Accounting

1. Governmental Funds

Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 60 days after year end are reflected as deferred revenues. Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the County. Licenses, permits, fines and rents are recorded as revenues when received.

Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies.

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

2. Proprietary Funds

The accrual basis of accounting is used for the Enterprise and Internal Service Funds. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred. The Financial Accounting Standards Board (FASB) and its predecessor organizations have issued accounting standards for activities in the private sector. The County's proprietary funds have elected not to apply those standards issued after November 30, 1989. These funds, however, have applied all applicable standards issued by the Governmental Accounting Standards Board (GASB).

3. Fiduciary Funds

As with governmental funds, expendable Trust and Agency funds use the modified accrual basis of accounting. As with Proprietary Funds, the Pension Trust Fund uses the accrual basis of accounting.

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

F. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted.
4. Appropriations place legal restrictions on expenditures at the department level. Expenditures may not exceed appropriations at the department level. Only the Board of Supervisors can revise the appropriation for each department. The Board of Supervisors has adopted a policy for processing changes to the adopted budget. The School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Projects Fund. Budgets are legally adopted for these funds and the School Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Except for the Capital Projects Fund, appropriations lapse on June 30, for all County units. Encumbrances outstanding at year end may be reappropriated by the Board of Supervisors. Appropriations for the Capital Projects Fund are rolled over to subsequent fiscal years.
8. All budget data presented in the accompanying financial statements is the revised budget for the year.

G. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$754,781 for property taxes at June 30, 2002.

H. Investments

Investments are stated at fair value. Values of shares in the state-sponsored Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP) reflect fair value. Certificates of deposit are recorded in the accompanying financial statements as cash and investments.

The Virginia LGIP and SNAP investments are regulated by the State Treasury Board. The fair value of the position in LGIP is the same as the value of the pool shares.

I. Cash and Cash Equivalents

For purposes of the Statement of Cash flows, the County's cash and cash equivalents include cash in banks, Local Government Investment Pool assets and short-term U.S. Government or U. S. Agency obligations with an original maturity of three months or less which are readily convertible to known amounts of cash.

J. Property, Plant and Equipment

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property, Plant and Equipment (continued)

estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain (“infrastructure”) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types has been provided over the estimated useful lives of those assets using the straight-line method as follows:

Structures	25 years
Equipment	3-20 years

Capital contributions used to acquire assets in proprietary funds are amortized over the useful life of the related assets.

K. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants from government agencies. Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund balances represent the County’s managerial plans for future use of financial resources.

L. Landfill Closure Costs

The County has accrued a liability for estimated landfill closure costs at the County landfill. These costs include both final closure costs and postclosure monitoring costs.

M. Bond Issuance Costs

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

N. Compensated Absences

In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund type vested accrued vacation and sick pay benefits is recorded in the General Long-Term Debt Account Group (GLTDAG), representing the County’s commitment to fund such costs from future operations. Proprietary fund types accrue vacation and sick leave benefits in the period they are earned.

O. Inventories

Inventories are valued at cost, which approximates market, using the first-in first-out method. These inventories consist primarily of parts held for consumption.

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

P. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects funds and in the Component Unit School Board funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Funds must be reappropriated in the ensuing fiscal year to provide for the payment of encumbrances that were unliquidated at the end of the previous year.

NOTE 2 -- CASH AND INVESTMENTS

Deposits -- At year-end the carrying value of the County's primary government deposits with banks and savings institutions was \$7,945,360, and the bank balances were \$10,546,018. Of the bank balances, \$429,520 covered by Federal depository insurance. The carrying amount of deposits for the School Board, a discretely presented component unit, was \$390,296, and the bank balances were \$407,329. Of the bank balance, \$407,329 was covered by Federal depository insurance. Bank balances in excess of federal insurance are protected under the provisions of the Virginia Security for Public Deposits Act ("the Act").

The Act provides for a pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for any one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Funds deposited in accordance with the requirements of the Act are considered fully secured and thus are not categorized below.

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) and Asian Development Bank, the African Development Bank, "Prime Quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the state Treasurer's Local Government Investment Pool (LGIP). Bond proceeds subject to arbitrage rebate are invested in the State Non-Arbitrage Program (Virginia SNAP) (See Note 1 H).

The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its safekeeping agent in the County's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's agent (if a broker/dealer) or trust department (if a bank) in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its agent or trust department or safekeeping agent but not in the County's name. The investments in the LGIP and SNAP are not categorized as to assumed risk because they are considered pooled investments in nature, and are not evidenced by securities that exist in physical or book-entry form.

The County's investments in the LGIP and SNAP are authorized by the Code of Virginia and are managed under the direction of the State Treasurer. The fair value in the external investment pool is the same as the value of the pool shares at June 30, 2002.

NOTE 2 -- CASH AND INVESTMENTS (CONTINUED)

Investments subject to categorization:

	1	Category 2	3	Carrying Amount	Fair Value
U.S. Treasury & Agencies	\$ 5,986,906	\$ -	\$ -	\$ 5,983,906	\$ 5,983,906
Corporate bonds & commercial paper	2,511,425	-	-	2,511,425	2,511,425
Repurchase Agreements	-	-	34,427,391	34,427,391	34,422,391
Total investments	<u>\$ 8,495,331</u>	<u>\$ -</u>	<u>\$ 34,427,391</u>	<u>\$ 42,922,722</u>	<u>\$ 42,922,722</u>

Investments not subject to categorization:

Assets in State Non-Arbitrage Program Investments Pool	17,908,046	17,908,046
Local Government Investment Pool	<u>10,873,863</u>	<u>10,873,863</u>
Total deposits and investments	<u>\$ 71,704,631</u>	<u>\$ 71,704,631</u>

A reconciliation of cash and investments shown on the Combined Balance Sheet for the primary government is as follows:

Cash and Cash Equivalents	\$ 7,671,624
Carrying amount of investments	71,704,631
Cash on hand	<u>1,000</u>
Total	<u>\$ 79,377,255</u>

At year end the Component Unit-School Board's cash and deposit balances were as follows:

Deposits	\$ 390,296
Cash on hand	<u>1,350</u>
Total cash and deposits	<u>\$ 391,646</u>

NOTE 3 -- PROPERTY TAXES RECEIVABLE

Real property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two equal installments on June 5 and December 5. Personal property is assessed at its value on January 1 or when it is acquired or brought into the County. Personal property taxes are due and payable October 5. The County bills and collects its own property taxes.

NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS

The following is a summary of amounts due from other governmental units at June 30, 2002.

	Primary Government	Component Units
Commonwealth of Virginia:		
State sales tax	\$ -	\$ 1,049,456
Local sales tax	847,629	-
Grants	1,938	554,626
Shared expenses	376,946	-
Welfare	422,252	-
Miscellaneous	3,407	-
Federal Government:		
Grants	25,690	614,466
Welfare	208,120	-
School lunch program	-	20,621
Airport	50,882	-
Total	\$ 1,936,864	\$ 2,239,169

NOTE 5 – INTERFUND OBLIGATIONS

The following is a summary of interfund obligations at June 30, 2002.

	Due From Primary Government	Due to Component Unit	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 5,697,772	\$ -	\$ -
School Fund	5,697,772	-	-	-
Landfill Fund	-	-	-	500,000
CIP Fund	-	-	500,000	-
Totals	\$ 5,697,772	\$ 5,697,772	\$ 500,000	\$ 500,000

NOTE 6 – FIXED ASSETS

General Government

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

	Balance June 30, 2001	Additions	Adjustments and Deletions	Balance June 30, 2002
Land	\$ 8,851,817	\$ 2,505,116	\$ 1,447,850	\$ 9,909,083
Buildings and improvements	11,470,125	2,889,808	-	14,359,933
Machinery and equipment	4,989,468	942,071	751,497	5,180,042
Data processing equipment	1,323,320	91,795	940,436	474,679
Construction in progress	1,431,950	1,164,628	-	2,596,578
Total General Fixed Assets	\$ 28,066,680	\$ 7,593,418	\$ 3,139,783	\$ 32,520,315

NOTE 6 -- FIXED ASSETS (CONTINUED)

Proprietary Funds

The following is a summary of changes in fixed assets of the proprietary funds during the fiscal year.

	Balance July 1, 2001	Additions	Adjustments and Deletions	Balance June 30, 2002
Airport Fund:				
Land	\$ 4,608,225	\$ 313,081	\$ -	\$ 4,921,306
Improvements	943,850	-	-	943,850
Construction in progress	26,666	487,288	-	513,954
Totals	\$ 5,578,741	\$ 800,369	-	\$ 6,379,110
Less accumulated depreciation	(195,392)	(27,471)	-	(222,863)
Net Fixed Assets	\$ 5,383,349	\$ 772,898	\$ -	\$ 6,156,247
Landfill Fund:				
Landfill site	\$ 1,637,136	\$ -	\$ -	\$ 1,637,136
Cell improvements	2,111,920	-	-	2,111,920
Equipment	287,286	191,444	65,970	412,760
Roads	750,000	104,306	-	854,306
Facilities	129,334	32,411	-	161,745
Construction in progress	832,362	66,603	-	898,965
Totals	\$ 5,748,038	\$ 394,764	\$ 65,970	\$ 6,076,832
Less accumulated depreciation	(464,655)	(194,910)	65,970	(593,595)
Net Fixed Assets	\$ 5,283,383	\$ 199,854	\$ -	\$ 5,483,237
Fleet Maintenance Fund:				
Buildings	\$ 349,000	\$ -	\$ -	\$ 349,000
Equipment	434,721	5,000	44,886	394,835
Totals	\$ 783,721	\$ 5,000	\$ 44,886	\$ 743,835
Less accumulated depreciation	(536,414)	(36,692)	39,886	(533,220)
Net Fixed Assets	\$ 247,307	\$ (31,692)	\$ 5,000	\$ 210,615
Total proprietary funds:				
Land	\$ 4,608,225	\$ 313,081	\$ -	\$ 4,921,306
Landfill site	1,637,136	-	-	1,637,136
Improvements	3,055,770	-	-	3,055,770
Equipment	722,007	196,444	110,856	807,595
Buildings	349,000	-	-	349,000
Roads	750,000	104,306	-	854,306
Facilities	129,334	32,411	-	161,745
Construction in progress	859,028	553,891	-	1,412,919
Totals	\$ 12,110,500	\$ 1,200,133	\$ 110,856	\$ 13,199,777
Less accumulated depreciation	(1,096,461)	(259,073)	105,856	(1,249,678)
Net Fixed Assets	\$ 11,004,159	\$ 941,060	\$ 5,000	\$ 11,950,099

NOTE 6 -- FIXED ASSETS (CONTINUED)

Component Unit School Board

The following is a summary of changes in the School Board component unit's general fixed assets account group during the fiscal year.

	Balance July 1, 2001	Additions	Adjustments and Deletions	Balance June 30, 2002
Land	\$ 4,204,136	\$ -	\$ 37,150	\$ 4,166,986
Buildings and improvements	80,083,473	-	1,349,600	78,733,873
Machinery and equipment	11,809,452	493,681	794,108	11,509,025
Data processing equipment	1,150,119	213,152	40,308	1,322,963
Construction in progress	11,006,611	4,145,273	-	15,151,884
Total	\$ 108,253,794	\$ 4,852,106	\$ 2,221,166	\$ 110,884,731

NOTE 7 -- CONTRIBUTED CAPITAL

The following are changes in capital contributed in the Airport Fund for the year ended June 30, 2002:

	Balance July 1, 2001	Additions	Balance June 30, 2002
County	\$ 787	\$ -	\$ 787
Federal	3,570,968	-	3,570,968
Commonwealth	542,130	-	542,130
Total	\$ 4,113,885	\$ -	\$ 4,113,885
Less accumulated amortization	(153,410)	(23,688)	(177,098)
Net	\$ 3,960,475	\$ (23,688)	\$ 3,936,787

The following are changes in capital contributed in the Fleet Maintenance Fund for the year ended June 30, 2002:

	Balance July 1, 2001	Additions	Balance June 30, 2002
County	\$ 224,893	\$ -	\$ 224,893
Total	\$ 224,893	\$ -	\$ 224,893

NOTE 8 -- BOND ISSUE COSTS

The Landfill incurred bond issue costs totaling \$161,371. The costs are being amortized over the life of the bonds. Amortization expense during the fiscal year ended June 30, 2002 totaled \$8,965 and accumulated amortization totals \$121,685 at year end.

The following table summarizes total bond issue costs with related amortization at June 30, 2002:

Total Bond Issue Costs	Amortization Years	Amortization Expense - Prior	Amortization Expense - Current	Net Book Value
\$ 161,371	\$ 18	\$ 112,721	\$ 8,965	\$ 39,685

NOTE 9 – LONG-TERM OBLIGATIONS

PRIMARY GOVERNMENT

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

Fiscal Year	Capital Leases		Revenue Bonds		Enterprise Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 684,717	\$ 359,024	\$ -	\$ 147,425	\$ 290,000	\$ 178,273
2004	783,245	388,548	115,000	147,425	305,000	163,192
2005	812,701	356,847	120,000	142,710	320,000	147,328
2006	843,132	323,861	125,000	137,790	335,000	129,747
2007	879,586	289,023	130,000	132,665	355,000	111,490
2008	445,000	257,859	135,000	127,010	375,000	91,875
2009	460,000	241,282	140,000	121,138	395,000	71,340
2010	485,000	217,823	145,000	115,048	415,000	49,615
2011	500,000	197,937	155,000	108,377	-	-
2012	525,000	176,812	160,000	101,248	-	-
2013	545,000	153,975	170,000	93,487	-	-
2014	575,000	126,180	175,000	85,242	-	-
2015	605,000	95,418	185,000	76,755	-	-
2016	635,000	63,050	195,000	67,320	-	-
2017	665,000	32,253	205,000	57,375	-	-
2018	-	-	215,000	46,920	-	-
2019	-	-	225,000	35,955	-	-
2020	-	-	235,000	24,480	-	-
2021	-	-	245,000	12,495	-	-
Totals	\$ <u>9,443,381</u>	\$ <u>3,279,892</u>	\$ <u>3,075,000</u>	\$ <u>1,780,865</u>	\$ <u>2,790,000</u>	\$ <u>942,860</u>

Changes in long-term obligations

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

	Balance July 1, 2001	Additions	Retirements	Balance June 30, 2002
General Long-term Debt:				
Capital Leases	\$ 2,395,454	\$ 7,400,000	\$ 352,073	\$ 9,443,381
Revenue Bonds	3,075,000	-	-	3,075,000
Compensated absences	2,458,248	-	32,560	2,425,688
Total General Long-term Debt.....	\$ <u>7,928,702</u>	\$ <u>7,400,000</u>	\$ <u>384,633</u>	\$ <u>14,944,069</u>
Enterprise Fund Debt:				
Solid Waste Bonds.....	\$ 3,065,000	\$ -	\$ 275,000	\$ 2,790,000
Total Enterprise Debt.....	\$ <u>3,065,000</u>	\$ <u>-</u>	\$ <u>275,000</u>	\$ <u>2,790,000</u>
Primary Government Totals.....	\$ <u>10,993,702</u>	\$ <u>7,400,000</u>	\$ <u>659,633</u>	\$ <u>17,734,069</u>

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

Details of Long-term Obligations

Amount Outstanding

General Long-term Debt

Capital Leases:

\$3,580,000 capital lease agreement for lease/purchase of office building located at 320 Hospital Hill Drive, Warrenton, due in semiannual installments, including interest, through February 1, 2007 with a taxable portion of \$530,000 at an interest rate of 6.65% and tax-exempt portion of \$3,050,000 at an interest rate of 4.95%

\$ 2,043,381

\$7,400,000 Public Safety Radio System 2002A, issued June 6, 2002, maturing annually beginning April 1, 2017, with interest payable semiannually at rates from 3.1% to 4.85%

7,400,000

Total Capital Leases

9,443,381

Revenue Bonds:

\$3,075,000 Sewer Revenue Bonds, Series of 2001, issued June 28, 2001, maturing annually beginning April 1, 2004 through April 1, 2021, with interest payable semiannually at rates from 4.1% to 5.1%

3,075,000

Compensated Absences Payable, General Government

2,425,688

Total General Long-term Debt

14,944,069

Enterprise Bonds

\$4,880,000 Solid Waste Disposal System Revenue Bonds, Series 1993A, issued November 1, 1993, maturing annually beginning May 1, 1994 through May 1, 2011, with interest payable semiannually at rates from 2.8% to 5.5%

2,790,000

Total Enterprise Long-term Debt

2,790,000

Total Primary Government Long-term Debt

\$ 17,734,069

Compensated absences are not included in the annual requirements to amortize long-term debt since it cannot be estimated when they will be paid.

