

CITY OF MARTINSVILLE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2002

ROBINSON, FARMER, COX ASSOCIATES

*A Professional limited liability company
Certified Public Accountants*

Charlottesville t Christiansburg t Richmond t Staunton



CITY OF MARTINSVILLE, VIRGINIA

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2002

CITY OF MARTINSVILLE, VIRGINIA

City Council

Mark A. Crabtree, Mayor
M. Gene Teague, Vice Mayor
Bruce H. T. Dallas

J. Ronald Ferrill

Terry L. Roop

School Board

Chuck W. Davies, Jr., Chairman
Bernie F. Gray, Jr., Vice-Chairman

Joseph E. Finley
Cynthia W. Ingram

Lynn R. Wood

Industrial Development Authority

Thomas E. Hall, Chairman

Clyde L. Williams, Jr., Vice-Chairman
Agnes Mobile Hairston
James H. Johnson, Jr.

Allan McClain
Sandy T. Carter
Kevin B. Laine

Other Officials

City Manager	Earl B. Reynolds, Jr.
Clerk of the Circuit Court	Ashby R. Pritchett
City Attorney	David B. Worthy
Commissioner of the Revenue	Ruth Krauss
Treasurer	Pat S. Conrad
Police Chief	Michael E. Rogers
Superintendent of Schools	Ira R. Trollinger
Clerk of the School Board	Lynda W. Pulliam
Director of Finance and General Services	W. W. Bartlett
Director of Social Services	Joyce Martin Grogan
Sheriff	Steve M. Draper
Commonwealth's Attorney	Joan Ziglar
Public Works Department Director	Leon E. Towarnicki
Water Resources Department Director	John H. Dyches
Chief of Electric Operation	Paul R. Roop
Purchasing Agent	Karen H. Mays
Fire Chief	Jerry W. Brock

CITY OF MARTINSVILLE, VIRGINIA

Financial Report
Fiscal Year Ended June 30, 2002

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CITY OF MARTINSVILLE, VIRGINIA

Financial Report
Fiscal Year Ended June 30, 2002

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ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional limited liability company

Independent Auditor's Report

**To The Honorable Members of City Council
City of Martinsville
Martinsville, Virginia**

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Martinsville, Virginia, as of June 30, 2002, and the results of its operations 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 August 29, 2002 on our consideration of the City of Martinsville, Virginia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

Robinson, Farmer, Co. Associates

Charlottesville, Virginia

August 29, 2002

General Purpose Financial Statements

CITY OF MARTINSVILLE, VIRGINIA

Combined Balance Sheet - All Funds, Account Groups, and Discretely Presented Component Units
At June 30, 2002

	Governmental Funds			Proprietary Funds	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
ASSETS AND OTHER DEBITS					
Assets:					
Current assets:					
Cash and cash equivalents	\$ 379,115	\$ -	\$ 163,299	\$ 4,611,759	\$ -
Receivables (Net of allowances for uncollectibles):					
Taxes	291,404	-	-	-	-
Accounts	417,704	-	623	2,387,404	-
Due from other governmental units	984,011	181,032	-	-	-
Inventory	-	-	-	-	1,199,076
Fixed assets (net of accumulated depreciation)	-	-	-	21,373,499	104,164
Other debits:					
Amount to be provided for the retirement of general obligations	-	-	-	-	-
Total assets and other debits	\$ 2,072,234	\$ 181,032	\$ 163,922	\$ 28,372,662	\$ 1,303,240
Current Liabilities:					
Cash overdraft	\$ -	\$ 467,858	\$ -	\$ -	\$ 1,114,626
Accounts payable	600,843	100,617	92,148	130,405	41,649
Accrued payroll	-	-	-	-	-
Amounts held for others	-	-	-	-	-
Liabilities payable from restricted assets:					
Customer deposits	-	-	-	308,340	-
Other liabilities:					
Liability for landfill closure and postclosure costs	-	-	-	3,129,625	-
Deferred revenue	157,551	-	-	-	-
General obligation bonds payable	-	-	-	-	-
State Literary Fund loans payable	-	-	-	-	-
Note payable	-	-	-	2,375,000	-
Capital lease obligations	-	-	-	566,725	-
Accrued compensated absences	-	-	-	151,869	7,212
Total liabilities	\$ 758,394	\$ 568,475	\$ 92,148	\$ 6,661,964	\$ 1,163,487
EQUITY AND OTHER CREDITS					
Investment in general fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -
Retained earnings	-	-	-	21,710,698	139,753
Fund balances:					
Unreserved:					
Designated	156,109	-	71,774	-	-
Undesignated	1,157,731	(387,443)	-	-	-
Total fund balances	\$ 1,313,840	\$ (387,443)	\$ 71,774	\$ -	\$ -
Total equity and other credits	\$ 1,313,840	\$ (387,443)	\$ 71,774	\$ 21,710,698	\$ 139,753
Total liabilities, equity and other credits	\$ 2,072,234	\$ 181,032	\$ 163,922	\$ 28,372,662	\$ 1,303,240