NOTE 9 -- LONG-TERM OBLIGATIONS (CONTINUED)

COMPONENT UNIT SCHOOL BOARD

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

Fiscal Year	General Obligation Bonds	
	Principal	Interest
2003	\$ 3,800,000	\$ 2,376,495
2004	3,765,000	2,111,446
2005	3,715,000	1,901,769
2006	3,665,000	1,698,830
2007	3,630,000	1,495,705
2008	3,575,000	1,295,475
2009	3,495,000	1,093,651
2010	2,860,000	914,872
2011	2,490,000	775,421
2012	2,455,000	650,644
2013	2,145,000	536,451
2014	2,140,000	429,581
2015	1,350,000	340,292
2016	1,350,000	269,064
2017	1,345,000	197,832
2018	895,000	138,462
2019	720,000	95,420
2020	720,000	56,950
2021	545,000	27,017
2022	320,000	8,160
Totals	\$ <u>44,980,000</u>	\$ <u>16,413,537</u>

Changes in Long-term Obligations

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

	Balance July 1, 2001	Additions	Retirements	Balance June 30, 2002
General Long-term Debt:				
School Bonds.....	\$ 41,460,000	\$ 6,410,000	\$ 3,385,000	\$ 44,485,000
Proceeds from Refunding Bond.....	-	8,495,000	-	8,495,000
Payment to Refunded Bond Escrow Agent	-	-	8,000,000	(8,000,000)
Compensated absences.....	3,717,750	-	472,534	3,245,216
Total General Long-term Debt	\$ <u>45,177,750</u>	\$ <u>14,905,000</u>	\$ <u>11,857,534</u>	\$ <u>48,225,216</u>

NOTE 9 – LONG-TERM OBLIGATION (CONTINUED)

Details of Long-term Obligations

	<u>Amount Outstanding</u>
General Obligation Bonds	
\$16,000,000 General Obligation School Bonds, Series of 1993, issued June 10, 1993, maturing annually beginning July 15, 1994 through July 15, 2013, with interest payable semiannually at rates from 5.0% to 5.65%	\$ 1,600,000
\$12,985,000 Virginia Public School Authority Bonds, Series 1994A, issued December 15, 1993, maturing annually beginning December 15, 1994 through December 15, 2011, with interest payable semiannually at rates from 5.1% to 5.225%	11,430,000
\$9,000,000 Virginia Public School Authority Bonds 1996B, issued November 14, 1996 maturing annually beginning July 15, 1997 through July 15, 2017 with interest payable semiannually at rates from 5.1% to 5.225%	6,750,000
\$3,500,000 Virginia Public School Authority Bonds, Series 1997B, issued November 20, 1997, maturing annually beginning July 15, 1998 through July 15, 2017 with interest payable semiannually at rates from 4.35% to 5.35%	2,800,000
\$3,500,000 Virginia Public School Authority Bonds, Series 1999A, issued November 29, 1999, maturing annually beginning July 15, 2000 through July 15, 2019, with interest payable semiannually at rates from 5.10% to 6.10%	3,150,000
\$4,575,000 Virginia Public School Authority Bonds, Series 200B, issued November 16, 2000, maturing annually beginning July 15, 2001 through July 15, 2020, with interest Payable semiannually at rates from 4.85% to 5.60%	4,345,000
\$8,495,000 General Obligation School Bond, Series of 2001, issued July 24, 2001, maturing annually from July 15, 2002 through July 15, 2013, with interest payable at rates from 3.0% to 4.6%	8,495,000
\$6,410,000 Virginia Public School Authority Bonds, Series 2001C, issued November 15, 2001, maturing annually beginning July 15, 2021 with interest payable semiannually at rates from 4.85% to 5.60%	<u>6,410,000</u>
Total General Obligation Bonds	44,980,000
Compensated absences payable	<u>3,245,216</u>
Total Component Unit Long-term Obligations	\$ <u><u>48,225,216</u></u>

NOTE 10 -- CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES

The County's primary government has outstanding accrued leave payable totaling \$2,425,688 in the General Long-term Debt Account Group and \$22,740 in the Solid Waste Fund. The Component Unit--School Board has outstanding accrued leave payable totaling \$3,245,216.

NOTE 11 -- 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 a 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 1.7 percent of their average final salary (AFS) for each year of credited service. An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. Employees with 30 years or more of credited service are entitled to an annual benefit equal to 1.7 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 General Assembly. 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 the VRS. The County has assumed this 5% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's and School Board non-professional employer contribution rates for the fiscal year ended 2002 were 4.00% and 0.00% of annual covered payroll, respectively.

The School Board's professional employees contributed \$3,542,219, \$4,823,104, and \$3,271,018 to the teacher cost-sharing pool for the fiscal years ended June 30, 2002, 2001, and 2000, respectively and these contributions represented 9.24%, 12.54%, and 9.50%, respectively, of current covered payroll.

C. Annual Pension Cost

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

For 2002, the School Board's annual pension cost for non-professional employees of \$144,855 was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

	<u>County</u>	<u>Non-Professional School Board</u>
Valuation date	June 30, 2001	June 30, 2001
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	14 years	0 years
Asset valuation	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return	8%	8%
Projected salary increases - Non LEO	4.25% to 6.10%	4.25% to 6.10%
- LEO employees.	4.5% to 5.75%	4.5% to 5.75%
Cost of living adjustments	3%	3%
Inflation	3%	3%

D. Trend Information

County:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 1998	\$776,601	100%
June 30, 1999	\$661,893	100%
June 30, 2000	\$666,808	100%
June 30, 2001	\$789,685	100%
June 30, 2002	\$807,402	100%

School Board Non-professionals:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 1998	\$138,149	100%
June 30, 1999	\$167,027	100%
June 30, 2000	\$171,726	100%
June 30, 2001	\$201,191	100%
June 30, 2002	\$144,855	100%

E. Required Supplementary Information

Schedule of Funding Progress for the County

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
June 30, 1994	9,569,094	10,394,011	824,917	92.0%	7,539,849	10.9%
June 30, 1996	13,186,955	13,509,485	322,530	97.6%	8,844,461	3.6%
June 30, 1998	19,240,169	18,632,184	(607,985)	103.3%	10,886,392	(5.6%)
June 30, 1999	22,918,978	21,193,201	(1,725,777)	108.1%	10,913,383	(15.8%)
June 30, 2000	27,308,581	24,123,134	(3,185,447)	113.2%	12,130,332	(26.2%)
June 30, 2001	30,809,087	27,017,163	(3,791,904)	114.0%	14,868,120	(25.5%)

NOTE 11 -- DEFINED BENEFIT PENSION PLAN (CONTINUED)

Schedule of Funding Progress for the School Board Non-professionals

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
June 30, 1994	3,254,314	2,843,262	(411,052)	114.4%	2,797,702	(14.7%)
June 30, 1996	4,548,307	4,375,384	(172,923)	104.0%	3,147,563	(5.5%)
June 30, 1998	6,639,823	6,115,922	(523,901)	108.6%	3,224,461	(16.2%)
June 30, 1999	7,851,323	6,477,988	(1,373,335)	121.2%	3,315,179	(41.4%)
June 30, 2000	9,313,162	6,894,129	(2,419,033)	135.1%	3,498,981	(69.4%)
June 30, 2001	10,179,651	7,270,722	(1,908,929)	140.0%	2,697,582	(107.8%)

NOTE 12 -- LENGTH OF SERVICE AWARDS PROGRAM

A. Plan description and provisions:

On January 1, 1995 the Fauquier County Board of Supervisors adopted the length of service awards program for the Fauquier County Fire and Rescue Association and its member companies to recognize the service provided by the volunteers. This plan is single employer, defined benefit pension plan. This plan is open to any volunteer firefighter over the age of eighteen. No separate financial report is issued for the plan.

At June 30, 2002 the program membership consisted of the following:

Current Volunteers	286
Retirees, disabled members & beneficiaries	53
Terminated vested members	33

B. Funding policy:

This plan is offered to volunteer personnel with no covered payroll. Benefits are paid based on a fixed dollar amount for years of service with a ten year vesting schedule. Benefits accrue at the rate of \$10 per month for each two years of active service with a maximum of \$250 per month. Since the County fully funds the plan, refunds are not paid. The plan does not provide for postretirement increases. The contribution rate is determined using an entry age normal actuarial funding method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 5.5% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

The contributions to the plan for the fiscal year ended June 30, 2002 totaled \$430,300. The Program's funding policy provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At June 30 the plan had net assets available for benefits totaling \$1,704,355. Unfunded prior and past service costs total \$1,690,344 and will be fully amortized in 10 years. The plan additions fund the cost of administering the plan.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 1997	455,708	100%
June 30, 1998	471,953	100%
June 30, 1999	450,185	100%
June 30, 2000	437,684	100%
June 30, 2001	429,476	100%
June 30, 2002	430,300	100%

NOTE 12 -- LENGTH OF SERVICE AWARDS PROGRAM (CONTINUED)

Historical trend information about the program is presented below as required supplementary information. This information is intended to help users assess the program's funding status on an on-going basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other public employee retirement systems.

C. Schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liabilities	Funded Ratio
December 31, 1997	718,240	2,334,392	1,616,152	30.8%
December 31, 1998	1,044,776	2,367,901	1,323,125	44.1%
December 31, 1999	1,254,341	2,472,873	1,218,532	50.7%
December 31, 2000	1,411,479	2,496,242	1,084,763	56.5%
December 31, 2001	*	*	*	*

* The Actuarial data was not available at time of the printing of the Comprehensive Annual Financial Report.

Analysis of the dollar amounts of plan net assets, actuarial accrued liability and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the program's funding status on a going concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker.

NOTE 13 -- DEFERRED REVENUE

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$3,132,765 is comprised of the following:

A. Deferred Property Tax Revenue

Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$3,026,805 at June 30, 2002.

B. Prepaid Taxes

Property taxes due subsequent to June 30, 2002 but paid in advance by the taxpayers totaled \$105,960 at June 30, 2002.

NOTE 14 -- DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In compliance with revisions to section 457 of the Internal Revenue Code effective August 20, 1996, the assets are held for the exclusive benefit of County employees. Accordingly, assets and the resulting liabilities of the Deferred Compensation Plan are not recorded in the County's financial statements.

NOTE 15 -- CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County recognizes a portion of these costs in each operating period. The County will incur the estimated total closure cost of \$13,439,547 over the next twenty-five years. The County estimated all closure and postclosure costs at June 30, 2002 total \$3,520,503.

NOTE 15 – CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

All amounts recorded as a liability are estimates of all closure and postclosure costs at June 30, 2002.

Most of the closure and postclosure care costs will be paid only after the landfill is closed. The County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The liability reported as of June 30, 2002 is based on use of 13.3% of the total estimated capacity of the new landfill and 52.4% of the old landfill. The County expects to close the new landfill in 2055. Actual closure and postclosure care costs may be higher due to inflation.

If these estimates are inadequate or additional postclosure requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs will need to be paid by the county taxpayers.

NOTE 16 – ENTERPRISE SEGMENT INFORMATION

The County maintains two enterprise funds that are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of and for the year ended June 30, 2002 is presented below.

	Solid Waste	Airport	Total
Operating revenues	\$ 5,161,113	\$ 12,351	\$ 5,173,464
Depreciation expense	160,210	27,471	187,681
Operating income	1,960,833	(43,323)	1,917,510
Operating and capital grants	34,057	732,051	766,108
Operating transfers	58,508	52,209	110,717
Net income	1,907,705	779,238	2,686,943
Property, plant and equipment additions			
Additions	394,764	800,369	1,195,133
Deletions	(65,970)	-	(65,970)
Net working capital	1,561,646	128,256	1,689,902
Total assets	7,685,465	6,350,791	14,036,256
Bonds & other long-term debt	6,543,243	-	6,543,243
Total equity	541,325	6,284,503	6,825,828

NOTE 17 – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County and its component unit carry commercial insurance to cover all losses, including workers' compensation. During the year ended June 30, 2002 there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the County's coverage for any of the past three fiscal years.

Fauquier County, the Fauquier County School Board and the Fauquier County Water and Sanitation Authority established a consolidated health care benefits plan for their employees. The plan is based on a service contract with Trigon, which bills amounts derived from actual expenses incurred or claims filed. The plan includes a maximum liability amount of 25% over the annual estimate provided by Trigon. The participating agencies have established a reserve fund to cover the 25% potential liability.

Each participating agency is responsible for paying the amount of actual expense incurred. This plan went into effect October 1, 1994.

NOTE 17 – RISK MANAGEMENT (CONTINUED)

Liabilities for unpaid claims and claim adjustment expenses are estimated based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors.

Changes in the balances of claims liabilities during the year is as follows:

Unpaid claims, beginning of fiscal year	\$	<u>2002</u> 700,300	\$	<u>2001</u> 968,300
Incurred claims, (including IBNR' s)		7,751,500		6,441,175
Claim payments		<u>7,453,500</u>		<u>6,709,175</u>
Unpaid claims, end of fiscal year	\$	<u>998,300</u>	\$	<u>700,300</u>

NOTE 18 – SURETY BONDS

	<u>Amount</u>
Fidelity and Deposit Company of Maryland – Surety	
Gail Barb, Clerk of the Circuit Court	50,000
Beth Ledgerton, Treasurer	500,000
Ross D'Urso, Commissioner of the Revenue	3,000
Joseph Higgs, Jr., Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Clerk of the School Board	10,000
United States Fidelity and Guaranty Company – Surety	
All County employees except Treasurer, Sheriff, Clerk of Circuit Court and School Board employees	100,000

NOTE 19 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2002 contractual construction commitments in the Capital Projects fund totaled \$350,490 for the School Division.

Federal programs in which the County and School Board participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests that may result in disallowed expenses. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

NOTE 20 – SUBSEQUENT EVENTS

On July 17, 2002, the County borrowed \$1,700,000 in a lease purchase agreement with The Fauquier Bank. The funds are used to construct a library and the term of the borrowing is ten years.

On November 1, 2002, The Virginia Resource Authority refunding the 1993 revenue bond.

NOTE 21 – CLAIMS AND LITIGATION

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments and litigation. The estimated potential claims against the County resulting from such litigation should not materially affect the financial statements of the County.

NOTE 22 – COMMITMENTS UNDER NON-CAPITALIZED LEASES

The County leases the following property:

<u>Property</u>	<u>Annual Payments</u>
Ashby Street Office	\$ 12,600
Waterloo Street Parking Lot	7,000
Registrar's Office, John Marshall Building	27,552
Bealeton Library	31,895
Culpeper Street Office	12,000

All leases are subject to annual appropriation of rental payments.

NOTE 23 – SUPPLEMENTAL APPROPRIATIONS

During the course of the year the Board of Supervisors enacted supplemental appropriations, primarily to authorize expenditures from grants received during the year, to re-appropriate unexpended funds from the prior year and to fund certain capital projects. The effect of these appropriations was an increase in the budget in the amount of \$5,063,136.

NOTE 24 – ADVANCE REFUNDING

On July 15, 2001, the County issued \$8.495 million in General Obligation Bonds with an average interest rate of 4.25% to advance refund \$8.0 million of outstanding 1993 series bonds with an average interest rate of 5.5%. The net proceeds of \$8.495 million (after payment of approximately \$122,000 in underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 series bonds, and to call the bonds on July 15, 2003. As a result, the 1993 series bonds are considered to be defeased and the liability for those bonds have been removed from the general long-term debt account group of the school board component unit. The refunding proceeds have been allocated to the school board component unit in the amount of \$8.495 million.

The County advance refunded the 1993 series bonds to reduce its total debt service payments over the next 11 years by approximately \$266,000, and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$212,674.

NOTE 25 – NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) has issued statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, which establishes specific standards for basic financial statements, management's discussion and analysis (MD&A) and certain supplementary information other than MD&A. This statement will become effective for the County in fiscal year 2003. Management is continuing to review the impact this statement will have on the financial statements. Entity wide statements are included as Tables 13 and 14 in the Statistical Section.



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COMBINING FINANCIAL STATEMENTS



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SPECIAL REVENUE FUNDS

Joint Dispatch Fund - This fund is used to account for the E911 telephone tax receipts and other emergency technology grants received from the State. These funds are specifically restricted to the operation and maintenance of E911 systems.

Fire and Rescue Fund - This fund is used to account for the tax levy set by the Fauquier County Board of Supervisors, which is restricted to operation and maintenance of fire and rescue activities.