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

<u>Fiduciary Funds</u>	<u>Account Group</u>	<u>Account Group</u>	<u>Totals "Memorandum Only"</u>	<u>Component Unit</u>	<u>Totals "Memorandum Only"</u>
<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	<u>Primary Government</u>	<u>School Board</u>	<u>Reporting Entity</u>
\$ 228,160	\$ -	\$ -	\$ 5,382,333	\$ 1,117,548	\$ 6,499,881
-	-	-	291,404	-	291,404
-	-	-	2,805,731	-	2,805,731
-	-	-	1,165,043	389,269	1,554,312
-	-	-	1,199,076	-	1,199,076
-	14,771,574	-	36,249,237	19,985,974	56,235,211
-	-	5,443,227	5,443,227	11,892,958	17,336,185
<u>\$ 228,160</u>	<u>\$ 14,771,574</u>	<u>\$ 5,443,227</u>	<u>\$ 52,536,051</u>	<u>\$ 33,385,749</u>	<u>\$ 85,921,800</u>
\$ -	\$ -	\$ -	\$ 1,582,484	\$ 173,317	\$ 1,755,801
1,680	-	-	967,342	274,455	1,241,797
-	-	-	-	824,521	824,521
226,480	-	-	226,480	-	226,480
-	-	-	308,340	-	308,340
-	-	-	3,129,625	-	3,129,625
-	-	-	157,551	-	157,551
-	-	3,890,000	3,890,000	248,227	4,138,227
-	-	-	-	11,106,150	11,106,150
-	-	945,000	3,320,000	-	3,320,000
-	-	198,782	765,507	538,581	1,304,088
-	-	409,445	568,526	-	568,526
<u>\$ 228,160</u>	<u>\$ -</u>	<u>\$ 5,443,227</u>	<u>\$ 14,915,855</u>	<u>\$ 13,165,251</u>	<u>\$ 28,081,106</u>
\$ -	\$ 14,771,574	\$ -	\$ 14,771,574	\$ 19,985,974	\$ 34,757,548
-	-	-	21,850,451	-	21,850,451
-	-	-	227,883	-	227,883
-	-	-	770,288	234,524	1,004,812
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 998,171</u>	<u>\$ 234,524</u>	<u>\$ 1,232,695</u>
<u>\$ -</u>	<u>\$ 14,771,574</u>	<u>\$ -</u>	<u>\$ 37,620,196</u>	<u>\$ 20,220,498</u>	<u>\$ 57,840,694</u>
<u>\$ 228,160</u>	<u>\$ 14,771,574</u>	<u>\$ 5,443,227</u>	<u>\$ 52,536,051</u>	<u>\$ 33,385,749</u>	<u>\$ 85,921,800</u>

CITY OF MARTINSVILLE, VIRGINIA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Funds and Discretely Presented Component Units
 Year Ended June 30, 2002

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Revenues:			
General property taxes	\$ 6,374,432	\$ -	\$ -
Other local taxes	5,661,983	-	856,362
Permits, privilege fees and regulatory licenses	13,360	-	-
Fines and forfeitures	214,765	-	-
Revenue from use of money and property	492,133	59,978	51,476
Charges for services	118,322	-	-
Miscellaneous	265,981	120,950	4,478
Recovered costs	940,455	-	-
Intergovernmental:			
Commonwealth	6,914,848	464,275	827,100
Federal	61,823	833,906	630,000
Total revenues	<u>\$ 21,058,102</u>	<u>\$ 1,479,109</u>	<u>\$ 2,369,416</u>
Expenditures:			
Current:			
General government administration	\$ 2,792,221	\$ -	\$ 35,190
Judicial administration	1,585,234	-	-
Public safety	7,618,428	161,351	-
Public works	3,266,630	-	-
Health and welfare	311,542	301,969	-
Education	-	-	-
Parks, recreation, and cultural	966,334	-	-
Community development	1,026,151	1,298,289	-
Capital outlays	-	-	915,394
Capital projects	-	-	2,125,148
Debt service:			
Principal retirement	-	-	765,000
Interest and other fiscal charges	-	-	533,395
Nondepartmental	132,802	-	-
Total expenditures	<u>\$ 17,699,342</u>	<u>\$ 1,761,609</u>	<u>\$ 4,374,127</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 3,358,760</u>	<u>\$ (282,500)</u>	<u>\$ (2,004,711)</u>
Other financing sources (uses):			
Operating transfers in	\$ 4,896,353	\$ 108,950	\$ 989,841
Operating transfers out	(135,273)	-	(278,789)
Proceeds from indebtedness	-	-	807,510
Refund VDOT grant	-	-	(450,000)
Operating transfers from/to primary government	(7,653,244)	-	-
Total other financing sources (uses)	<u>\$ (2,892,164)</u>	<u>\$ 108,950</u>	<u>\$ 1,068,562</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 466,596</u>	<u>\$ (173,550)</u>	<u>\$ (936,149)</u>
Fund balances at beginning of year	<u>847,244</u>	<u>(213,893)</u>	<u>1,007,923</u>
Fund balances at end of year	<u>\$ 1,313,840</u>	<u>\$ (387,443)</u>	<u>\$ 71,774</u>

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		
\$	6,374,432	\$	-	\$	6,374,432
	6,518,345		-		6,518,345
	13,360		-		13,360
	214,765		-		214,765
	603,587		17,631		621,218
	118,322		454,277		572,599
	391,409		97,480		488,889
	940,455		-		940,455
	8,206,223		10,743,218		18,949,441
	1,525,729		1,771,015		3,296,744
\$	<u>24,906,627</u>	\$	<u>13,083,621</u>	\$	<u>37,990,248</u>
\$	2,827,411	\$	-	\$	2,827,411
	1,585,234		-		1,585,234
	7,779,779		-		7,779,779
	3,266,630		-		3,266,630
	613,511		-		613,511
	-		21,045,643		21,045,643
	966,334		-		966,334
	2,324,440		-		2,324,440
	915,394		-		915,394
	2,125,148		-		2,125,148
	765,000		124,963		889,963
	533,395		31,772		565,167
	132,802		-		132,802
\$	<u>23,835,078</u>	\$	<u>21,202,378</u>	\$	<u>45,037,456</u>
\$	<u>1,071,549</u>	\$	<u>(8,118,757)</u>	\$	<u>(7,047,208)</u>
\$	5,995,144	\$	-	\$	5,995,144
	(414,062)		-		(414,062)
	807,510		-		807,510
	(450,000)		-		(450,000)
	(7,653,244)		7,653,244		-
\$	<u>(1,714,652)</u>	\$	<u>7,653,244</u>	\$	<u>5,938,592</u>
\$	(643,103)	\$	(465,513)	\$	(1,108,616)
	1,641,274		700,037		2,341,311
\$	<u>998,171</u>	\$	<u>234,524</u>	\$	<u>1,232,695</u>