SPECIAL REVENUE FUNDS

Combining Balance Sheet

At June 30, 2002

	<u>Joint Dispatch Fund</u>	<u>Fire and Rescue Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 108,252	\$ 779,537	\$ 887,789
Accounts receivable (net of allowances for uncollectibles)	<u>142,943</u>	<u>89,190</u>	<u>232,133</u>
 Total assets	 \$ <u>251,195</u>	 \$ <u>868,727</u>	 \$ <u>1,119,922</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 39,579	\$ 33,288	\$ 72,867
Accrued liabilities	<u>10,839</u>	<u>7,852</u>	<u>18,691</u>
 Total liabilities	 <u>50,418</u>	 <u>41,140</u>	 <u>91,558</u>
 <u>EQUITY</u>			
Fund balances:			
Reserved	125,354	-	125,354
Unreserved:			
Undesignated	<u>75,423</u>	<u>827,587</u>	<u>903,010</u>
 Total equity	 <u>200,777</u>	 <u>827,587</u>	 <u>1,028,364</u>
 Total liabilities and equity	 \$ <u>251,195</u>	 \$ <u>868,727</u>	 \$ <u>1,119,922</u>

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30, 2002

	Joint Dispatch Fund	Fire and Rescue Fund	Totals
Revenues:			
General property taxes	\$ -	\$ 3,318,868	\$ 3,318,868
Other local taxes	843,080	-	843,080
Recovered costs	-	2,209	2,209
Intergovernmental:			
Commonwealth of Virginia	90,644	91,983	182,627
Total revenues	933,724	3,413,060	4,346,784
Expenditures:			
Public safety	1,061,007	3,072,147	4,133,154
Excess (deficiency) of revenues over expenditures	(127,283)	340,913	213,630
Other financing sources (uses):			
Operating transfers in	121,626	6,741	128,367
Operating transfers out (uses)	(32,176)	-	(32,176)
Total other financing sources (uses)	89,450	6,741	96,191
Excess (deficiency) of revenues & other sources over expenditures & other uses	(37,833)	347,654	309,821
Fund balances at beginning of year	238,610	479,933	718,543
Fund balances at end of year	\$ 200,777	\$ 827,587	\$ 1,028,364

COUNTY OF FAUQUIER, VIRGINIA

SPECIAL REVENUE FUNDS

Combining Statement of Revenues, Expenditures and Changes

In Fund Balances – Budget and Actual

Fiscal Year Ended June 30, 2002

	Joint Dispatch Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Revenues:			
General property taxes	\$ -	\$ -	\$ -
Other local taxes	875,840	843,080	(32,760)
Recovered costs	-	-	-
Intergovernmental:			
Commonwealth of Virginia	5,132	90,644	85,512
Total revenues	<u>880,972</u>	<u>933,724</u>	<u>52,752</u>
Expenditures:			
Current:			
Public safety	1,130,272	1,061,007	69,265
Excess (deficiency) of revenues over expenditures	<u>(249,300)</u>	<u>(127,283)</u>	<u>122,017</u>
Other financing sources (uses):			
Operating transfers in	121,626	121,626	-
Operating transfers out (uses)	(32,176)	(32,176)	-
Total other financing sources (uses)	<u>89,450</u>	<u>89,450</u>	<u>-</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	<u>(159,850)</u>	<u>(37,833)</u>	<u>122,017</u>
Fund balances at beginning of year	<u>159,850</u>	<u>238,610</u>	<u>78,760</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 200,777</u>	<u>\$ 200,777</u>

Fire and Rescue Fund			Totals		
Budget	Actual	Variance Favorable (Unfavor.)	Budget	Actual	Variance Favorable (Unfavor.)
\$ 2,762,807	\$ 3,318,868	\$ 556,061	\$ 2,762,807	\$ 3,318,868	\$ 556,061
-	-	-	875,840	843,080	(32,760)
3,000	2,209	(791)	3,000	2,209	(791)
81,945	91,983	10,038	87,077	182,627	95,550
<u>2,847,752</u>	<u>3,413,060</u>	<u>565,308</u>	<u>3,728,724</u>	<u>4,346,784</u>	<u>618,060</u>
3,327,087	3,072,147	254,940	4,457,359	4,133,154	324,205
<u>(479,335)</u>	<u>340,913</u>	<u>820,248</u>	<u>(728,635)</u>	<u>213,630</u>	<u>942,265</u>
6,741	6,741	-	128,367	128,367	-
-	-	-	<u>(32,176)</u>	<u>(32,176)</u>	-
<u>6,741</u>	<u>6,741</u>	-	<u>96,191</u>	<u>96,191</u>	-
(472,594)	347,654	820,248	(632,444)	309,821	942,265
<u>472,594</u>	<u>479,933</u>	<u>7,339</u>	<u>632,444</u>	<u>718,543</u>	<u>86,099</u>
<u>\$ -</u>	<u>\$ 827,587</u>	<u>\$ 827,587</u>	<u>\$ -</u>	<u>\$ 1,028,364</u>	<u>\$ 1,028,364</u>



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CAPITAL PROJECTS FUNDS

Capital Projects Fund – This fund is used to account for the financing and construction of major capital projects of the general government and component unit schools. General government utility projects are not included in this fund.

Utility Projects Fund – This fund is used to account for the activities of general government water and/or sewer projects.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit B-1

CAPITAL PROJECTS FUNDS
Combining Balance Sheet
At June 30, 2002

	<u>Capital Projects Fund</u>	<u>Utility Projects Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 40,018,932	\$ 6,530,895	\$ 46,549,827
Accounts receivable (net of allowances for uncollectibles)	73,158	-	73,158
Interfund receivable	500,000	-	500,000
Security deposits	<u>2,080</u>	<u>-</u>	<u>2,080</u>
Total assets	<u>\$ 40,594,170</u>	<u>\$ 6,530,895</u>	<u>\$ 47,125,065</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 597,783	\$ 9,250	\$ 607,033
Other liabilities	116,560	-	116,560
Retainage payable	<u>241,315</u>	<u>-</u>	<u>241,315</u>
Total liabilities	<u>955,658</u>	<u>9,250</u>	<u>964,908</u>
<u>EQUITY</u>			
Fund balances:			
Reserved	<u>39,638,512</u>	<u>6,521,645</u>	<u>46,160,157</u>
Total equity	<u>39,638,512</u>	<u>6,521,645</u>	<u>46,160,157</u>
Total liabilities and equity	<u>\$ 40,594,170</u>	<u>\$ 6,530,895</u>	<u>\$ 47,125,065</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit B-2

CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Fiscal Year Ended June 30, 2002

	<u>Capital Projects Fund</u>	<u>Utility Projects Fund</u>	<u>Totals</u>
Revenues:			
Revenue from use of money and property	\$ 12,048	\$ 75,822	\$ 87,870
Charges for services	101,363	-	101,363
Miscellaneous	10,000,350	-	10,000,350
Recovered costs	321,533	-	321,533
Intergovernmental:			
Federal	<u>30,716</u>	<u>-</u>	<u>30,716</u>
Total revenues	10,466,010	75,822	10,541,832
Expenditures:			
General government administration	1,395,897	-	1,395,897
Public safety	621,464	-	621,464
Public works	1,046,413	725,620	1,772,033
Education	6,955,229	-	6,955,229
Parks, recreation, and cultural	1,244,153	-	1,244,153
Community development	<u>41,894</u>	<u>-</u>	<u>41,894</u>
Total expenditures	<u>11,305,050</u>	<u>725,620</u>	<u>12,030,670</u>
Excess (deficiency) of revenues over expenditures	<u>(839,040)</u>	<u>(649,798)</u>	<u>(1,488,838)</u>
Other financing sources (uses):			
Operating transfers in	6,421,331	20,000	6,441,331
Operating transfers in - primary government	9,434,199	-	9,434,199
Operating transfers out (uses)	(20,000)	-	(20,000)
Proceeds from indebtedness	<u>7,633,998</u>	<u>-</u>	<u>7,633,998</u>
Total other financing sources (uses)	<u>23,469,528</u>	<u>20,000</u>	<u>23,489,528</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	22,630,488	(629,798)	22,000,690
Fund balances at beginning of year	<u>17,008,024</u>	<u>7,151,443</u>	<u>24,159,467</u>
Fund balances at end of year	<u>\$ 39,638,512</u>	<u>\$ 6,521,645</u>	<u>\$ 46,160,157</u>



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ENTERPRISE FUNDS

Solid Waste Fund – This fund is used to account for the activities of the Solid Waste Disposal Facility. All activities necessary to provide these services are included in the fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Airport Fund – This fund is used to account for the activities of the Warrenton-Fauquier County Airport.

ENTERPRISE FUNDS
Combining Balance Sheet
At June 30, 2002

	<u>Solid Waste</u> <u>Fund</u>	<u>Airport</u> <u>Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 1,490,066	\$ 137,791	\$ 1,627,857
Accounts receivable (net of allowances for uncollectibles)	599,977	5,871	605,848
Due from other governmental units	-	50,882	50,882
Prepays	72,500	-	72,500
Total current assets	<u>2,162,543</u>	<u>194,544</u>	<u>2,357,087</u>
Fixed assets:			
Fixed assets (net of accumulated depreciation)	<u>5,483,237</u>	<u>6,156,247</u>	<u>11,639,484</u>
Total fixed assets	<u>5,483,237</u>	<u>6,156,247</u>	<u>11,639,484</u>
Other assets:			
Bond issue costs (net of accumulated amortization)	<u>39,685</u>	<u>-</u>	<u>39,685</u>
Total assets	<u>\$ 7,685,465</u>	<u>\$ 6,350,791</u>	<u>\$ 14,036,256</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 303,316	\$ 59,443	\$ 362,759
Accrued liabilities	7,581	6,845	14,426
Current liabilities payable from restricted assets:			
Revenue bonds payable	<u>290,000</u>	<u>-</u>	<u>290,000</u>
Total current liabilities	<u>600,897</u>	<u>66,288</u>	<u>667,185</u>
Noncurrent liabilities:			
Revenue bonds payable	2,500,000	-	2,500,000
Landfill closure and postclosure costs	3,520,503	-	3,520,503
Due to other funds	500,000	-	500,000
Compensated absences	<u>22,740</u>	<u>-</u>	<u>22,740</u>
Total noncurrent liabilities	<u>6,543,243</u>	<u>-</u>	<u>6,543,243</u>
Total liabilities	<u>7,144,140</u>	<u>66,288</u>	<u>7,210,428</u>
<u>EQUITY AND OTHER CREDITS</u>			
Contributed capital:			
Commonwealth	-	542,130	542,130
Federal	-	3,570,968	3,570,968
General government	-	787	787
Less: accumulated amortization	<u>-</u>	<u>(177,098)</u>	<u>(177,098)</u>
Total contributed capital	<u>-</u>	<u>3,936,787</u>	<u>3,936,787</u>
Retained earnings	<u>541,325</u>	<u>2,347,716</u>	<u>2,889,041</u>
Total equity and other credits	<u>541,325</u>	<u>6,284,503</u>	<u>6,825,828</u>
Total liabilities, equity and other credits	<u>\$ 7,685,465</u>	<u>\$ 6,350,791</u>	<u>\$ 14,036,256</u>

ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Fiscal Year Ended June 30, 2002

	Solid Waste Fund	Airport Fund	Totals
Operating revenues:			
Charges for services	\$ 4,969,042	\$ -	\$ 4,969,042
Recycling program	162,546	-	162,546
Miscellaneous	29,525	12,351	41,876
Total operating revenues	<u>5,161,113</u>	<u>12,351</u>	<u>5,173,464</u>
Operating expenses:			
Container operations	64,811	-	64,811
Landfill operations	1,620,584	-	1,620,584
Contractual services	22,682	-	22,682
Recycling	246,697	-	246,697
Closure and postclosure cost	118,002	-	118,002
Construction and demolition	967,294	-	967,294
Airport operation and maintenance	-	28,203	28,203
Depreciation	160,210	27,471	187,681
Total operating expenses	<u>3,200,280</u>	<u>55,674</u>	<u>3,255,954</u>
Operating income (loss)	<u>1,960,833</u>	<u>(43,323)</u>	<u>1,917,510</u>
Nonoperating revenues (expenses):			
Interest income	35	3,072	3,107
Interest income - bonds	25,238	-	25,238
Rental income	-	35,228	35,228
Operating grants - Commonwealth	34,057	-	34,057
Capital grant - Commonwealth	-	76,171	76,171
Capital grants - Federal	-	655,880	655,880
Bond issuance cost amortization	(8,965)	-	(8,965)
Interest expense	(162,001)	-	(162,001)
Total nonoperating revenues (expenses)	<u>(111,636)</u>	<u>770,351</u>	<u>658,715</u>
Income before operating transfers	<u>1,849,197</u>	<u>727,028</u>	<u>2,576,225</u>
Operating transfers:			
Operating transfers in	<u>58,508</u>	<u>52,210</u>	<u>110,718</u>
Total operating transfers	<u>58,508</u>	<u>52,210</u>	<u>110,718</u>
Net income	<u>\$ 1,907,705</u>	<u>\$ 779,238</u>	<u>\$ 2,686,943</u>
Add depreciation on fixed assets acquired by contributions from others	<u>-</u>	<u>23,688</u>	<u>23,688</u>
Increase in retained earnings	<u>\$ 1,907,705</u>	<u>\$ 802,926</u>	<u>\$ 2,710,631</u>
Retained earnings at beginning of year	<u>(1,366,380)</u>	<u>1,544,790</u>	<u>178,410</u>
Retained earnings at end of year	<u>\$ 541,325</u>	<u>\$ 2,347,716</u>	<u>\$ 2,889,041</u>

ENTERPRISE FUNDS
Combining Statement of Cash Flows
Fiscal Year Ended June 30, 2002

	<u>Solid Waste Fund</u>	<u>Airport Fund</u>	<u>Totals</u>
Cash Flows From Operating Activities:			
Operating income (loss)	\$ 1,960,833	\$ (43,323)	\$ 1,917,510
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	160,210	27,471	187,681
Changes in operating assets and liabilities:			
Decrease in receivables	(276,383)	(17,718)	(294,101)
Increase in prepaid	(3,750)	-	(3,750)
Increase in payables	266,803	64,382	331,185
Net cash provided by operating activities	<u>2,107,713</u>	<u>30,812</u>	<u>2,138,525</u>
Cash Flows from Noncapital Financing Activities:			
Operating grants - Commonwealth	34,057	-	34,057
Operating transfers in	58,508	52,210	110,718
Net cash provided by noncapital financing activities	<u>92,565</u>	<u>52,210</u>	<u>144,775</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(360,063)	(800,369)	(1,160,432)
Capital grant - Commonwealth	-	76,171	76,171
Capital grants - Federal	-	655,880	655,880
Interest expense	(162,001)	-	(162,001)
Principal paid on revenue bonds	(275,000)	-	(275,000)
Principal paid on note payable	(250,000)	-	(250,000)
Increase of accrued landfill closure costs	91,000	-	91,000
Net cash provided by (used in) capital and related financing activities	<u>(956,064)</u>	<u>(68,318)</u>	<u>(1,024,382)</u>
Cash Flows From Investing Activities:			
Rental income	-	35,228	35,228
Interest income	25,273	3,072	28,345
Net cash provided by investing activities	<u>25,273</u>	<u>38,300</u>	<u>63,573</u>
Increase in cash and cash equivalents	1,269,487	53,004	1,322,491
Cash and cash equivalents at beginning of year	<u>220,579</u>	<u>84,787</u>	<u>305,366</u>
Cash and cash equivalents at end of year	<u>\$ 1,490,066</u>	<u>\$ 137,791</u>	<u>\$ 1,627,857</u>

INTERNAL SERVICE FUNDS

Fleet Maintenance Fund - This fund is used to account for the operation and maintenance of the County's fleet of motor vehicles and equipment. Revenue is received from the user departments and agencies to cover the cost of operations and capital replacement.

Health Insurance Fund - This fund is used to account for the County and Schools self-insured health benefit program. Revenues include receipts from the County and Schools and from the employee's share of the cost for health insurance. Payments are made from this fund to cover the services provided and costs to administer the program.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit D-1

INTERNAL SERVICE FUNDS
 Combining Balance Sheet
 At June 30, 2002

	<u>Fleet Maintenance</u> <u>Fund</u>	<u>Health Insurance</u> <u>Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 27,239	\$ 4,150,207	\$ 4,177,446
Cash in the custody others	250	-	250
Receivables (Net of allowances for uncollectibles):			
Accounts	30,650	219,501	250,151
Inventory	104,058	-	104,058
Prepays	56	-	56
Total current assets	<u>162,253</u>	<u>4,369,708</u>	<u>4,531,961</u>
Fixed assets:			
Fixed assets (Net of accumulated depreciation)	<u>210,615</u>	<u>-</u>	<u>210,615</u>
Total fixed assets	<u>210,615</u>	<u>-</u>	<u>210,615</u>
Total assets	<u>\$ 372,868</u>	<u>\$ 4,369,708</u>	<u>\$ 4,742,576</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 47,056	\$ 225,889	\$ 272,945
Accrued liabilities	70	998,300	998,370
Compensated absences	<u>64,462</u>	<u>-</u>	<u>64,462</u>
Total current liabilities	<u>111,588</u>	<u>1,224,189</u>	<u>1,335,777</u>
Total liabilities	<u>111,588</u>	<u>1,224,189</u>	<u>1,335,777</u>
<u>EQUITY</u>			
Contributed capital:			
General government	<u>224,893</u>	<u>-</u>	<u>224,893</u>
Retained earnings	<u>36,387</u>	<u>3,145,519</u>	<u>3,181,906</u>
Total equity	<u>261,280</u>	<u>3,145,519</u>	<u>3,406,799</u>
Total liabilities and equity	<u>\$ 372,868</u>	<u>\$ 4,369,708</u>	<u>\$ 4,742,576</u>

COUNTY OF FAUQUIER, VIRGINIA

Exhibit D-2

INTERNAL SERVICE FUNDS

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

Fiscal Year Ended June 30, 2002

	<u>Fleet Maintenance</u> <u>Fund</u>	<u>Health Insurance</u> <u>Fund</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$ 1,513,318	\$ 8,732,484	\$ 10,245,802
Miscellaneous	-	196	196
Total operating revenues	<u>1,513,318</u>	<u>8,732,680</u>	<u>10,245,998</u>
Operating expenses:			
Operation and maintenance	1,552,560	-	1,552,560
Health and medical cost	-	7,751,500	7,751,500
Depreciation	36,692	-	36,692
Total operating expenses	<u>1,589,252</u>	<u>7,751,500</u>	<u>9,340,752</u>
Operating income (loss)	<u>(75,934)</u>	<u>981,180</u>	<u>905,246</u>
Nonoperating revenues:			
Interest income	-	55,590	55,590
Total nonoperating revenues	<u>-</u>	<u>55,590</u>	<u>55,590</u>
Income (loss) before operating transfers	<u>(75,934)</u>	<u>1,036,770</u>	<u>960,836</u>
Operating transfers:			
Operating transfers in	6,618	-	6,618
Total operating transfers	<u>6,618</u>	<u>-</u>	<u>6,618</u>
Net income (loss)	<u>(69,316)</u>	<u>1,036,770</u>	<u>967,454</u>
Increase (decrease) in retained earnings	(69,316)	1,036,770	967,454
Retained earnings at beginning of year	<u>105,703</u>	<u>2,108,749</u>	<u>2,214,452</u>
Retained earnings at end of year	<u>\$ 36,387</u>	<u>\$ 3,145,519</u>	<u>\$ 3,181,906</u>

INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
Fiscal Year Ended June 30, 2002

	<u>Fleet Maintenance</u> <u>Fund</u>	<u>Health Insurance</u> <u>Fund</u>	<u>Totals</u>
Cash Flows From Operating Activities:			
Operating income (loss)	\$ (75,934)	\$ 981,180	\$ 905,246
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	36,692	-	36,692
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(18,218)	282,343	264,125
Decrease in inventory	47,703	-	47,703
Increase in prepaids	(56)	-	(56)
Increase in payables	2,328	484,515	486,843
Net cash provided (used) by operating activities	<u>(7,485)</u>	<u>1,748,038</u>	<u>1,740,553</u>
Cash Flows from Noncapital Financing Activities:			
Operating transfers in	<u>6,618</u>	<u>-</u>	<u>6,618</u>
Net cash provided by noncapital financing activities	<u>6,618</u>	<u>-</u>	<u>6,618</u>
Cash Flows From Investing Activities:			
Interest income	<u>-</u>	<u>55,590</u>	<u>55,590</u>
Net cash provided by investing activities	<u>-</u>	<u>55,590</u>	<u>55,590</u>
Increase (decrease) in cash and cash equivalents	(867)	1,803,628	1,802,761
Cash and cash equivalents at beginning of year	<u>28,106</u>	<u>2,346,579</u>	<u>2,374,685</u>
Cash and cash equivalents at end of year	<u>\$ 27,239</u>	<u>\$ 4,150,207</u>	<u>\$ 4,177,446</u>

TRUST AND AGENCY FUNDS

Expendable Trust Funds:

Library Trust Fund is used to account for donations that are received for the library, and restricts the use of those donations to providing books and equipment for the various libraries in the County.

Parks and Recreation Trust Fund is used to restrict amounts received from admission to Crockett Park for special parks and recreation expenditures as approved by the Parks and Recreation Advisory Board.

Public and Private Trust Fund is used to restrict donations received from private individuals as well as public contributions towards the construction of an auditorium at Cedar Lee Middle School.

Pension Trust:

Length of Service Award Program is used to provide a retirement means for volunteer fire and rescue personnel.

Agency Funds:

Disability Service Board Fund is used to account for donations that are received and restricts these donations to use by the Board.

Special Welfare Fund is used to account for the receipt and disbursement of monies for the benefit of children in foster care, needy senior citizens, and special welfare recipients. Funds are received from other governments and from individuals.

Revenue Maximization Fund is used to account for State pass-thru monies received from the federal government in support of qualifying programs. The funds received are restricted for use in providing additional services for at-risk youth and healthy family programs.

Service to Other Governmental Units is used to account for monies received and disbursed for Authorities within the County.

Performance Bond Fund is used to account for monies held by the County as security for construction contracts. Funds are released upon successful completion of the contracts.

Street Light Fund is used to account for a dedicated portion of real estate taxes to cover street lights in unincorporated areas.

The Detention Center Fund is used to account for amounts held for the benefit of inmates while they are in the Sheriff's custody.

COUNTY OF FAUQUIER, VIRGINIA

**FIDUCIARY FUNDS
Combining Balance Sheet
At June 30, 2002**

	<u>Expendable Trust Funds</u>			<u>Pension Trust</u>	<u>Disability Service Board Fund</u>
	<u>Library Trust Fund</u>	<u>Parks and Recreation Trust Fund</u>	<u>Public and Private Trust Fund</u>	<u>Length of Service Award</u>	
<u>ASSETS</u>					
Assets and investment:					
Cash and investments	\$ 61,804	\$ 131,154	\$ -	\$ -	\$ 200
Cash in custody of others	-	-	26,309	1,704,355	-
Accounts receivables	-	21	-	-	-
Total assets	\$ 61,804	\$ 131,175	\$ 26,309	\$ 1,704,355	\$ 200
<u>LIABILITIES</u>					
Accounts payable	\$ 6,801	\$ -	\$ -	\$ -	\$ -
Amount held for clients/others	-	-	-	-	200
Performance bonds payable	-	-	-	-	-
Amounts held for prisoners	-	-	-	-	-
Total liabilities	6,801	-	-	-	200
<u>EQUITY</u>					
Fund balances:					
Reserved:					
Reserved for employee benefits	-	-	-	1,704,355	-
Unreserved:					
Designated for subsequent expenditure	55,003	131,175	26,309	-	-
Total equity	55,003	131,175	26,309	1,704,355	-
Total liabilities and equity	\$ 61,804	\$ 131,175	\$ 26,309	\$ 1,704,355	\$ 200

Agency Funds						
Special Welfare Fund	Revenue Maximization Fund	Service to Other Governmental Units Fund	Performance Bond Fund	Street Light Fund	Detention Center Fund	Totals
\$ 25,774	\$ 9,326	\$ (133,973)	\$ 546,229	\$ 8,796	\$ -	\$ 649,310
-	-	-	-	-	97,551	1,828,215
-	-	184,155	-	170	-	184,346
<u>\$ 25,774</u>	<u>\$ 9,326</u>	<u>\$ 50,182</u>	<u>\$ 546,229</u>	<u>\$ 8,966</u>	<u>\$ 97,551</u>	<u>\$ 2,661,871</u>
\$ -	\$ -	\$ 11,817	\$ -	\$ 359	\$ -	\$ 18,977
25,774	9,326	38,365	-	8,607	-	82,272
-	-	-	546,229	-	-	546,229
-	-	-	-	-	97,551	97,551
<u>25,774</u>	<u>9,326</u>	<u>50,182</u>	<u>546,229</u>	<u>8,966</u>	<u>97,551</u>	<u>745,029</u>
-	-	-	-	-	-	1,704,355
-	-	-	-	-	-	212,487
-	-	-	-	-	-	1,916,842
<u>\$ 25,774</u>	<u>\$ 9,326</u>	<u>\$ 50,182</u>	<u>\$ 546,229</u>	<u>\$ 8,966</u>	<u>\$ 97,551</u>	<u>\$ 2,661,871</u>

EXPENDABLE TRUST FUNDS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30, 2002

	Library Trust Fund	Park and Recreation Trust Fund	Public and Private Trust Fund	Totals
Revenues:				
Revenue from use of money and property	\$ 1,410	\$ 3,315	\$ 112	\$ 4,837
Miscellaneous revenues	<u>3,005</u>	<u>43,074</u>	<u>25,922</u>	<u>72,001</u>
Total revenues	<u>4,415</u>	<u>46,389</u>	<u>26,034</u>	<u>76,838</u>
Expenditures:				
Operating expenditures	<u>10,791</u>	<u>45,895</u>	<u>17,234</u>	<u>73,920</u>
Excess (deficiency) of revenues over expenditures	<u>(6,376)</u>	<u>494</u>	<u>8,800</u>	<u>2,918</u>
Other financing sources(uses):				
Operating transfers out	<u>-</u>	<u>(8,527)</u>	<u>-</u>	<u>(8,527)</u>
Total operating transfers	<u>-</u>	<u>(8,527)</u>	<u>-</u>	<u>(8,527)</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	<u>(6,376)</u>	<u>(8,033)</u>	<u>8,800</u>	<u>(5,609)</u>
Fund balances at beginning of year	<u>61,379</u>	<u>139,208</u>	<u>17,509</u>	<u>218,096</u>
Fund balances at end of year	<u>\$ 55,003</u>	<u>\$ 131,175</u>	<u>\$ 26,309</u>	<u>\$ 212,487</u>

AGENCY FUNDS

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Disability Service Board Fund:				
Assets:				
Cash and investments	\$ 200	\$ -	\$ -	\$ 200
Liabilities:				
Amounts held for social service clients	\$ 200	\$ -	\$ -	\$ 200
Special Welfare Fund:				
Assets:				
Cash and investments	\$ 35,307	\$ 101,978	\$ 111,511	\$ 25,774
Liabilities:				
Amounts held for social service clients	\$ 35,307	\$ 101,978	\$ 111,511	\$ 25,774
Revenue Maximization Fund:				
Assets:				
Cash and investments	\$ 61,887	\$ 7,439	\$ 60,000	\$ 9,326
Liabilities:				
Amounts held for subsequent expense	\$ 61,887	\$ 7,439	\$ 60,000	\$ 9,326
Service to Other Governmental Units:				
Assets:				
Cash and investments	\$ (44,140)	\$ 865,557	\$ 955,390	\$ (133,973)
Accounts receivable	96,556	184,155	96,556	184,155
Total	\$ 52,416	\$ 1,049,712	\$ 1,051,946	\$ 50,182
Liabilities:				
Accounts payable	\$ 17,351	\$ 11,817	\$ 17,351	\$ 11,817
Amounts held for subsequent expense	35,065	38,365	35,065	38,365
Total	\$ 52,416	\$ 50,182	\$ 52,416	\$ 50,182
Performance Bond Fund:				
Assets:				
Cash and investments	\$ 192,130	\$ 435,272	81,173	\$ 546,229
Liabilities:				
Performance bonds payable	\$ 192,130	\$ 435,272	\$ 81,173	\$ 546,229
Street Lights Fund				
Assets:				
Cash and investments	\$ -	\$ 9,011	\$ 215	\$ 8,796
Accounts receivable	-	170	-	170
	-	9,181	215	8,966
Liabilities:				
Accounts payable	\$ -	\$ 359	\$ -	\$ 359
Amounts held for subsequent expense	-	8,607	-	8,607
Total	\$ -	\$ 8,966	\$ -	\$ 8,966

AGENCY FUNDS

Combining Statement of Changes in Assets and Liabilities

Fiscal Year Ended June 30, 2002 (continued)

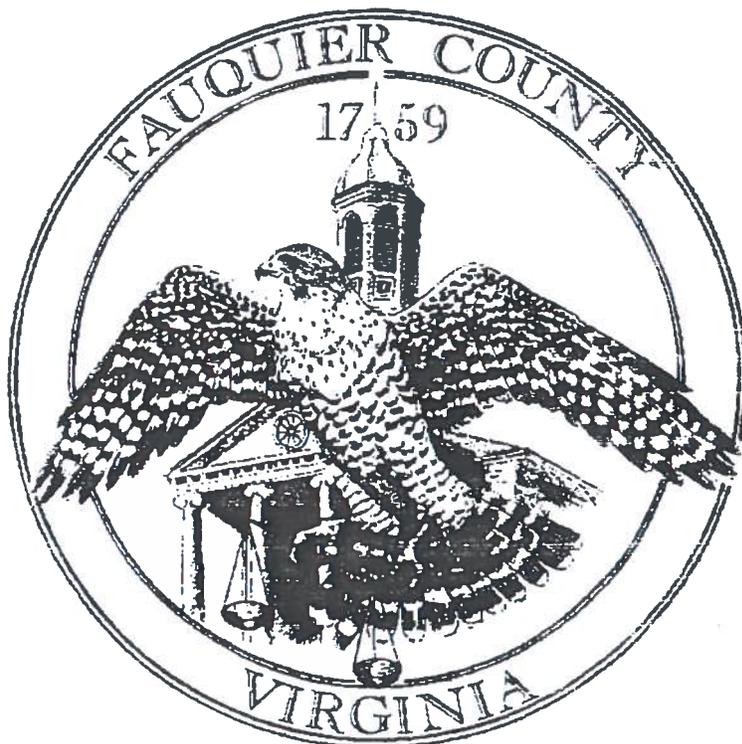
	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Detention Center Fund:				
Assets:				
Cash and investments:				
Cash - Work release	\$ 1,458	\$ 100,506	\$ 99,806	\$ 2,158
Cash - Inmate account	5,246	46,637	46,450	5,433
Cash - Canteen account	62,204	63,137	35,381	89,960
	<u>68,908</u>	<u>210,280</u>	<u>181,637</u>	<u>97,551</u>
Total cash and investments	\$ 68,908	\$ 210,280	\$ 181,637	\$ 97,551
Liabilities:				
Amounts held for prisoners	\$ 68,908	\$ 210,280	\$ 181,637	\$ 97,551
Totals – All Agency Funds				
Assets:				
Cash and investments	\$ 314,292	\$ 1,629,537	\$ 1,389,926	\$ 553,903
Accounts receivable	96,556	184,325	96,556	184,325
	<u>410,848</u>	<u>1,813,862</u>	<u>1,486,482</u>	<u>738,228</u>
Total assets	\$ 410,848	\$ 1,813,862	\$ 1,486,482	\$ 738,228
Liabilities:				
Amounts held for social service clients	\$ 35,307	\$ 101,978	\$ 111,511	\$ 25,774
Amounts held for performance bonds	192,130	435,272	81,173	546,229
Other liabilities	114,503	66,587	112,416	68,674
Amounts held for prisoners	68,908	210,280	181,637	97,551
	<u>410,848</u>	<u>814,117</u>	<u>486,737</u>	<u>738,228</u>
Total liabilities	\$ 410,848	\$ 814,117	\$ 486,737	\$ 738,228

COUNTY OF FAUQUIER, VIRGINIA

Exhibit E-4

**Pension Trust Fund - Length of Service Award
Statement of Changes in Plan Net Assets
Fiscal Year Ended June 30, 2002**

Additions:	
Employer contribution	\$ 430,300
Investment income	<u>44,553</u>
Total additions	<u>474,853</u>
Deductions:	
Members' benefits	236,171
Administrative fees	2,610
Insurance premium expenditures	<u>58,689</u>
Total deductions	<u>297,470</u>
Net increase	177,383
Net assets held in trust for plan benefits, beginning of year	<u>1,526,972</u>
Net assets held in trust for plan benefits, end of year	<u>\$ 1,704,355</u>



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GENERAL FIXED ASSETS ACCOUNT GROUP

This group is used to account for fixed assets not used in proprietary fund operations or accounted for in trust funds. Information is provided for governmental funds and Component Unit School Board.

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>	<u>Total Reporting Entity</u>
General Fixed Assets:			
Land	\$ 9,909,083	\$ 4,166,986	\$ 14,076,069
Buildings and improvements	14,359,933	78,733,873	93,093,806
Machinery and equipment	5,180,042	11,509,025	16,689,067
Data processing equipment	474,679	1,322,963	1,797,642
Construction in progress	<u>2,596,578</u>	<u>15,151,884</u>	<u>17,748,462</u>
Total General Fixed Assets	\$ <u>32,520,315</u>	\$ <u>110,884,731</u>	\$ <u>143,405,046</u>
Investment in General Fixed Assets by Source:			
General fund revenues	\$ 25,999,385	\$ 31,650,112	\$ 57,649,497
General obligation debt	3,474,744	79,174,619	82,649,363
Donations	<u>3,046,186</u>	<u>60,000</u>	<u>3,106,186</u>
Total Investment in General in Fixed Assets	\$ <u>32,520,315</u>	\$ <u>110,884,731</u>	\$ <u>143,405,046</u>

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

<u>Functions and Activities:</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery And Equipment</u>	<u>Data Processing Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Primary Government:						
General government administration	\$ 5,717,809	\$ 2,965,318	\$ 761,732	\$ 337,318	\$ 636,006	\$ 10,418,183
Judicial administration	166,300	2,456,212	460,027	-	12,558	3,095,097
Public safety	1,388,000	3,206,680	2,940,687	78,258	1,081,339	8,694,964
Public works	286,123	795,799	418,725	7,352	-	1,507,999
Health and welfare	239,500	269,130	6,000	-	-	514,630
Parks, recreation, and cultural	2,111,351	4,409,141	494,713	51,751	866,675	7,933,631
Community development	-	257,653	98,158	-	-	355,811
Total primary government	\$ 9,909,083	\$ 14,359,933	\$ 5,180,042	\$ 474,679	\$ 2,596,578	\$ 32,520,315
Component Unit-School Board:						
Education	\$ 4,166,986	\$ 78,733,873	\$ 11,509,025	\$ 1,322,963	\$ 15,151,884	\$ 110,884,731
Total component unit - school board	\$ 4,166,986	\$ 78,733,873	\$ 11,509,025	\$ 1,322,963	\$ 15,151,884	\$ 110,884,731
Total reporting entity	\$ 14,076,069	\$ 93,093,806	\$ 16,689,067	\$ 1,797,642	\$ 17,748,462	\$ 143,405,046

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

Primary Government:	General Fixed Assets July 1, 2001	Additions	Deletions	General Fixed Assets June 30, 2002
General government administration	\$ 10,341,600	\$ 1,634,176	\$ 2,458,841	\$ 9,516,935
Judicial administration	3,057,681	24,858	-	3,082,539
Public safety	7,486,645	530,065	403,085	7,613,625
Public works	1,750,317	258,268	272,192	1,736,393
Health and welfare	514,630	-	-	514,630
Parks, recreation, and cultural	3,128,652	3,944,675	5,665	7,067,662
Community development	257,767	36,748	-	294,515
Construction in progress	1,529,388	1,164,628	-	2,694,016
Total primary government	\$ 28,066,680	\$ 7,593,418	\$ 3,139,783	\$ 32,520,315
Component Unit - School Board:				
Education	\$ 97,247,180	\$ 706,833	\$ 2,221,166	\$ 95,732,847
Construction in progress	11,006,611	4,145,273	-	15,151,884
Total component unit - school board	\$ 108,253,791	\$ 4,852,106	\$ 2,221,166	\$ 110,884,731
Total reporting entity	\$ 136,320,471	\$ 12,445,524	\$ 5,360,949	\$ 143,405,046

COMPONENT UNIT

School Board Operating Fund -- This fund is used to account for the operation and maintenance of the County-owned schools. Financing is provided by state and federal funds, and by appropriations from the County's general revenues. State and federal funds received are restricted only to this use. Annual appropriations from general revenues are restricted to the use of education, operations, capital improvements and debt service.