CITY OF MARTINSVILLE, VIRGINIA

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

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
General property taxes	\$ 6,984,116	\$ 6,374,432	\$ (609,684)	\$ -	\$ -	\$ -
Other local taxes	5,491,399	5,661,983	170,584	-	-	-
Permits, privilege fees and regulatory licenses	23,715	13,360	(10,355)	-	-	-
Fines and forfeitures	200,500	214,765	14,265	-	-	-
Revenue from use of money and property	562,491	492,133	(70,358)	56,677	59,978	3,301
Charges for services	102,290	118,322	16,032	-	-	0
Miscellaneous	273,738	265,981	(7,757)	145,588	120,950	(24,638)
Recovered costs	905,781	940,455	34,674	-	-	-
Intergovernmental:						
Commonwealth	5,694,075	6,914,848	1,220,773	305,246	464,275	159,029
Federal	49,324	61,823	12,499	718,265	833,906	115,641
Total revenues	\$ 20,287,429	\$ 21,058,102	\$ 770,673	\$ 1,225,776	\$ 1,479,109	\$ 253,333
Expenditures:						
Current:						
General government administration	\$ 2,971,588	\$ 2,792,221	\$ 179,367	\$ -	\$ -	\$ -
Judicial administration	1,580,522	1,585,234	(4,712)	-	-	-
Public safety	7,676,716	7,618,428	58,288	322,313	161,351	160,962
Public works	2,912,160	3,266,630	(354,470)	-	-	-
Health and welfare	311,542	311,542	-	-	301,969	(301,969)
Education	-	-	-	-	-	-
Parks, recreation, and cultural	956,101	966,334	(10,233)	-	-	-
Community development	1,085,593	1,026,151	59,442	1,296,049	1,298,289	(2,240)
Capital outlays	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-	-
Nondepartmental	416,135	132,802	283,333	-	-	-
Total expenditures	\$ 17,910,357	\$ 17,699,342	\$ 211,015	\$ 1,618,362	\$ 1,761,609	\$ (143,247)
Excess (deficiency) of revenues over expenditures	\$ 2,377,072	\$ 3,358,760	\$ 981,688	\$ (392,586)	\$ (282,500)	\$ 110,086
Other financing sources (uses):						
Operating transfers in	\$ 4,901,853	\$ 4,896,353	\$ (5,500)	\$ 108,950	\$ 108,950	\$ -
Operating transfers out	(135,273)	(135,273)	-	-	-	-
Proceeds from indebtedness	-	-	-	-	-	-
Refund VDOT grant	-	-	-	-	-	-
Operating transfers from/to primary government	(7,717,244)	(7,653,244)	64,000	-	-	-
Total other financing sources (uses)	\$ (2,950,664)	\$ (2,892,164)	\$ 58,500	\$ 108,950	\$ 108,950	\$ -
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (573,592)	\$ 466,596	\$ 1,040,188	\$ (283,636)	\$ (173,550)	\$ 110,086
Fund balances at beginning of year	573,592	847,244	273,652	283,636	(213,893)	(497,529)
Fund balances at end of year	\$ -	\$ 1,313,840	\$ 1,313,840	\$ -	\$ (387,443)	\$ (387,443)

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

Capital Projects Funds			Component Unit School Board		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
861,159	856,362	(4,797)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
86,908	51,476	(35,432)	19,263	17,631	(1,632)
-	-	-	542,917	454,277	(88,640)
-	4,478	4,478	74,953	97,480	22,527
-	-	-	-	-	-
493,522	827,100	333,578	10,705,108	10,743,218	38,110
700,000	630,000	(70,000)	2,015,534	1,771,015	(244,519)
<u>2,141,589</u>	<u>2,369,416</u>	<u>227,827</u>	<u>13,357,775</u>	<u>13,083,621</u>	<u>(274,154)</u>
\$ 35,190	\$ 35,190	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	21,901,345	21,045,643	855,702
-	-	-	-	-	-
908,472	915,394	(6,922)	-	-	-
2,067,304	2,125,148	(57,844)	-	-	-
765,000	765,000	-	138,702	124,963	13,739
533,396	533,395	1	31,773	31,772	1
-	-	-	-	-	-
<u>4,309,362</u>	<u>4,374,127</u>	<u>(64,765)</u>	<u>22,071,820</u>	<u>21,202,378</u>	<u>869,442</u>
<u>(2,167,773)</u>	<u>(2,004,711)</u>	<u>163,062</u>	<u>(8,714,045)</u>	<u>(8,118,757)</u>	<u>595,288</u>
\$ 564,841	\$ 989,841	\$ 425,000	\$ -	\$ -	\$ -
(244,500)	(278,789)	(34,289)	-	-	-
624,802	807,510	182,708	-	-	-
(450,000)	(450,000)	-	-	-	-
-	-	-	7,734,201	7,653,244	(80,957)
<u>495,143</u>	<u>1,068,562</u>	<u>573,419</u>	<u>7,734,201</u>	<u>7,653,244</u>	<u>(80,957)</u>
\$ (1,672,630)	\$ (936,149)	\$ 736,481	\$ (979,844)	\$ (465,513)	\$ 514,331
<u>1,672,630</u>	<u>1,007,923</u>	<u>(664,707)</u>	<u>979,844</u>	<u>700,037</u>	<u>(279,807)</u>
<u>\$ 0</u>	<u>\$ 71,774</u>	<u>\$ 71,774</u>	<u>\$ -</u>	<u>\$ 234,524</u>	<u>\$ 234,524</u>