School Cafeteria Fund - This fund is used to account for the operation and maintenance of the County's school cafeterias. Financing is provided primarily from charges for services, and federal and state lunch subsidies. Such funds are limited by federal and state law to expenditures for cafeteria operations and maintenance.

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Combining Balance Sheet
At June 30, 2002

	<u>Governmental Funds</u>		<u>Account Groups</u>		<u>Totals</u>
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>General Fixed Assets Group</u>	<u>General Long - Term Debt</u>	
<u>ASSETS</u>					
Cash and investments	\$ -	\$ 390,296	\$ -	\$ -	\$ 390,296
Cash in custody of others	1,350	-	-	-	1,350
Accounts receivable	42,245	32,908	-	-	75,153
Due from primary government	5,697,772	-	-	-	5,697,772
Due from other governmental units	2,218,548	20,621	-	-	2,239,169
Prepays	17,087	-	-	-	17,087
General fixed assets	-	-	110,884,731	-	110,884,731
Other debits:					
Amount to be provided for the retirement of general long-term debt and compensated obligation	-	-	-	48,225,216	48,225,216
Total assets and other debits	\$ 7,977,002	\$ 443,825	\$ 110,884,731	\$ 48,225,216	\$ 167,530,774
<u>LIABILITIES</u>					
Accounts payable	\$ 629,126	\$ 10,130	\$ -	\$ -	\$ 639,256
Accrued liabilities	7,346,526	175,968	-	-	7,522,494
General obligation bonds payable	-	-	-	44,980,000	44,980,000
Compensated absences	-	-	-	3,245,216	3,245,216
Total liabilities	7,975,652	186,098	-	48,225,216	56,386,966
<u>EQUITY AND OTHER CREDITS</u>					
Investment in general fixed assets	-	-	110,884,731	-	110,884,731
Fund balances:					
Unreserved:					
Undesignated	1,350	257,727	-	-	259,077
Total equity and other credits	1,350	257,727	110,884,731	-	111,143,808
Total liabilities, equity and other credits	\$ 7,977,002	\$ 443,825	\$ 110,884,731	\$ 48,225,216	\$ 167,530,774

COUNTY OF FAUQUIER, VIRGINIA

Exhibit G-2

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Fiscal Year Ended June 30, 2002

	<u>Governmental Fund Types</u>		
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Totals</u>
Revenues:			
Revenue from use of money and use of property	\$ 25	\$ 602	\$ 627
Charges for services	141,140	2,319,203	2,460,343
Miscellaneous	347,654	4,203	351,857
Intergovernmental:			
Commonwealth of Virginia	24,350,671	44,173	24,394,844
Federal	2,400,766	608,633	3,009,399
Total revenues	<u>27,240,256</u>	<u>2,976,814</u>	<u>30,217,070</u>
Expenditures:			
Current:			
Education	69,087,778	2,799,926	71,887,704
Debt service:			
Principal retirement	3,385,000	-	3,385,000
Interest and other fiscal charges	2,337,203	-	2,337,203
Total expenditures	<u>74,809,981</u>	<u>2,799,926</u>	<u>77,609,907</u>
Excess (deficiency) of revenues over expenditures	<u>(47,569,725)</u>	<u>176,888</u>	<u>(47,392,837)</u>
Other financing sources (uses):			
Proceeds from indebtedness	6,410,000	-	6,410,000
Operating transfers to - primary government	(9,450,982)	-	(9,450,982)
Proceeds from refunding bond	8,495,000	-	8,495,000
Payment to refunded bond escrow agent	(8,495,000)	-	(8,495,000)
Operating transfers from - primary government	50,593,480	-	50,593,480
Total other financing sources (uses)	<u>47,552,498</u>	<u>-</u>	<u>47,552,498</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	<u>(17,227)</u>	<u>176,888</u>	<u>159,661</u>
Fund balances at beginning of year	<u>18,577</u>	<u>80,839</u>	<u>99,416</u>
Fund balances at end of year	<u>\$ 1,350</u>	<u>\$ 257,727</u>	<u>\$ 259,077</u>

COUNTY OF FAUQUIER, VIRGINIA

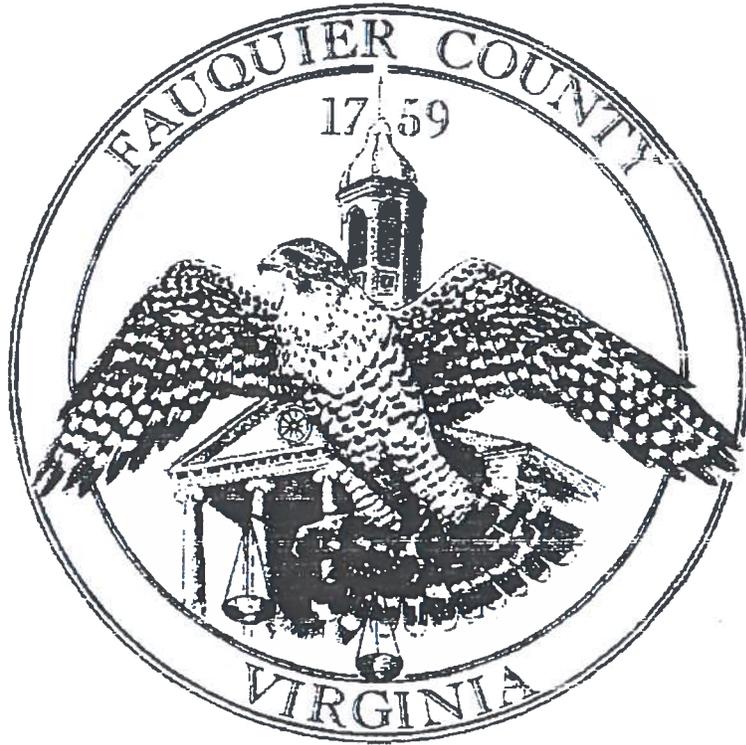
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

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

	School Operating Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor)</u>
Revenues:			
Revenue from use of money and use of property	\$ -	\$ 25	\$ 25
Charges for services	32,000	141,140	109,140
Miscellaneous	229,948	347,654	117,706
Intergovernmental:			
Commonwealth of Virginia	24,735,602	24,350,671	(384,931)
Federal	2,007,135	2,400,766	393,631
Total revenues	<u>27,004,685</u>	<u>27,240,256</u>	<u>235,571</u>
Expenditures:			
Current:			
Education	70,937,831	69,087,778	1,850,053
Debt service:			
Principal retirement	3,385,000	3,385,000	-
Interest and other fiscal charges	2,387,065	2,337,203	49,862
Total expenditures	<u>76,709,896</u>	<u>74,809,981</u>	<u>1,899,915</u>
Excess (deficiency) of revenues over expenditures	<u>(49,705,211)</u>	<u>(47,569,725)</u>	<u>2,135,486</u>
Other financing sources (uses):			
Proceeds from indebtedness	6,427,227	6,410,000	(17,227)
Operating transfers to - primary government	(9,450,982)	(9,450,982)	-
Proceeds from refunding bond	-	8,495,000	(8,495,000)
Payment to refunded bond escrow agent	-	(8,495,000)	8,495,000
Operating transfers from - primary government	52,728,966	50,593,480	(2,135,486)
Total other financing sources (uses)	<u>49,705,211</u>	<u>47,552,498</u>	<u>(2,152,713)</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	-	(17,227)	(17,227)
Fund balances at beginning of year	<u>-</u>	<u>18,577</u>	<u>18,577</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 1,350</u>	<u>\$ 1,350</u>

Exhibit G-3

School Cafeteria Fund			Totals		
Budget	Actual	Variance Favorable (Unfavor)	Budget	Actual	Variance Favorable (Unfavor)
\$ 9,000	\$ 602	\$ (8,398)	\$ 9,000	\$ 627	\$ (8,373)
2,171,444	2,319,203	147,759	2,203,444	2,460,343	256,899
4,000	4,203	203	233,948	351,857	117,909
47,000	44,173	(2,827)	24,782,602	24,394,844	(387,758)
568,438	608,633	40,195	2,575,573	3,009,399	433,826
<u>2,799,882</u>	<u>2,976,814</u>	<u>176,932</u>	<u>29,804,567</u>	<u>30,217,070</u>	<u>412,503</u>
2,799,882	2,799,926	(44)	73,737,713	71,887,704	1,850,009
-	-	-	3,385,000	3,385,000	-
-	-	-	2,387,065	2,337,203	49,862
<u>2,799,882</u>	<u>2,799,926</u>	<u>(44)</u>	<u>79,509,778</u>	<u>77,609,907</u>	<u>1,899,871</u>
-	176,888	176,888	(49,705,211)	(47,392,837)	2,312,374
-	-	-	6,427,227	6,410,000	(17,227)
-	-	-	(9,450,982)	(9,450,982)	-
-	-	-	-	8,495,000	(8,495,000)
-	-	-	-	(8,495,000)	8,495,000
-	-	-	52,728,966	50,593,480	(2,135,486)
-	-	-	49,705,211	47,552,498	(2,152,713)
-	176,888	176,888	-	159,661	159,661
-	80,839	80,839	-	99,416	99,416
<u>\$ -</u>	<u>\$ 257,727</u>	<u>\$ 257,727</u>	<u>\$ -</u>	<u>\$ 259,077</u>	<u>\$ 259,077</u>



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COUNTY OF FAUQUIER, VIRGINIA

Schedule 1

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

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavor.)
Primary Government:			
General Fund:			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 39,959,763	\$ 42,994,853	\$ 3,035,090
Real and personal public service corporation property taxes	3,652,000	4,071,620	419,620
Personal property taxes	21,265,500	11,668,921	(9,596,579)
Penalties	550,000	787,312	237,312
Interest	500,000	475,786	(24,214)
Total general property taxes	<u>\$ 65,927,263</u>	<u>\$ 59,998,492</u>	<u>\$ (5,928,771)</u>
Other local taxes:			
Local sales and use taxes	\$ 5,219,323	\$ 4,841,263	\$ (378,060)
Consumers' utility taxes	2,251,392	2,220,116	(31,276)
Business license taxes	739,000	878,749	139,749
Cable TV franchise tax	191,345	252,341	60,996
Motor vehicle licenses	1,300,000	1,292,221	(7,779)
Bank stock taxes	83,000	77,970	(5,030)
Taxes on recordation and wills	620,000	1,039,576	419,576
Total other local taxes	<u>\$ 10,404,060</u>	<u>\$ 10,602,236</u>	<u>\$ 198,176</u>
Permits, privilege fees and regulatory licenses:			
Animal licenses	\$ 6,900	\$ 7,327	\$ 427
Building & related permits	938,799	1,050,292	111,493
Transfer fees	2,400	2,796	396
Zoning permits and fees	83,500	95,297	11,797
Land use application fees	17,000	13,412	(3,588)
Total permits, privilege fees and regulatory licenses	<u>\$ 1,048,599</u>	<u>\$ 1,169,124</u>	<u>\$ 120,525</u>
Fines and Forfeitures:			
Court fines and forfeitures	\$ 266,000	\$ 432,297	\$ 166,297
Revenue from use of money and property:			
Revenue from use of money	\$ 1,310,000	\$ 1,046,152	\$ (263,848)
Revenue from use of property	435,387	465,058	29,671
Total revenue from use of money and property	<u>\$ 1,745,387</u>	<u>\$ 1,511,210</u>	<u>\$ (234,177)</u>
Charges for services:			
Charges for commonwealth's and county's attorney	\$ 1,400	\$ 32,643	\$ 31,243
Excess fees of clerk	70,000	211,611	141,611
Sheriff's fees, deputies and reports	3,842	3,908	66
Charges for law library	13,500	14,323	823
Charges for local costs	800	113	(687)
Charges for courthouse maintenance fees	-	31,098	31,098
Charges for parks and recreation	273,970	301,547	27,577
Charges for social services	2,000	-	(2,000)
Charges for library	46,000	56,467	10,467
Charges for planning and community development	27,500	37,775	10,275
Total charges for services	<u>\$ 439,012</u>	<u>\$ 689,485</u>	<u>\$ 250,473</u>

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1

Governmental Funds and Discretely Presented Component Unit

Schedule of Revenues -- Budget and Actual

Fiscal Year Ended June 30, 2002 (continued)

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavor.)
Primary Government: (continued)			
Miscellaneous revenue:			
Miscellaneous	\$ 51,685	\$ 130,225	\$ 78,540
Total miscellaneous revenue	\$ 51,685	\$ 130,225	\$ 78,540
Recovered costs:			
Warrenton Community Center	\$ -	\$ 4,366	\$ 4,366
Other government charges	10,024	10,500	476
Board of prisoner - other localities	2,500	1,900	(600)
Work release	60,000	60,886	886
E-911 Reimbursement	15,906	15,737	(169)
Home incarceration fees	40,000	20,137	(19,863)
Medical reimbursement - prisoners	2,000	4,559	2,559
Other costs	2,200	3,559	1,359
Hospital hill building	2,000	2,364	364
Deputies' security for school	-	13,870	13,870
Total recovered costs	\$ 134,630	\$ 137,878	\$ 3,248
Total revenue from local sources	\$ 80,016,636	\$ 74,670,947	\$ (5,345,689)
Revenue from the Commonwealth:			
Noncategorical aid:			
ABC profits	\$ 122,000	\$ 129,335	\$ 7,335
Wine taxes	65,000	67,065	2,065
Rolling stock tax	83,000	77,510	(5,490)
Mobile home titling taxes	30,000	31,264	1,264
Auto rental tax	22,000	24,298	2,298
Recordation tax	430,000	474,573	44,573
Commonwealth PPTRA	-	10,737,830	10,737,830
Total noncategorical aid	\$ 752,000	\$ 11,541,875	\$ 10,789,875
Categorical aid:			
Shared expenses:			
Commonwealth's attorney	\$ 339,824	\$ 323,723	\$ (16,101)
Sheriff	2,995,561	2,903,431	(92,130)
Commissioner of the revenue	199,200	186,717	(12,483)
Treasurer	131,390	180,806	49,416
Medical examiner	500	1,080	580
Registrar/electoral board	61,001	103,485	42,484
Clerk of the circuit court	411,323	452,159	40,836
Jail	225,000	217,086	(7,914)
Total shared expenses	\$ 4,363,799	\$ 4,368,487	\$ 4,688
Welfare:			
Welfare administration and assistance	\$ 642,572	\$ 706,801	\$ 64,229
Comprehensive services act	1,079,637	779,833	(299,804)
Total welfare	\$ 1,722,209	\$ 1,486,634	\$ (235,575)

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1

**Governmental Funds and Discretely Presented Component Unit
Schedule of Revenues – Budget and Actual
Fiscal Year Ended June 30, 2002 (continued)**

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Primary Government: (continued)			
Revenue from the Commonwealth:			
Other categorical aid:			
Records preservation grant	\$ 28,290	\$ 243,937	\$ 215,647
Administrative	1,905	76,236	74,331
Library aid	287,477	263,769	(23,708)
Judicial and legal	217,710	212,182	(5,528)
Juvenile community control act	104,709	104,709	-
Sheriff	49,545	20,019	(29,526)
Comprehensive community correction	196,810	195,418	(1,392)
Other grants	3	(11)	(14)
Total other categorical aid	<u>\$ 886,449</u>	<u>\$ 1,116,259</u>	<u>\$ 229,810</u>
Total categorical aid	<u>\$ 6,972,457</u>	<u>\$ 6,971,380</u>	<u>\$ (1,077)</u>
Total revenue from the commonwealth	<u>\$ 7,724,457</u>	<u>\$ 18,513,255</u>	<u>\$ 10,788,798</u>
Revenue from the Federal Government:			
Categorical aid:			
Welfare administration and assistance	\$ 1,603,302	\$ 1,682,826	\$ 79,524
Virginia JJDP act	35,052	-	(35,052)
Dea group 33 & 35	32,800	34,839	2,039
Local law enforcement block grant	16,014	16,014	-
Judicial and legal grants	-	46,900	46,900
Miscellaneous	21,005	16,203	(4,802)
Cops grants	75,233	76,886	1,653
Transportation safety	10,359	10,359	-
Total categorical aid	<u>\$ 1,793,765</u>	<u>\$ 1,884,027</u>	<u>\$ 90,262</u>
Total revenue from the federal government	<u>\$ 1,793,765</u>	<u>\$ 1,884,027</u>	<u>\$ 90,262</u>
Total General Fund	<u>\$ 89,534,858</u>	<u>\$ 95,068,229</u>	<u>\$ 5,533,371</u>
Special Revenue Funds:			
Joint Dispatch Fund:			
Revenue from local sources:			
Other local taxes:			
E-911 telephone tax	\$ 875,840	\$ 843,080	\$ (32,760)
Total revenue from local sources	<u>\$ 875,840</u>	<u>\$ 843,080</u>	<u>\$ (32,760)</u>
Revenue from the Commonwealth:			
Categorical aid:			
E911 Wireless Services	\$ 5,132	\$ 90,644	\$ 85,512
Total revenue from local sources	<u>\$ 5,132</u>	<u>\$ 90,644</u>	<u>\$ 85,512</u>
Total Joint Dispatch Fund	<u>\$ 880,972</u>	<u>\$ 933,724</u>	<u>\$ 52,752</u>

COUNTY OF FAUQUIER, VIRGINIA
Governmental Funds and Discretely Presented Component Unit
Schedule of Revenues -- Budget and Actual
Fiscal Year Ended June 30, 2002 (continued)

Schedule 1

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Primary Government: (continued)			
Fire and Rescue Fund:			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 2,762,807	\$ 3,318,868	\$ 556,061
Recovered Cost:			
Community events	3,000	2,209	(791)
Total revenue from local sources	<u>\$ 2,765,807</u>	<u>\$ 3,321,077</u>	<u>\$ 555,270</u>
Categorical aid:			
Fire programs	\$ 55,611	\$ 63,001	\$ 7,390
Emergency medical service	26,334	28,982	2,648
Total revenue from commonwealth	<u>\$ 81,945</u>	<u>\$ 91,983</u>	<u>\$ 10,038</u>
Total Fire and Rescue Fund	<u>\$ 2,847,752</u>	<u>\$ 3,413,060</u>	<u>\$ 565,308</u>
Total Special Revenue Funds	<u>\$ 3,728,724</u>	<u>\$ 4,346,784</u>	<u>\$ 618,060</u>
Capital Improvement Projects Fund:			
Revenue from local sources:			
General property taxes:			
Rollback taxes	\$ 308,469	\$ 321,533	\$ 13,064
Revenue from use of money:			
Revenue from use of money	\$ -	\$ 12,048	\$ 12,048
Charges for services:			
Charges for services	\$ -	\$ 101,363	\$ 101,363
Miscellaneous revenue:			
Miscellaneous	\$ 10,020,000	\$ 10,000,350	\$ (19,650)
Total revenue from local sources	<u>\$ 10,328,469</u>	<u>\$ 10,435,294</u>	<u>\$ 106,825</u>
Revenue from the Commonwealth:			
Categorical aid:			
Parks and recreation grant	\$ 120,000	\$ -	\$ (120,000)
Total revenue from commonwealth	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ (120,000)</u>
Revenue from the federal government:			
Categorical aid:			
Affordable housing block grant	\$ -	\$ 30,716	\$ 30,716
TEA-21 grants	452,000	-	(452,000)
Total revenue from federal government	<u>\$ 452,000</u>	<u>\$ 30,716</u>	<u>\$ (421,284)</u>
Total Capital Improvement Projects Fund	<u>\$ 10,900,469</u>	<u>\$ 10,466,010</u>	<u>\$ (434,459)</u>
Utility Projects Fund:			
Revenue from use of money:			
Revenue from use of money	\$ -	\$ 75,822	\$ 75,822

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Primary Government: (continued)			
Total Utility Projects Fund	\$ -	\$ 75,822	\$ 75,822
Total Capital Projects Funds	\$ 10,900,469	\$ 10,541,832	\$ (358,637)
Grand Total Revenues -- Primary Government	\$ 104,164,051	\$ 109,956,845	\$ 5,792,794
Component Unit -- School Board:			
Special Revenue Funds:			
School Operating Fund:			
Revenue from local sources:			
Revenue from use of money:			
Revenue from use of money	\$ -	\$ 25	\$ 25
Charges for services:			
Charges for education	\$ 12,000	\$ 25,321	\$ 13,321
Refunds and fees	20,000	115,819	95,819
Total charges for services	\$ 32,000	\$ 141,140	\$ 109,140
Miscellaneous revenue:			
Miscellaneous revenue	\$ 229,948	\$ 347,654	\$ 117,706
Total revenue from local sources	\$ 261,948	\$ 488,819	\$ 226,871
Revenue from the Commonwealth:			
Categorical aid:			
Share of state sales tax	\$ 5,999,543	\$ 5,693,466	\$ (306,077)
Basic school aid	11,534,403	11,658,654	124,251
Regular foster care	39,162	12,664	(26,498)
Lottery	722,887	853,069	130,182
Lottery hold harmless	380,046	260,502	(119,544)
Gifted and talented	134,639	134,993	354
At risk youth	72,995	80,476	7,481
GED payments	-	16,405	16,405
Special education	1,567,050	1,571,167	4,117
Special education - homebound	42,000	27,911	(14,089)
Special education - foster child	-	7,765	7,765
Regional programs	19,826	50,571	30,745
Vocational education	310,418	311,234	816
Vocational adult education and equipment	6,000	10,413	4,413
School construction grant	361,824	362,047	223
Occupational education	52,870	43,622	(9,248)
Primary class size	159,624	144,866	(14,758)
Social security instructional	689,423	693,713	4,290
Social security non-instructional	20,081	20,052	(29)
Teacher retirement instructional	464,674	326,233	(138,441)
Teacher retirement non-instructional	22,727	22,638	(89)
Group life insurance instructional	27,482	23,126	(4,356)
Group life insurance non-instructional	815	889	74
Salary supplement	334,195	322,483	(11,712)
Dropout prevention	91,721	91,721	-

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1

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

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavor.)
Component Unit -- School Board: (continued)			
Revenue from the Commonwealth: (continued)			
Categorical aid: (continued)			
Remedial education	\$ 157,079	\$ 153,742	\$ (3,337)
Remedial summer school	93,256	86,947	(6,309)
Maintenance supplement	56,212	56,247	35
Additional teachers	153,996	151,820	(2,176)
Textbook payments	229,533	229,675	142
School standard of learning	247,865	228,910	(18,955)
Alternative education	129,696	115,869	(13,827)
Technology grant	466,000	486,202	20,202
Algebra readiness initiative	56,346	51,522	(4,824)
Other state funds	91,214	49,057	(42,157)
Total revenue from the commonwealth	<u>\$ 24,735,602</u>	<u>\$ 24,350,671</u>	<u>\$ (384,931)</u>
Revenue from the federal government:			
Categorical aid:			
Adult basic education	\$ -	\$ 84,704	\$ 84,704
Chapter I	600,302	636,409	36,107
Title VI	38,570	52,646	14,076
Title II	30,321	43,363	13,042
Miscellaneous federal revenue	15,874	20,615	4,741
Title VI - B - Special Education	863,160	916,131	52,971
Goals 2000-literacy grant	57,700	92,087	34,387
DOL school to work grant	-	89,767	89,767
Pre-school incentive(VI-B)	61,474	59,678	(1,796)
Class size reduction grant	170,447	249,362	78,915
Vocational education	115,487	115,550	63
Drug free schools	35,000	-	(35,000)
ROTC	18,800	40,454	21,654
Total revenue from the federal government	<u>\$ 2,007,135</u>	<u>\$ 2,400,766</u>	<u>\$ 393,631</u>
Total School Operating Fund	<u>\$ 27,004,685</u>	<u>\$ 27,240,256</u>	<u>\$ 235,571</u>
School Cafeteria Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ 9,000	\$ 602	\$ (8,398)
Charges for services:			
Cafeteria sales	2,171,444	2,319,203	147,759
Miscellaneous revenue:			
Miscellaneous revenue	4,000	4,203	203
Total revenue from local sources	<u>\$ 2,184,444</u>	<u>\$ 2,324,008</u>	<u>\$ 139,564</u>
Revenue from the Commonwealth:			
Categorical aid:			
School food program	\$ 47,000	\$ 44,173	\$ (2,827)
Revenue from the federal government:			
Categorical aid:			
School food program	\$ 568,438	\$ 608,633	\$ 40,195
Total School Cafeteria Fund	<u>\$ 2,799,882</u>	<u>\$ 2,976,814</u>	<u>\$ 176,932</u>

COUNTY OF FAUQUIER, VIRGINIA

Schedule 1

Governmental Funds and Discretely Presented Component Unit

Schedule of Revenues -- Budget and Actual

Fiscal Year Ended June 30, 2002 (continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Component Unit -- School Board: (continued)			
Grand Total Revenues -- Component Unit -- School Board	\$ <u>29,804,567</u>	\$ <u>30,217,070</u>	\$ <u>412,503</u>
Grand Total Revenues -- Reporting Entity	\$ <u>133,968,618</u>	\$ <u>140,173,915</u>	\$ <u>6,205,297</u>

COUNTY OF FAUQUIER, VIRGINIA

Schedule 2

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

<u>Fund, Function, Activity, and Element</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Primary Government:			
General Fund:			
General government administration:			
Legislative:			
Board of supervisors	\$ 397,304	\$ 397,081	\$ 223
General and financial administration:			
County administrator	\$ 453,295	\$ 452,860	\$ 435
County attorney	422,726	418,585	4,141
Human resources	544,247	543,891	356
Independent auditor	56,000	53,787	2,213
Commissioner of the revenue	1,170,283	1,140,886	29,397
Treasurer	813,281	779,389	33,892
Finance	1,170,967	1,112,520	58,447
Office of management and budget	207,589	204,421	3,168
Central store	-	(2,583)	2,583
Management information systems	994,899	956,587	38,312
Total general and financial administration	\$ 5,833,287	\$ 5,660,343	\$ 172,944
Board of Elections:			
Registrar	\$ 276,595	\$ 276,419	\$ 176
Total general government administration	\$ 6,507,186	\$ 6,333,843	\$ 173,343
Judicial administration:			
Courts:			
Circuit court	\$ 117,543	\$ 102,745	\$ 14,798
General district court	13,920	13,126	794
Magistrates	57,310	57,258	52
Juvenile and domestic relations district court	46,967	46,579	388
Clerk of the circuit court	756,718	756,717	1
Commissioner of accounts	2,400	2,400	-
Law library	19,000	17,741	1,259
Adult court service	474,801	469,279	5,522
Total courts	\$ 1,488,659	\$ 1,465,845	\$ 22,814
Commonwealth's attorney:			
Commonwealth's attorney	\$ 644,198	\$ 641,888	\$ 2,310
Total judicial administration	\$ 2,132,857	\$ 2,107,733	\$ 25,124
Public safety:			
Law enforcement and traffic control:			
Sheriff	\$ 6,697,766	\$ 6,681,596	\$ 16,170

COUNTY OF FAUQUIER, VIRGINIA

Schedule 2

Governmental Funds and Discretely Presented Component Unit

Schedule of Expenditures – Budget and Actual

Fiscal Year Ended June 30, 2002 (continued)

<u>Fund, Function, Activity, and Element</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Primary Government: (continued)			
Correction and detention:			
Sheriff	\$ 962,182	\$ 873,253	\$ 88,929
Probation office	36,850	29,455	7,395
Juvenile detention	144,625	144,624	1
Juvenile crime control	129,337	126,139	3,198
Total correction and detention	\$ 1,272,994	\$ 1,173,471	\$ 99,523
Other protection:			
Emergency services (civil defense)	\$ 76,002	\$ 74,680	\$ 1,322
Total other protection	\$ 76,002	\$ 74,680	\$ 1,322
Total public safety	\$ 8,046,762	\$ 7,929,747	\$ 117,015
Public works:			
Sanitation and waste removal:			
Solid waste operations	\$ 1,614,706	\$ 1,601,319	\$ 13,387
Total sanitation and waste removal	\$ 1,614,706	\$ 1,601,319	\$ 13,387
Maintenance of general buildings and grounds:			
General properties	\$ 2,842,167	\$ 2,779,263	\$ 62,904
Total maintenance of general buildings and grounds	\$ 2,842,167	\$ 2,779,263	\$ 62,904
Total public works	\$ 4,456,873	\$ 4,380,582	\$ 76,291
Health and welfare:			
Health:			
Supplement of local health department	\$ 429,089	\$ 429,089	\$ -
Welfare:			
Social services	\$ 3,084,085	\$ 2,984,696	\$ 99,389
Institutional care	247,089	247,032	57
Comprehensive services act	2,157,491	1,663,217	494,274
Total welfare	\$ 5,488,665	\$ 4,894,945	\$ 593,720
Total health and welfare	\$ 5,917,754	\$ 5,324,034	\$ 593,720
Education:			
Community colleges	\$ 39,912	\$ 39,912	\$ -

COUNTY OF FAUQUIER, VIRGINIA

Schedule 2

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

Fund, Function, Activity, and Element	Budget	Actual	Variance Favorable (Unfavor.)
Primary Government: (continued)			
Parks, recreation and cultural:			
Parks and recreation			
Parks and recreation	\$ 1,539,478	\$ 1,537,976	\$ 1,502
Library:			
Public library	\$ 1,465,951	\$ 1,458,897	\$ 7,054
Total parks, recreation and cultural	\$ 3,005,429	\$ 2,996,873	\$ 8,556
Community development:			
Planning and community development:			
Community development	\$ 1,779,005	\$ 1,653,713	\$ 125,292
Planning	134,159	126,660	7,499
Economic development	310,331	282,682	27,649
Contributions to community organizations	526,278	525,410	868
Agriculture development	105,174	104,935	239
Disability service board	7,900	7,900	-
Total planning and community development	\$ 2,862,847	\$ 2,701,300	\$ 161,547
Environmental management:			
Soil and water conservation district	\$ 248,204	\$ 248,204	\$ -
Cooperative extension program:			
VPI extension	\$ 137,678	\$ 133,440	\$ 4,238
Total cooperative extension program	\$ 137,678	\$ 133,440	\$ 4,238
Total community development	\$ 3,248,729	\$ 3,082,944	\$ 165,785
Nondepartmental:			
Nondepartmental operations	\$ 1,467,842	\$ 365,507	\$ 1,102,335
Debt service on capital lease:			
Principal retired	\$ 352,074	\$ 352,074	\$ -
Interest and fiscal charges	114,272	114,272	-
Total debt service	\$ 466,346	\$ 466,346	\$ -
Total General Fund	\$ 35,289,690	\$ 33,036,521	\$ 2,253,169
Special Revenue Funds:			
Joint Dispatch Fund:			
Public safety:			
Other protection:			
Emergency operations center	\$ 1,130,272	\$ 1,061,007	\$ 69,265
Total Joint Dispatch Fund	\$ 1,130,272	\$ 1,061,007	\$ 69,265

COUNTY OF FAUQUIER, VIRGINIA

Schedule 2

Governmental Funds and Discretely Presented Component Unit

Schedule of Expenditures -- Budget and Actual

Fiscal Year Ended June 30, 2002 (continued)

<u>Fund, Function, Activity, and Element</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Primary Government: (continued)			
Fire and Rescue Fund:			
Contribution to fire and rescue associations	\$ 2,243,168	\$ 1,995,601	\$ 247,567
Rescue services	<u>1,083,919</u>	<u>1,076,546</u>	<u>7,373</u>
Total Fire and Rescue Fund	\$ <u>3,327,087</u>	\$ <u>3,072,147</u>	\$ <u>254,940</u>
Total Special Revenue Funds	\$ <u>4,457,359</u>	\$ <u>4,133,154</u>	\$ <u>324,205</u>
Capital Improvement Projects Fund:			
Capital Outlay:			
General government administration:			
General government	\$ 1,136,121	\$ 440,033	\$ 696,088
Judicial administration	41,216	2,054	39,162
Public safety	416,912	82,771	334,141
Public works	7,228,303	492,455	6,735,848
Education	1,186,931	349,962	836,969
Parks, recreation, and cultural	1,144	520	624
Community development	<u>1,021,143</u>	<u>28,102</u>	<u>993,041</u>
Total general government administration	\$ <u>11,031,770</u>	\$ <u>1,395,897</u>	\$ <u>9,635,873</u>
Public Safety:			
Radio safety	\$ 1,794,734	\$ 308,225	\$ 1,486,509
Detention center	157,194	24,635	132,559
Fire and rescue	192,000	185,598	6,402
Computer aid dispatch center	<u>162,087</u>	<u>103,006</u>	<u>59,081</u>
Total public safety	\$ <u>2,306,015</u>	\$ <u>621,464</u>	\$ <u>1,684,551</u>
Public Works:			
Comprehensive maintenance plan	\$ 1,085,313	\$ 744,688	\$ 340,625
Warren Green Building	1,500,000	88,352	1,411,648
Main library	6,173	-	6,173
Warrenton Community Center	266,160	41,098	225,062
Judicial center	71,262	68,594	2,668
Courthouse maintenance fund	88,748	53,917	34,831
John Marshall branch Library	49,764	49,764	-
Solid waste convenience site	<u>58,580</u>	<u>-</u>	<u>58,580</u>
Total public works	\$ <u>3,126,000</u>	\$ <u>1,046,413</u>	\$ <u>2,079,587</u>