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

	Proprietary Funds		Totals "Memorandum Only"
	Enterprise	Internal Service	
Operating revenues:			
Charges for services	\$ 17,479,586	\$ -	\$ 17,479,586
Miscellaneous	80,328	-	80,328
Total operating revenues	<u>\$ 17,559,914</u>	<u>\$ -</u>	<u>\$ 17,559,914</u>
Operating expenses:			
Personal services	\$ 2,125,367	\$ 107,047	\$ 2,232,414
Fringe benefits	652,298	33,173	685,471
Contractual services	491,923	2,419	494,342
Other charges	8,512,298	34,056	8,546,354
Depreciation	2,033,761	11,640	2,045,401
Total expenses	<u>\$ 13,815,647</u>	<u>\$ 188,335</u>	<u>\$ 14,003,982</u>
Operating income (loss)	<u>\$ 3,744,267</u>	<u>\$ (188,335)</u>	<u>\$ 3,555,932</u>
Nonoperating income (expenses):			
Interest income	\$ 91,761	\$ -	\$ 91,761
Interest expense	(153,696)	-	(153,696)
Total nonoperating revenues (expenses)	<u>\$ (61,935)</u>	<u>\$ -</u>	<u>\$ (61,935)</u>
Income income (loss) before operating transfers	<u>\$ 3,682,332</u>	<u>\$ (188,335)</u>	<u>\$ 3,493,997</u>
Operating transfers:			
Operating transfers in	\$ 28,789	\$ 185,155	\$ 213,944
Operating transfers out	(5,826,349)	-	(5,826,349)
Total operating transfers	<u>\$ (5,797,560)</u>	<u>\$ 185,155</u>	<u>\$ (5,612,405)</u>
Net income	<u>\$ (2,115,228)</u>	<u>\$ (3,180)</u>	<u>\$ (2,118,408)</u>
Retained earnings at beginning of year	<u>23,825,926</u>	<u>142,933</u>	<u>23,968,859</u>
Retained earnings at end of year	<u><u>\$ 21,710,698</u></u>	<u><u>\$ 139,753</u></u>	<u><u>\$ 21,850,451</u></u>

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

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

	<u>Proprietary Funds</u>		<u>Totals "Memorandum Only"</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash Flows From Operating Activities:			
Operating income (loss)	\$ 3,744,267	\$ (188,335)	\$ 3,555,932
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation	2,033,761	11,640	2,045,401
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Receivables	294,310	-	294,310
Inventory	-	(97,987)	(97,987)
Increase (decrease) in:			
Accounts payable	(91,807)	2,587	(89,220)
Customer deposits	48,466	-	48,466
Accrued compensated absences	13,276	3,674	16,950
Net cash provided by (used in) operating activities	<u>\$ 6,042,273</u>	<u>\$ (268,421)</u>	<u>\$ 5,773,852</u>
Cash Flows From Noncapital Financing Activities:			
Operating transfers	<u>\$ (5,797,560)</u>	<u>\$ 185,155</u>	<u>\$ (5,612,405)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and construction of capital assets	\$ (1,291,269)	\$ (19,573)	\$ (1,310,842)
Retirement of note payable	(725,000)	-	(725,000)
Proceeds from capital lease obligations	332,204	-	332,204
Retirements of capital lease obligations	(110,422)	-	(110,422)
Interest paid on debt	(153,696)	-	(153,696)
Net cash provided by (used in) capital and related financing activities	<u>\$ (1,948,183)</u>	<u>\$ (19,573)</u>	<u>\$ (1,967,756)</u>
Cash Flows From Investing Activities:			
Interest	<u>\$ 91,761</u>	<u>\$ -</u>	<u>\$ 91,761</u>
Net cash provided by investing activities	<u>\$ 91,761</u>	<u>\$ -</u>	<u>\$ 91,761</u>
Increase (decrease) in cash and cash equivalents	<u>\$ (1,611,709)</u>	<u>\$ (102,839)</u>	<u>\$ (1,714,548)</u>
Cash and cash equivalents at beginning of year	<u>6,223,468</u>	<u>(1,011,787)</u>	<u>5,211,681</u>
Cash and cash equivalents at end of year	<u>\$ 4,611,759</u>	<u>\$ (1,114,626)</u>	<u>\$ 3,497,133</u>

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

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CITY OF MARTINSVILLE, VIRGINIA

Notes to Financial Statements
as of June 30, 2002

Note 1—Summary of Significant Accounting Policies:

The City of Martinsville, Virginia (the "City") was incorporated in 1940 and its current Charter was granted in 1942. The City operates under a Council/Manager form of government. The Council consists of a Mayor and four (4) council members. The Council is responsible for appointing the City Manager. The City provides a full range of services as authorized by its Charter. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities, cultural events, education, social services, water and sewer and electric.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The Martinsville Industrial Development Authority is included as a blended component unit for 2002.

The Authority was created by council resolution pursuant to state statute and it is legally separate from the City. The Council appoints seven (7) board members; however, the City cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the board members. The Authority is fiscally independent and there is no financial benefit or burden relationship with the City. However, the Authority performs economic development services for the City through the authorization of industrial development revenue bonds and recruitment of potential businesses for location in the City. Accordingly, the Authority is reported as a blended component unit of the City.

Discretely Presented Component Units. The School Board members are appointed by the City Council and are responsible for the operations of the City's School System within the City boundaries. The School Board is fiscally dependent on the City. The City has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the City. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the City financial statements for the fiscal year ended June 30, 2002.

CITY OF MARTINSVILLE, VIRGINIA

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

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Other Related Organizations

Included in the City's Financial Report

None

Excluded from the City's Financial Report

Blue Ridge Regional Library — The Blue Ridge Regional Library is considered an intergovernmental (joint) venture and therefore its operations are not included in the City's financial statements. The counties of Henry and Patrick and the City provide the financial support for the Library and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Library's funding or has oversight responsibility over its operations.

Henry-Martinsville Social Services Board — The Henry-Martinsville Social Services Board is considered a component unit of Henry County and therefore its operations are not included in the City's financial statements. Henry County and the City provide the financial support for the Department and appoint its governing Board. Henry County appoints 6 members of the Board and the City appoints 3 members.

D. Financial Statement Presentation - Fund Accounting

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

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The accounts are organized on the basis of fund classifications, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. The various funds are grouped in the financial statements as follows:

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

General Fund - The General Fund accounts for all revenues and expenditures applicable to the general operation of the City which are not accounted for in other funds.

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Financial Statement Presentation - Fund Accounting (Continued)

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

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. Capital Projects Funds consist of the Capital Reserve Fund, Industrial Development Authority Fund and the Meals Tax Fund.

2. Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and changes in financial position. 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.

Enterprise Funds - Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. The Enterprise Funds consist of the Electric, Water, Sewer and Refuse/Landfill Fund.

Internal Service Funds - Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City government. Internal Service Funds consist of the Central Stores Fund.

3. Fiduciary Funds (Trust and Agency Funds) account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The funds include Agency Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Funds presentation.
4. Account Groups are used to account for general obligation long-term debt and general fixed assets. The following are the City's account groups. Long-term obligations and fixed assets related to Proprietary Funds are not accounted for under Account Groups, but are accounted for in the individual Proprietary Funds.

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

CITY OF MARTINSVILLE, VIRGINIA

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

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Financial Statement Presentation - Fund Accounting (Continued)

General Long-Term Debt Account Group - This account group is established to account for all long-term obligations of the City, which are expected to be financed from governmental funds.

5. 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. For example, all funds classified as Capital Project Funds are combined and presented under the caption "Capital Project Funds."
6. Budgetary Comparison Statements - The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual, compare budget and actual data for all governmental funds for which budgets were adopted. A review of the budgetary comparisons presented herein will disclose how accurately the governing body was able to forecast the revenues and expenditures of the City.
7. Total Columns on the Combined Statements - Overview - The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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 City, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the City. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants used for the purpose of funding specific expenditures, are recognized when earned or at the time of specific expenditure. Revenues from general purpose grants, such as entitlement programs, 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. Principal and interest on long-term debt is recognized when due except for amounts due on July 1, which is accrued.

CITY OF MARTINSVILLE, VIRGINIA

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

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Basis of Accounting (Continued)

2. Proprietary Funds - The accrual basis of accounting is used for the Enterprise 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 City applies all applicable GASB pronouncements as well as FASB Statements and Interpretations, APB's and ARB's issued on or before November 30, 1989 unless these pronouncements conflict or contradict GASB pronouncements.
3. Fiduciary Funds - Agency Funds do not involve measurement of results of operations. They are accounted for using the modified accrual basis of accounting. Accordingly, assets and liabilities are recognized when they occur regardless of the timing and related cash flows.

F. Budgets and Budgetary Accounting

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

1. On or before April 30th, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Ordinance.
4. The Appropriations Ordinance places legal restrictions on expenditures at the Fund level. The appropriation for each Fund can be revised only by the City Council. The City Manager is authorized to transfer budgeted amounts within a specific Fund; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all City units.
8. All budget data presented in the accompanying financial statements is the revised budget as of June 30.

CITY OF MARTINSVILLE, VIRGINIA

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

Note 1—Summary of Significant Accounting Policies: (Continued)

G. 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 and Special Revenue Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

H. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are stated at cost or amortized cost, except for investments in the Deferred Compensation Agency Fund which are reported at market value.

I. Allowance for Uncollectible Accounts

The City determines its allowances using historical collection data, specific account analysis and management's judgment.

J. Inventory

Inventory consists mainly of expendable supplies held for consumption which are valued at the lower of cost (first-in, first-out) or market. Central Stores inventories are valued at weighted average cost. Cafeteria Fund inventories are valued at cost.

K. Fixed Assets

All fixed assets of the Enterprise Funds are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. 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.

Proprietary Funds - Depreciation is charged as an expense against operations. Accumulated depreciation is reported in proprietary fund balance sheets. Interest related to construction is immaterial in amount and has not been capitalized. Depreciation has been provided using the straight-line method generally of the following useful lives:

CITY OF MARTINSVILLE, VIRGINIA

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

Note 1—Summary of Significant Accounting Policies: (Continued)

K. Fixed Assets (Continued)

Buildings	40 - 50 years
Water and wastewater system	30 - 50 years
Furniture and equipment	4 - 10 years

Depreciation expense totaled \$2,033,761 in the Enterprise Funds and \$11,640 in the Internal Service Fund.