COUNTY OF FAUQUIER, VIRGINIA

Schedule 2

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

<u>Fund, Function, Activity, and Element</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Primary Government: (continued)			
Capital outlay: (continued)			
Education:			
Modular house for vocational education	\$ 35,476	\$ 1,885	\$ 33,591
Food service equipment	50,741	50,000	741
Liberty high school(air quality)	1,263,760	589,433	674,327
Schools non-reoccurring projects	601,643	294,976	306,667
Textbooks and capital outlay	907,586	352,820	554,766
School technology	1,180,674	667,226	513,448
School repairs and maintenance projects	230,071	2,523	227,548
School roof maintenance	569,772	560,355	9,417
School hvac/paving maintenance	595,349	152,739	442,610
Total education	\$ 5,435,072	\$ 2,671,957	\$ 2,763,115
Parks and Recreation:			
Monroe Park	\$ 31,823	\$ 18,808	\$ 13,015
Vint Hill Farm Station Park	263,031	126,488	136,543
Marshall Community Center	830,791	301,742	529,049
Rady Park	83,000	-	83,000
Outside court maintenance	46,690	-	46,690
Greenway TEA-21 grant	102,000	-	102,000
Central storage	74,450	9,413	65,037
Recreational parks	21,810	-	21,810
Sport complexes	13,141,565	704,474	12,437,091
Park planning	9,704	(2,500)	12,204
Total parks, recreational	\$ 14,604,864	\$ 1,158,425	\$ 13,446,439
Cultural:			
Library expansion	\$ 1,806,258	\$ 85,728	\$ 1,720,530
Total parks, recreational and cultural	\$ 16,411,122	\$ 1,244,153	\$ 15,166,969
Capital Outlay:			
Community development:			
Salem Meeting House	\$ 350,000	\$ 41,894	\$ 308,106
Total community development	\$ 350,000	\$ 41,894	\$ 308,106
Total Capital Outlay	\$ 38,659,979	\$ 7,021,778	\$ 31,638,201

COUNTY OF FAUQUIER, VIRGINIA

Schedule 2

Governmental Funds and Discretely Presented Component Unit

Schedule of Expenditures -- Budget and Actual

Fiscal Year Ended June 30, 2002 (continued)

Fund, Function, Activity, and Element	Budget	Actual	Variance Favorable (Unfavor.)
Primary Government: (continued)			
Capital outlay: (continued)			
Capital Projects:			
Education:			
Middle school	\$ 6,412,000	\$ -	\$ 6,412,000
Marshall middle school	5,280,956	4,141,068	1,139,888
Fauquier high school	337,739	91,128	246,611
Brumfield elementary school	81,103	20,355	60,748
Cedar Lee middle school	54,354	30,721	23,633
Total education	\$ 12,166,152	\$ 4,283,272	\$ 7,882,880
Total Capital Projects	\$ 12,166,152	\$ 4,283,272	\$ 7,882,880
Total Capital Improvement Projects Fund	\$ 50,826,131	\$ 11,305,050	\$ 39,521,081
Utility Fund:			
Public works:			
Paris water system	\$ 327,855	\$ 327,855	\$ -
Rt. 28 sewer system	1,697,346	8,950	1,688,396
Catlett/calverton sewer and water project	17,021	15,250	1,771
Master sewer plan	1,500	1,500	-
New Baltimore sewer project	2,681,109	13,102	2,668,007
Auburn dam	286,854	218,854	68,000
Subdivision impoundment	69,452	22,167	47,285
Frytown project	52,905	6,145	46,760
Non-departmental	1,748,763	111,797	1,636,966
Total Utility Projects	\$ 6,882,805	\$ 725,620	\$ 6,157,185
Total Capital Projects Funds	\$ 57,708,936	\$ 12,030,670	\$ 45,678,266
Grand Total Expenditures -- Primary Government	\$ 97,455,985	\$ 49,191,345	\$ 48,264,640
Component Unit -- School Board:			
Special Revenue Funds:			
School Operating Fund:			
Education:			
Instruction	\$ 58,056,952	\$ 56,431,198	\$ 1,625,754
Administration, attendance and health	3,425,773	3,243,441	182,332
Pupil transportation services	3,876,617	3,866,483	10,134
Operation and maintenance services	5,578,489	5,546,656	31,833
Total education	\$ 70,937,831	\$ 69,087,778	\$ 1,850,053
Debt Service:			
Principal retirement	\$ 3,385,000	\$ 3,385,000	\$ -
Interest and other debt costs	2,387,065	2,337,203	49,862
Total debt service	\$ 5,772,065	\$ 5,722,203	\$ 49,862
Total School Operating Fund	\$ 76,709,896	\$ 74,809,981	\$ 1,899,915

COUNTY OF FAUQUIER, VIRGINIA
Governmental Funds and Discretely Presented Component Unit
Schedule of Expenditures -- Budget and Actual
Fiscal Year Ended June 30, 2002 (continued)

Schedule 2

<u>Fund, Function, Activity, and Element</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
Component Unit -- School Board (Continued):			
School Cafeteria Fund:			
Education:			
School food services	\$ <u>2,799,882</u>	\$ <u>2,799,926</u>	\$ <u>(44)</u>
Grand Total Expenditures -- Component Unit -- School Board	\$ <u>79,509,778</u>	\$ <u>77,609,907</u>	\$ <u>1,899,871</u>
Grand Total Expenditures -- Reporting Entity	\$ <u>176,965,763</u>	\$ <u>126,801,252</u>	\$ <u>50,164,511</u>



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STATISTICAL TABLES

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TABLE 6	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita
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TABLE 12	Miscellaneous Statistics
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COUNTY OF FAUQUIER, VIRGINIA

TABLE 1

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

Fiscal Year	General Administration (2)	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education
1993	3,336,681	876,865	4,878,359	1,440,581	2,544,881	44,395,046
1994	3,787,665	910,145	5,293,874	1,624,721	2,814,113	46,061,151
1995	3,347,351	980,382	7,095,895	1,837,059	3,150,622	50,848,284
1996	4,448,074	1,035,026	8,223,415	5,573,828	3,622,004	48,023,722
1997	8,898,098	1,668,656	10,042,660	5,690,852	4,551,422	59,600,276
1998	6,067,510	1,469,555	10,213,570	7,618,067	5,078,681	69,742,125
1999	6,214,760	3,880,197	9,759,807	3,581,874	4,748,294	67,840,728
2000	6,875,901	2,132,796	11,217,942	3,808,739	4,721,916	74,462,071
2001	7,299,575	1,925,457	11,112,953	5,380,379	4,934,176	72,220,501
2002	8,196,474	2,107,733	12,684,365	6,051,388	5,324,034	78,882,845

(1) Includes expenditures of the General, Special Revenue and Capital Projects Funds of the Primary Government and the Discretely Presented Component Unit - School Board.

(2) Includes expenditures of general government administration, non departmental, and minor capital outlays.

(3) Includes principal retirement, interest and other debt related costs.

(4) Reconciliation to Exhibit 2

Total Expenditure per Table 1	\$ 126,801,252
Plus: Expendable Trust	\$ 73,920
Total Expenditure per Exhibit 2	\$ 126,875,172

Recreation and Cultural	Community Development	Debt Service (3)	Total
1,417,448	1,497,886	4,944,684	65,332,431
1,536,063	1,618,601	5,802,071	69,448,404
1,673,107	1,957,757	6,107,034	76,997,491
1,767,245	2,073,464	6,091,387	80,858,165
2,290,625	2,448,128	5,755,858	100,946,575
2,450,153	2,316,044	7,011,362	111,967,067
2,396,011	2,717,354	7,646,523	108,785,548
2,657,226	3,750,168	6,157,359	115,784,118
3,180,143	2,681,114	6,288,144	115,022,442
4,241,026	3,124,838	6,188,549	126,801,252 (4)

COUNTY OF FAUQUIER, VIRGINIA

TABLE 2

**General Government Revenues by Source (1)
Last Ten Fiscal Years**

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
1993	39,603,352	6,286,132	393,613	130,103	620,588
1994	43,016,486	6,880,131	437,690	147,400	889,244
1995	48,029,231	7,374,936	589,711	147,975	1,633,286
1996	49,650,697	7,663,235	492,519	121,389	1,725,383
1997	52,049,159	8,025,062	558,902	143,723	2,038,219
1998	73,184,354	8,562,552	564,316	171,262	2,599,301
1999	58,383,735	9,390,568	712,816	201,123	2,130,997
2000	57,588,606	10,150,934	739,401	259,781	2,382,840
2001	59,071,677	10,920,367	1,130,335	362,610	2,950,599
2002	63,317,360	11,445,316	1,169,124	432,297	1,599,707

(1) Includes the General, Special Revenue and Capital Projects Funds
Funds of the Primary Government and the Discretely Presented Component Unit - School Board.

(2) Reconciliation to Exhibit 2

Total Revenue per Table 2	\$ 140,173,915
Plus: Expendable Trust	\$ 76,838
Total Revenue per Exhibit 2	\$ 140,250,753

Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	Total
2,068,769	347,404	80,699	18,668,754	68,199,414
2,530,523	377,114	663,786	19,327,976	74,270,350
2,418,307	183,482	379,367	23,171,823	83,928,118
2,179,034	1,181,682	155,276	23,672,366	86,841,581
2,529,450	297,392	281,147	26,500,922	92,423,976
4,215,626	274,989	171,303	27,814,462	117,558,165
2,940,675	147,393	538,695	32,999,092	107,445,094
2,769,062	103,957	853,977	37,038,087	111,886,645
3,104,557	388,978	157,924	42,737,374	120,824,421
3,251,191	10,482,432	461,620	48,014,868	140,173,915 (2)

COUNTY OF FAUQUIER, VIRGINIA

TABLE 3

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percentage of Levy Collected	Delinquent Tax Collections (1) (2)
1993	39,486,468	36,907,864	93.47%	1,618,156
1994	42,166,153	40,074,085	95.04%	1,966,571
1995	46,297,895	43,520,809	94.00%	2,004,527
1996	47,580,344	45,105,097	94.80%	1,461,059
1997	51,745,756	49,475,390	95.61%	1,616,170
1998	72,647,034	69,456,067	95.61%	1,666,145
1999	56,612,254	55,294,787	97.67%	1,812,388
2000	61,185,988	60,527,627	98.92%	1,696,797
2001	63,854,161	62,009,789	97.11%	2,050,333
2002	72,191,444	70,762,226	98.02%	1,912,108

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

*(3) 1997-1998 Includes one-time windfall real estate revenue.
Includes General Fund and Special Revenue Fund.*

Source: Fauquier County Treasurer

Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1) (3)	Percent of Delinquent Taxes to Tax Levy
38,526,020	97.57%	4,925,857	12.47%
42,040,656	99.70%	4,397,492	10.43%
45,525,336	98.33%	2,627,735	5.68%
46,566,156	97.87%	2,927,028	6.15%
51,091,560	98.74%	2,205,998	4.26%
71,122,212	97.90%	3,330,854	4.58%
57,107,175	100.87%	3,130,424	5.53%
62,224,424	101.70%	3,353,139	5.48%
64,060,122	100.32%	3,292,855	5.16%
72,674,334	100.67%	2,826,967	3.92%

COUNTY OF FAUQUIER, VIRGINIA

TABLE 4

**Assessed Value of All Taxable Property (1)
Last Ten Years (2)**

Calendar Year	Real Estate	Personal Property	Airplane	Mobile Homes	Machinery and Tools
1993	3,172,703,130	204,244,507	1,861,830	5,521,339	10,030,443
1994	3,203,089,889	205,822,817	2,141,750	5,310,872	8,745,079
1995	3,326,023,307	225,348,686	2,199,898	4,511,633	7,718,678
1996	3,379,288,221	265,044,520	2,367,444	4,812,375	6,157,665
1997	3,428,662,770	311,006,694	2,388,816	4,812,419	5,042,614
1998	3,580,410,049	318,172,142	2,820,795	4,747,942	6,833,515
1999	3,667,585,036	335,750,838	3,183,817	3,938,111	7,417,720
2000	3,763,470,235	371,110,903	3,306,095	4,612,434	7,292,514
2001	3,959,582,800	420,854,436	4,760,347	5,014,093	7,743,026
2002 (3)	4,485,272,800	468,636,375	5,877,252	5,990,508	8,912,009

(1) Assessed value approximates market or actual value.

(2) Assessed value is based on calendar year.

(3) Real Property is assessed every four years. New assessments were effective January 1, 2002.

Source: Fauquier County Commissioner of the Revenue

Public Service	Handicapped Equipment	Camper Trailers	Fire & Rescue	Total
121,997,262	-	-	-	3,516,358,511
137,752,001	-	-	-	3,562,862,408
168,355,738	-	-	-	3,734,157,940
168,080,556	-	-	-	3,825,750,781
159,429,091	514,500	2,417,631	-	3,914,274,535
161,304,562	661,840	3,304,376	1,215,464	4,079,470,685
182,512,529	861,420	3,702,994	1,401,108	4,206,353,573
181,193,023	623,700	4,196,246	1,718,120	4,337,523,270
224,191,709	566,080	5,360,009	1,830,104	4,629,902,604
340,899,267	535,240	6,161,496	1,566,124	5,323,851,071

COUNTY OF FAUQUIER, VIRGINIA

TABLE 5

**Property Tax Rates (1)
Last Ten Years**

Fiscal Year	Real Estate	Personal Property	Airplanes	Machinery and Tools	Handicapped Equipment	Camper Trailers	Fire & Rescue
1993	0.98	4.50	1.50	4.50	-	-	-
1994	1.03	4.90	1.50	4.90	-	-	-
1995	1.03 (2)	4.80	1.50	4.80	-	-	-
1996	1.03	4.70	1.50	4.70	0.05	1.50	-
1997	1.03 (3)	4.65	0.60	4.65	0.05	1.50	0.25
1998	1.06 (4)	4.65	0.60	4.65	0.05	1.50	0.25
1999	1.06	4.65	0.60	4.65	0.05	1.50	0.25
2000	1.06	4.65	0.60	4.65	0.05	1.50	0.25
2001	1.06	4.65	0.60	4.65	0.05	1.50	0.25
2002	0.99 (5)	4.65	0.60	4.65	0.05	1.50	0.25

(1) All years assessed at fair market value. Rates per \$100.00 of assessed value.

(2) Real estate tax rate includes \$0.04 for Fire and Rescue Special Revenue Fund, and \$0.99 for the General Fund.

(3) Real estate tax rate includes \$0.05 for Fire and Rescue Special Revenue Fund, and \$0.98 for the General Fund.

(4) Real estate tax rate includes \$0.06 for Fire and Rescue Special Revenue Fund, and \$1.00 for the General Fund.

(5) Real estate tax rate includes \$0.07 for Fire and Rescue Special Revenue Fund, and \$0.92 for the General Fund.

Source: Fauquier County Commissioner of the Revenue

COUNTY OF FAUQUIER, VIRGINIA

TABLE 6

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

Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value of Taxable Property (2)	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Value	Net Bonded Debt Per Capita
1993	49,800	3,516,358,511	47,122,500	0.0134	946
1994	50,700	3,562,862,408	44,470,000	0.0125	877
1995	51,200	3,734,157,940	41,472,500	0.0111	810
1996	51,600	3,825,750,781	38,197,500	0.0100	740
1997	51,900	3,914,274,535	42,684,760	0.0109	822
1998	52,900	4,079,470,685	43,687,500	0.0107	826
1999	53,500	4,206,353,573	40,237,500	0.0096	752
2000	54,600	4,337,523,270	40,372,500	0.0093	739
2001	55,139	4,629,902,604	41,460,000	0.0090	752
2002	56,300	5,323,851,071	44,980,000	0.0084	799

(1) From the Weldon Cooper Center for Public Service

(2) From Table 4

(3) Includes all long-term general obligation bonded debt.

Excludes enterprise debt, revenue bonds, capital leases and compensated absences.

COUNTY OF FAUQUIER, VIRGINIA

TABLE 7

**Ratio of Debt Service to Total Government Expenditures (1)
Last Ten Fiscal Years**

Fiscal Year	Total Expenditures	Debt Service	Ratio
1993	65,332,431	4,944,684	7.57%
1994	69,448,404	5,802,071	8.35%
1995	76,997,491	6,107,034	7.93%
1996	80,858,165	6,091,387	7.53%
1997	100,946,575	5,755,858	5.70%
1998	111,967,067	7,011,362	6.26%
1999	108,785,548	7,646,523	7.03%
2000	115,784,118	6,157,359	5.32%
2001	115,022,442	6,288,144	5.47%
2002	126,801,252 (2)	6,188,549	4.88%

(1) Includes All Funds of Primary Government and Discretely Presented Component Unit (School Board)

(2) See reconciliation on Table 1

Source: Fauquier County Government & Public Schools Finance

COUNTY OF FAUQUIER, VIRGINIA

TABLE 8

**Revenue Bond Coverage
Last Eight Fiscal Years (1)**

Fiscal Year	Gross Revenue (2)	Direct Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995	2,148,907	1,145,770	1,003,137	205,000	237,158	442,158	2.27
1996	2,222,253	2,349,183	(126,930)	210,000	229,778	439,778	(0.29)
1997	2,180,429	2,153,232	27,197	220,000	221,378	441,378	0.06
1998	2,072,559	1,815,234	257,325	230,000	212,028	442,028	0.58
1999	2,060,005	1,733,099	326,906	240,000	201,793	441,793	0.74
2000	2,212,272	1,873,800	338,472	250,000	190,633	440,633	0.77
2001	2,734,054	2,698,983	35,071	260,000	153,591	413,591	0.08
2002	5,220,443	3,200,280	2,020,163	275,000	162,001	437,001	4.62

(1) Bonds were issued in 1993

(2) Includes operating and non-operating revenues for the Solid Waste Fund

(3) Includes operating expenses for the Solid Waste Fund

Source: Fauquier County Government & Public Schools Finance

COUNTY OF FAUQUIER, VIRGINIA

TABLE 9

**Demographic Statistics
Last Ten Fiscal Years**

<u>Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1993	49,800	8,446	5.20%
1994	50,700	8,478	3.30%
1995	51,200	8,660	3.30%
1996	51,600	8,888	3.20%
1997	51,900	9,030	2.20%
1998	52,900	9,176	1.14%
1999	53,500	9,269	2.00%
2000	54,600	9,588	1.00%
2001	55,139	9,623	1.00%
2002	56,300	9,678	2.08%

*Sources: Weldon Cooper Center for Public Service
Fauquier County Schools*

COUNTY OF FAUQUIER, VIRGINIA

TABLE 10

**Property Value and Construction
Last Ten Fiscal Years**

Year	Residential Construction		Commercial Construction		Miscellaneous Construction		Real Property Value			
	Permits	Valuation	Permits	Valuation	Permits	Valuation	Residential	Commercial	Agriculture	Non-Taxable
1993	787	40,883,822	66	1,827,332	221	976,600	2,106,242,550	31,698,540	785,857,290	283,181,000
1994	883	43,536,530	56	2,266,690	285	1,103,320	2,231,833,500	314,291,500	780,814,800	323,257,100
1995	936	43,108,067	65	2,455,884	350	1,326,446	2,275,945,100	329,053,300	774,313,700	330,210,100
1996	926	46,485,601	75	6,230,169	311	1,195,436	2,325,702,500	335,412,500	767,889,700	338,177,800
1997	900	54,648,607	83	7,274,205	403	1,927,505	2,370,193,400	342,954,200	762,746,800	347,251,700
1998	1,053	74,999,145	88	2,981,452	322	1,645,614	2,504,060,000	366,663,900	791,832,300	356,595,900
1999	1,186	81,599,656	115	23,668,418	283	1,479,231	2,575,571,000	370,544,400	804,429,800	363,892,100
2000	1,215	91,718,862	99	3,648,699	354	1,474,250	2,656,247,900	387,275,800	808,032,100	371,632,000
2001	1,477	125,529,360	114	26,461,134	316	1,501,962	2,751,109,100	392,858,900	815,564,800	394,813,400
2002	1,594	114,087,743	174	10,327,885	216	689,179	3,572,379,700	504,421,900	1,057,149,600	538,363,600

Source: Fauquier County Commissioner of the Revenue
Fauquier County Department of Community Development

COUNTY OF FAUQUIER, VIRGINIA

TABLE 11

**Principal Taxpayers
June 30, 2002**

TAXPAYER/ TYPE OF BUSINESS	2002 Assessed Valuation	% of Total Assessed Valuation
Virginia Electric & Power Company Utilities	\$ 208,171,208	3.82%
Verizon - Virginia, Inc. Utilities	48,027,777	0.88%
Jefferson Associates LP Shopping Centers	27,276,200	0.50%
Oak Springs Farm Farm	18,931,000	0.35%
Northern Virginia Electric Co-op Utilities	16,469,707	0.30%
Rappahannock Electric Co-op Utilities	11,309,084	0.21%
Warrenton Development Company Shopping Center	10,099,500	0.19%
Norfolk Southern Railway Company Utilities	9,774,971	0.18%
Colonial Pipeline Company Utilities	9,642,210	0.18%
Wal-Mart Real Estate Business Shopping Center	8,991,800	0.17%
Total	\$ 368,693,457	6.78%

Source: Fauquier County Commissioner of the Revenue

COUNTY OF FAUQUIER, VIRGINIA

TABLE 12

**Miscellaneous Statistics
At June 30, 2002**

Date of Incorporation		1759
Form of Government	Board of Supervisors/County Administrator	
Area (square miles)		660
Public Safety	Fire and Rescue Companies	13
	Career Firefighters	14
	Volunteer Firefighters	467
	Sheriff's Office employees	118
Education	Schools	17
	Number of Students	9,678
Recreation and Culture	Number of Parks and Recreation Facilities	30
	Number of Libraries	3
	Number of Volumes	157,059
Employees at June 30	General Government (excludes Sheriff)	379
	School Division (includes teachers)	1,487

Source: Fauquier County Government & Public Schools Finance

COUNTY OF FAUQUIER, VIRGINIA

TABLE 13

**Statement of Net Assets
June 30, 2002**

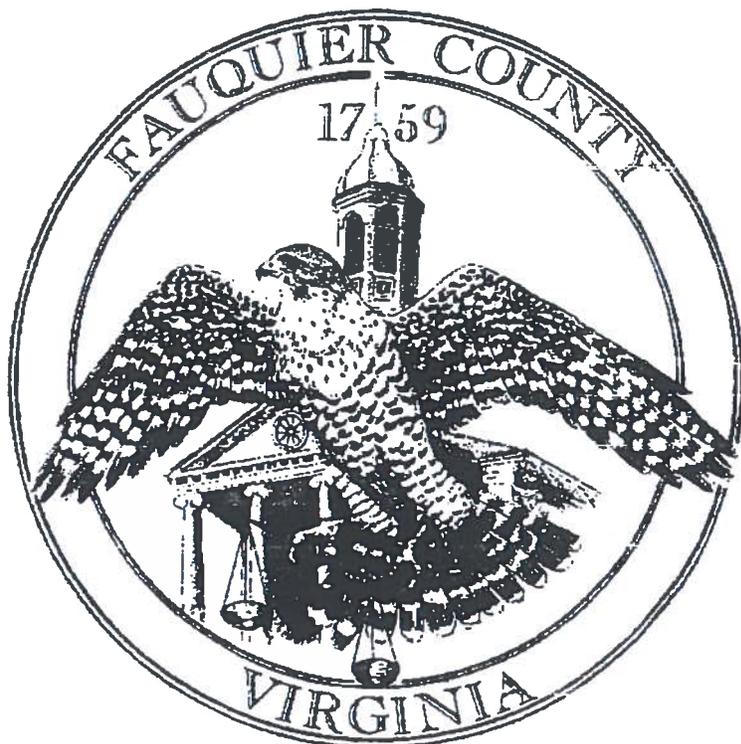
	Primary Government			Component Unit	Total
	Governmental Activities	Business-type Activities	Total	Schools	
ASSETS					
Cash and cash equivalents	\$ 77,108,073	\$ 1,627,857	\$ 78,735,930	\$ 391,646	\$ 79,127,576
Prepaid Expenses	47,690	72,500	120,190	-	120,190
Receivables(net)	32,419,061	605,848	33,024,909	2,314,322	35,339,231
Due from primary government	-	-	-	5,697,772	5,697,772
Inventories	104,058	-	104,058	-	104,058
Bond insurance cost, net	-	39,685	39,685	-	39,685
Security deposit	5,380	-	5,380	-	5,380
Others	-	-	-	17,087	17,087
Capital assets.net	25,347,916	11,639,484	36,987,400	78,063,992	115,051,392
Total assets	\$ 135,032,178	\$ 13,985,374	\$ 149,017,552	\$ 86,484,819	\$ 235,502,371
LIABILITIES					
Accounts payable	3,446,273	377,185	3,823,458	8,161,750	11,985,208
Deferred revenue	27,753,846	-	27,753,846	-	27,753,846
Accrued interest payable	131,124	-	131,124	830,298	961,422
Due to component unit	5,697,772	-	5,697,772	-	5,697,772
Interfund Payable	-	500,000	500,000	-	500,000
Landfill closure and postclosure costs	-	3,520,503	3,520,503	-	3,520,503
Other	-	-	-	-	-
Long-term liabilities	-	-	-	-	-
Due within one year	-	290,000	290,000	-	290,000
Due in more than one year	15,008,531	2,522,740	17,531,271	3,245,216	20,776,487
Total liabilities	\$ 52,037,546	\$ 7,210,428	\$ 59,247,974	\$ 12,237,264	\$ 71,485,238
NET ASSETS					
Invested in capital assets, net of related debt	12,829,535	8,349,484	21,179,019	110,884,731	132,063,750
Restricted for:					
Capital project	46,160,157	-	46,160,157	-	46,160,157
Debt service	-	-	-	-	-
Community development projects	-	-	-	-	-
Other purpose	589,612	-	589,612	-	589,612
Unrestricted (deficit)	23,415,328	(1,523,656)	21,891,672	(36,637,176)	(14,745,504)
Total net asset	\$ 82,994,632	\$ 6,825,828	\$ 89,820,460	\$ 74,247,555	\$ 164,068,015

COUNTY OF FAUQUIER, VIRGINIA

TABLE 14

Statement of Activities
Year Ended June 30, 2002

Functions/Programs	Expenses	Program Revenue			Net(Expenses) Revenue and Changes in Net Assets			Component Uni Schools
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Types Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 7,612,479	\$ 3,672	\$ 12,429,034	\$ -	\$ 4,820,227	\$ -	\$ 4,820,227	\$ -
Judicial administration	2,122,342	736,380	1,059,887	-	(326,075)	-	(326,075)	-
Public Safety	12,877,751	126,625	3,371,697	90,644	(9,288,785)	-	(9,288,785)	-
Public works	6,109,182	-	-	-	(6,109,182)	-	(6,109,182)	-
Health and welfare	5,237,700	-	3,364,878	-	(1,872,822)	-	(1,872,822)	-
Culture and recreation	4,238,132	362,380	263,769	-	(3,611,983)	-	(3,611,983)	-
Community development	3,052,540	1,199,572	-	-	(1,852,968)	-	(1,852,968)	-
Non-departmental	434,769	2,364	-	-	(432,405)	-	(432,405)	-
Capital projects	6,955,229	-	-	10,000,350	3,045,121	-	3,045,121	-
Education	50,633,392	-	-	-	(50,633,392)	-	(50,633,392)	-
Interest on long-term debt	245,396	-	-	-	(245,396)	-	(245,396)	-
Total governmental activities	99,518,913	2,430,993	20,489,265	10,090,994	(66,507,661)	-	(66,507,661)	-
Business-type activities:								
Landfill	3,371,246	4,969,042	34,057	-	-	1,631,853	1,631,853	-
Airport	55,674	-	-	732,051	-	676,377	676,377	-
Total business-type activities	3,426,920	4,969,042	34,057	-	-	2,308,230	2,308,230	-
Total primary government	\$ 102,945,833	\$ 7,400,035	\$ 20,523,322	\$ 10,090,994	\$ (66,507,661)	\$ 2,308,230	\$ (64,199,431)	\$ -
Component unit:								
Public school	78,017,249	2,460,343	25,918,212	1,486,031	-	-	-	(48,152,663)
Total component unit	\$ 78,017,249	\$ 2,460,343	\$ 25,918,212	\$ 1,486,031	\$ -	\$ -	\$ -	\$ (48,152,663)
General revenues:								
Taxes								
Property taxes, levied for general purpose					81,338,558	-	81,338,558	-
Property taxes, levied for special revenue purpose					4,161,948	-	4,161,948	-
Payment to school system					-	-	-	50,593,480
Grants and contributions not restricted to specific programs								
Investment earnings					1,511,210	63,573	1,574,783	627
Miscellaneous					130,225	228,110	358,335	351,857
Proceeds from debt issuance					7,633,998	-	7,633,998	6,410,000
Transfers					9,333,646	110,718	9,444,364	(9,450,982)
Total general revenues, special items, and transfers					104,109,585	402,401	104,511,986	47,904,982
Change in net assets					37,601,924	2,710,631	40,312,555	(247,681)
Net assets - beginning					45,392,708	4,115,197	49,507,905	74,495,236
Net assets - ending					\$ 82,994,632	\$ 6,825,828	\$ 89,820,460	\$ 74,247,555



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ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

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

**TO THE BOARD OF SUPERVISORS
COUNTY OF FAUQUIER
WARRENTON, VIRGINIA**

We have audited the financial statements of the County of Fauquier, Virginia as of and for the year ended June 30, 2002, and have issued our report thereon dated October 4, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County of Fauquier, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated October 4, 2002.

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

Robinson, Finner, Cox Associates

Charlottesville, Virginia

October 4, 2002

ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

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

**TO THE BOARD OF SUPERVISORS
COUNTY OF FAUQUIER
WARRENTON, VIRGINIA**

Compliance

We have audited the compliance of the County of Fauquier, Virginia with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The County of Fauquier, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Fauquier, Virginia's management. Our responsibility is to express an opinion on the County of Fauquier, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Fauquier, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Fauquier, Virginia's compliance with those requirements.

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

Internal Control Over Compliance

The management of the County of Fauquier, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Fauquier, Virginia's

internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

Robinson, Fanner, Cox Associates

Charlottesville, Virginia
October 4, 2002

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
 - Primary Government and Discretely Presented Component Unit
 Fiscal Year June 30, 2002

<u>Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number</u>	<u>Federal Catalog Number</u>	<u>Expendi- tures</u>
<u>Primary Government:</u>		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Social Services:		
Food Stamp Program	10.561	\$ <u>233,240</u>
Total Department of Agriculture		\$ <u>233,240</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
<u>Pass through payments:</u>		
Community development block grant	14.228	\$ <u>30,716</u>
Total Department of Housing and Urban Development		\$ <u>30,716</u>
<u>DEPARTMENT OF FEDERAL AVIATION ADMINISTRATION:</u>		
<u>Direct payments:</u>		
Airport Improvement Program	20.106	\$ <u>655,880</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION / DEPARTMENT OF MOTOR VEHICLES:</u>		
<u>Pass through payments:</u>		
Community Traffic Safety	20.600	\$ 1,675
Open container/Alcohol impaired driving	20.000	<u>10,359</u>
Total Department of Transportation		\$ <u>12,034</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>		
<u>Pass through payments:</u>		
Virginia Department of Social Services:		
Foster Care - Title IV-E	93.658	\$ 177,379
Social services block grant	93.667	252,779
Child care development	93.596	160,610
Independent living	93.674	4,080
Medical assistance program	93.778	222,316
Child welfare services - state grants	93.556	18,730
Adoption assistance	93.659	33,218
Child care assistance	93.575	376,879
Low income home energy assistance	93.568	7,589
Temporary assistance to needy families	93.558	202,749
Refugee and entrant assistance - discretionary	93.566	<u>696</u>
Total Department of Health and Human Services		\$ 1,457,025

COUNTY OF FAUQUIER, VIRGINIA

Schedule of Expenditures of Federal Awards
 - Primary Government and Discretely Presented Component Unit
 Fiscal Year June 30, 2002 (Continued)

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expendi- tures
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES/ NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES:</u>		
<u>Pass through payments:</u>		
The Library of Virginia:		
State library grant	45.310	\$ <u>10,305</u>
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Direct payments:</u>		
Cops grant	16.000	\$ 76,886
<u>Pass through payments:</u>		
Department of Criminal Justice Services:		
Juvenile Justice and Delinquency Prevention	16.540	35,052
Juvenile Accountability Incentive Block Grant	16.523	5,520
Drug control and system improvement	16.579	4,397
Violence against women	16.588	6,328
Local law enforcement block grant	16.592	16,014
Police assisted community drug enforcement program	16.580	<u>34,839</u>
Total Department of Justice		\$ <u>179,036</u>
Total Primary Government		\$ <u>2,578,236</u>
Component Unit - School Board:		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Agriculture and Consumer Services:		
Food distribution	10.555	\$ 155,039
Department of Education:		
National school breakfast program	10.553	113,649
National school lunch program	10.555	<u>494,985</u>
Total Department of Agriculture		\$ <u>763,673</u>
<u>DEPARTMENT OF LABOR:</u>		
<u>Direct payments:</u>		
ROTC Instruction	17.000	\$ 40,454
<u>Pass Through Payments:</u>		
Department of Education:		
School to work grant	17.249	<u>89,767</u>
Total Department of Labor		\$ <u>130,221</u>

COUNTY OF FAUQUIER, VIRGINIA

**Schedule of Expenditures of Federal Awards
- Primary Government and Discretely Presented Component Unit
Fiscal Year June 30, 2002 (Continued)**

Federal Granting Agency / Recipient State Agency/ Grant Program / Grant Number	Federal Catalog Number	Expendi- tures
<u>DEPARTMENT OF EDUCATION:</u>		
Pass Through Payments:		
Department of Education:		
Education Consolidation and Improvement		
Act of 1981:		
Adult education state-administered program	84.002	\$ 84,704
Chapter I:		
Financial assistance to meet special educational needs of disadvantaged children - programs operated by local education agencies	84.010	636,409
Elementary and secondary education act (ESEA):		
Title VI-B	84.027	917,069
Sliver grant	84.027	15,139
Title II-Education for economic security	84.281	43,363
Vocational Education:		
Basic grants to states	84.048	115,550
Title VI	84.298	52,646
Goals 2000	84.276	38,787
Refugee school impact	93.576	2,195
Forest reserve payments	10.665	2,168
Preschool incentive grant	84.173	59,678
Literacy challenge grant	84.318	53,300
Class size reduction grant	84.340	<u>249,362</u>
Total Department of Education		<u>\$ 2,270,370</u>
Total Component Unit School Board		<u>\$ 3,164,264</u>
Total Federal Assistance Reporting Entity		<u>\$ 5,742,500</u>

COUNTY OF FAUQUIER, VIRGINIA

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

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	Title VI-B
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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