L. Compensated Absences

It is the City's policy to permit its employees to accumulate a limited amount of earned but unused vacation, sick and compensatory benefits. In Governmental Fund Types, the cost of such benefits is recognized to the extent payable from available resources. The remaining, to be funded from future operations, is recorded in the General Long-Term Debt Account Group. In Proprietary Fund Types, the cost of such benefits is recognized as they are earned, therefore, a liability is recorded in the Proprietary Funds for unused leave.

M. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service costs over a 30-year period. The City's policy is to fund pension cost as it accrues.

N. Unbilled Revenue

The City bills service charges to customers on a monthly basis. Service charges earned but unbilled are accrued based on the last billing and reported in the financial statements as billed receivables and revenues.

O. Use of Estimates

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

Note 2—Cash and Cash Equivalents:

Primary Government:

Deposits - At year-end the carrying value of the City's deposits with banks and savings institutions was \$4,738,050 and the bank balance was \$5,463,175. Of the bank balance \$5,463,175 was covered by federal depository insurance or insured in accordance with the Virginia Security for Public Deposits Act.

CITY OF MARTINSVILLE, VIRGINIA

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

Note 2—Cash and Cash Equivalents: (Continued)

Primary Government: (Continued)

Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans. Of the bank balance, no amount was uninsured or uncollateralized in banks or savings and loans not qualifying under the Act at June 30, 2002.

Investments - Statutes authorize the City 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), Asian Development Bank and the African Development Bank, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The City'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 City or its safekeeping agent in the City's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or safekeeping agency in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by the counterparty's trust department (if a bank) or safekeeping agent but not in the City's name.

	<u>Category</u>			<u>Carrying</u>	<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>	<u>Value</u>
Investments:					
None					
Total Deposits				\$ 4,738,050	
Total Deposits and Investments				\$ 4,738,050	
Cash and Petty Cash				6,030	
Total Cash and Cash Equivalents				<u>\$ 4,744,080</u>	

Cash and cash equivalents are summarized as follows:

Cash and cash equivalents	\$ 6,499,881
Cash overdraft	<u>(1,755,801)</u>
 Total	 <u>\$ 4,744,080</u>

CITY OF MARTINSVILLE, VIRGINIA

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

Note 2—Cash and Cash Equivalents: (Continued)

Primary Government: (Continued)

The component unit school board is part of the City’s pooled cash and has a net balance in the amount of \$944,211 at June 30, 2002.

Note 3—Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5/June 5 (50% each date)	December 5th
Lien Date	January 1	January 1

Note 4—Allowance for Uncollectible Accounts:

The City calculates its allowance for uncollectible accounts using the historical collection data. The allowance amounted to approximately \$774,849 at June 30, 2002 and is composed of the following:

General Fund

Allowance for uncollectible property taxes \$ 390,880

Enterprise Funds

Allowance for uncollectible accounts:

Electric Fund	\$ 227,411
Water Fund	35,888
Sewer Fund	48,897
Refuse Collection/Landfill Fund	<u>71,773</u>

Total allowance for uncollectible accounts - Enterprise funds \$ 383,969

Total allowance for uncollectible accounts \$ 774,849

CITY OF MARTINSVILLE, VIRGINIA

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

Note 5—Due from Other Governments:

At June 30, 2002, the City has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local Sales Tax	\$ 170,350	\$ -
Street & Highway Maintenance	503,524	-
Fringe Benefits	-	44,370
State Sales Tax	-	172,768
Miscellaneous grants	14,117	-
Constitutional officer reimbursements	192,772	-
Jail	117,365	-
Comprehensive service	123,473	-
Total due from Commonwealth of Virginia	<u>\$ 1,121,601</u>	<u>\$ 217,138</u>
Federal Government:		
Chapter I	\$ -	\$ 70,539
Other School grants	-	26,476
School Food	-	75,116
Community Development Block Grant	<u>43,442</u>	<u>-</u>
Total due from Federal government	<u>\$ 43,442</u>	<u>\$ 172,131</u>
Grand Total due from Other Governments	<u>\$ 1,165,043</u>	<u>\$ 389,269</u>

Note 6—Proprietary Fixed Assets:

A summary of proprietary fund property, plant and equipment at June 30, 2002 follows:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Refuse Collection/ Landfill</u>	<u>Internal Service Central Stores</u>
Land, buildings & equipment	\$ 22,527,709	\$ 13,029,560	\$ 16,926,627	\$ 2,821,386	\$ 246,840
Less accumulated depreciation	<u>13,981,967</u>	<u>7,758,529</u>	<u>10,187,925</u>	<u>2,003,362</u>	<u>142,676</u>
Net	<u>\$ 8,545,742</u>	<u>\$ 5,271,031</u>	<u>\$ 6,738,702</u>	<u>\$ 818,024</u>	<u>\$ 104,164</u>

CITY OF MARTINSVILLE, VIRGINIA

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

Note 7—Long-Term Debt:

Primary Government:

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

Year Ended June 30	Enterprise Funds Pooled Loan		Note Payable		General Obligation Bonds		Capital Leases		Enterprise Funds Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 760,000	\$ 109,282	\$ 945,000	\$ 23,247	\$ 145,000	\$ 178,728	\$ 97,406	\$ 6,178	\$ 222,354	\$ 15,786
2004	790,000	74,702	-	-	150,000	172,900	101,376	2,210	230,303	7,836
2005	825,000	38,362	-	-	160,000	166,620	-	-	114,068	1,862
2006	-	-	-	-	165,000	159,875	-	-	-	-
2007	-	-	-	-	170,000	152,755	-	-	-	-
2008	-	-	-	-	180,000	145,140	-	-	-	-
2009	-	-	-	-	185,000	137,018	-	-	-	-
2010	-	-	-	-	195,000	128,419	-	-	-	-
2011	-	-	-	-	205,000	119,216	-	-	-	-
2012	-	-	-	-	215,000	109,398	-	-	-	-
2013	-	-	-	-	225,000	99,002	-	-	-	-
2014	-	-	-	-	235,000	88,018	-	-	-	-
2015	-	-	-	-	245,000	76,437	-	-	-	-
2016	-	-	-	-	255,000	64,248	-	-	-	-
2017	-	-	-	-	270,000	51,250	-	-	-	-
2018	-	-	-	-	285,000	37,375	-	-	-	-
2019	-	-	-	-	295,000	22,875	-	-	-	-
2020	-	-	-	-	310,000	7,756	-	-	-	-
Totals	<u>\$ 2,375,000</u>	<u>\$ 222,346</u>	<u>\$ 945,000</u>	<u>\$ 23,247</u>	<u>\$ 3,890,000</u>	<u>\$ 1,917,030</u>	<u>\$ 198,782</u>	<u>\$ 8,388</u>	<u>\$ 566,725</u>	<u>\$ 25,484</u>

Changes in Long-Term Debt

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

General Long-Term Debt Account Group:	Amounts Payable at July 1, 2001		Increase	Decrease	Amounts Payable at June 30, 2002	
Claims, judgements, and compensated absences payable	\$ 355,953	\$ 53,492	\$ -	\$ -	\$ 409,445	
G.O. Bonds Series 1999	4,030,000	-	-	140,000	3,890,000	
Capital lease obligations	292,375	-	-	93,593	198,782	
Note payable	945,000	-	-	-	945,000	
Total General Long-Term Debt	<u>\$ 5,623,328</u>	<u>\$ 53,492</u>	<u>\$ 233,593</u>	<u>\$ -</u>	<u>\$ 5,443,227</u>	

CITY OF MARTINSVILLE, VIRGINIA

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

Note 7—Long-Term Debt:

Primary Government: (Continued)

Changes in Long-Term Debt (continued)

	<u>Amounts Payable at July 1, 2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>Amounts Payable at June 30, 2002</u>
Internal Service Fund:				
Compensated absences	\$ <u>3,538</u>	\$ <u>3,674</u>	\$ <u>-</u>	\$ <u>7,212</u>
Enterprise Fund:				
Compensated absences	\$ 138,593	\$ 13,276	\$ -	\$ 151,869
Capital lease obligations	344,943	332,204	110,422	566,725
Pooled loan bonds series 2000B	<u>3,100,000</u>	<u>-</u>	<u>725,000</u>	<u>2,375,000</u>
Total enterprise funds	\$ <u>3,583,536</u>	\$ <u>345,480</u>	\$ <u>835,422</u>	\$ <u>3,093,594</u>

Details of Long-Term Debt Account Group:

\$4,145,000 payable in principal semi-annual installments ranging from \$115,000 to \$310,000 beginning July 15, 2000 through July 2019 interest payable semi-annually at 5.0492%	\$ 3,890,000
\$945,000 note payable to VRS contingent on selling Shell building, interest payable at 2.46% upon sale of building	<u>945,000</u>
Total general obligation debt	\$ <u>4,835,000</u>

Capital Lease Obligations:

\$1,021,700 obligation payable in monthly installments of \$18,816 through June 1, 2004 interest at 4%, (General Fund portion of obligation)	\$ <u>198,782</u>
Compensated absences	\$ <u>409,445</u>
Total general obligation debt	\$ <u>5,443,227</u>

Details of Enterprise Fund Debt:

\$3,100,000 Pooled loan bond series 2000B payable in principal annual installments ranging from \$725,000 to \$825,000 beginning April 1, 2002 through April 1, 2005 interest payable semi-annually at 4.5% to 4.65%	\$ <u>2,375,000</u>
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CITY OF MARTINSVILLE, VIRGINIA

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

Note 7—Long-Term Debt:

Primary Government: (Continued)

Capital Lease Obligations:

\$1,021,700 lease obligation payable in monthly installments of \$18,816 through June 1, 2004 interest at 4%, (Enterprise fund portion of obligation)	\$ 234,522
\$332,204 lease obligation payable in monthly installments of \$9,661 through June 14, 2005 interest at 3%	<u>332,203</u>
Total capital lease obligations	\$ <u>566,725</u>
Compensated absences	\$ <u>151,869</u>
Total enterprise debt	\$ <u><u>3,093,594</u></u>

Component Unit - School Board

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

Fiscal Year Ending June 30,	State Literary Fund Loans		Virginia Public School Authority Subsidy Bonds		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 663,525	\$ 335,496	\$ 21,705	\$ 15,656	\$ 118,906	\$ 18,700
2004	663,525	315,205	22,271	14,215	123,579	14,028
2005	663,525	294,914	22,887	12,725	128,434	9,173
2006	663,525	274,623	23,545	11,193	133,480	4,127
2007	663,525	254,332	24,247	9,616	34,182	220
2008	663,525	234,041	24,998	7,991	-	-
2009	625,000	213,750	25,799	6,315	-	-
2010	625,000	195,000	26,656	4,584	-	-
2011	625,000	176,250	27,571	2,797	-	-
2012	625,000	157,500	28,548	942	-	-
2013	625,000	138,750	-	-	-	-
2014	625,000	120,000	-	-	-	-
2015	625,000	101,250	-	-	-	-
2016	625,000	82,500	-	-	-	-
2017	625,000	63,750	-	-	-	-
2018	375,000	45,000	-	-	-	-
2019	375,000	33,750	-	-	-	-
2020	375,000	22,500	-	-	-	-
2021	<u>375,000</u>	<u>11,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>11,106,150</u>	\$ <u>3,069,861</u>	\$ <u>248,227</u>	\$ <u>86,034</u>	\$ <u>538,581</u>	\$ <u>46,248</u>

CITY OF MARTINSVILLE, VIRGINIA

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

Note 7—Long-Term Debt:

Component Unit - School Board: (Continued)

	Amounts Payable <u>July 1, 2001</u>	<u>Increases</u>	<u>Decreases</u>	Amounts Payable at <u>June 30, 2002</u>
State Literary Fund Loans	\$ 11,769,675	\$ -	\$ 663,525	\$ 11,106,150
Virginia Public Authority Subsidy Bonds	269,423	-	21,196	248,227
Note payable	33,879	-	33,879	-
Capital lease	<u>-</u>	<u>624,802</u>	<u>86,221</u>	<u>538,581</u>
 Total	 <u>\$ 12,072,977</u>	 <u>\$ 624,802</u>	 <u>\$ 804,821</u>	 <u>\$ 11,892,958</u>

Details of Long-Term Indebtedness:	<u>Amount Outstanding</u>
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State Literary Fund Loans:

\$5,000,000 State Literary Fund Loan issued January 28, 1997, due in annual principal installments of \$250,000, through 2017, interest payable annually at 3%	\$ 3,750,000
\$146,673 State Literary Fund Loan issued June 15, 1987, due in annual principal installments of \$7,400 through 2008; interest payable annually at 4%	44,400
\$94,229 State Literary Fund Loan issued May 19, 1987, due in annual principal installments of \$4,800 through 2008; interest payable annually at 4%	28,800
\$67,413 State Literary Fund Loan issued May 19, 1987, due in annual principal installments of \$3,400 through 2008; interest payable annually at 4%	20,400
\$109,471 State Literary Fund Loan issued June 15, 1987, due in annual principal installments of \$5,700 through 2008; interest payable annually at 4%	34,200
\$252,442 State Literary Fund Loan issued May 19, 1987, due in annual principal installments of \$13,000 through 2008; interest payable annually at 4%	78,000
\$84,454 State Literary Fund Loan issued August 1, 1987, due in annual principal installments of \$4,225 through 2008; interest payable annually at 4%	25,350
\$7,500,000 State Literary Fund Loan issued September 1, 2000, due in annual principal installments of \$375,000 through 2021; interest payable annually at 3%	<u>7,125,000</u>
 Total State Literary Fund Loans	 <u>\$ 11,106,150</u>

CITY OF MARTINSVILLE, VIRGINIA

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

Note 7—Long-Term Debt:

Component Unit - School Board: (Continued)

Details of Long-Term Indebtedness: (continued)

Virginia Public Authority Subsidy Bonds:

\$438,631 Virginia Public Authority Subsidy Bonds issued in 1991, due in annual installments of varying amounts through 2012; interest payable annually at varying rates \$ 248,227

Capital Lease Obligations:

\$624,802 lease obligation payable in monthly installments of \$11,467 through September 12, 2006 interest at 3.86% \$ 538,581

Total general long-term debt \$ 11,892,958

Note 8—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 \$157,551 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$157,551 at June 30, 2002.

Note 9—Claims, Judgements and Compensated Absences:

In accordance with NCGA Statement of "Accounting and Financial Reporting Principles for Claims and Judgements and Compensated Absences," the City has accrued the liability arising from outstanding claims and judgements and compensated absences.

City employees earn vacation and sick leave based on the length of continuous service. No benefits or pay is received for unused sick leave upon termination. Accumulated vacation up to thirty days is paid upon termination. The City has outstanding accrued vacation pay totaling \$409,445 in the General Long-Term Obligation Account Group and \$151,869 in the Enterprise Funds and \$7,212 in the Internal Service Funds.

CITY OF MARTINSVILLE, VIRGINIA

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

Note 10—Defined Benefit Pension Plan:

Primary Government:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to 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 reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the City and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The City and School Board non-professional employees contribution rates for the fiscal year ended 2002 were 10.25% and 9.75% of annual covered payroll, respectively.

The School Board's professional employees contributed \$364,803, \$806,402, and \$952,090 to the teacher cost-sharing pool for the fiscal years ended June 30, 2002, 2001 and 2000 respectively and these contributions represented 1.98%, 7.54% and 9.04% respectively, of current covered payroll.

CITY OF MARTINSVILLE, VIRGINIA

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

Note 10—Defined Benefit Pension Plan:

Primary Government: (Continued)

C. Annual Pension Cost

For fiscal 2002, the City’s annual pension cost of \$1,063,577 was equal to the City’s required and actuarial contributions. The required contributions were determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2002, the City School Board’s annual pension cost for the Board’s non-professional employees was \$69,140 which was equal to the Board’s required and actuarial contributions. The required contributions were determined as a part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method.

	<u>City</u>	<u>Non-Professional School Board Employees</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	13 Years	26 Years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return ¹	8.00%	8.00%
Projected salary increases ¹ :		
Non LEO Employees	4.25% to 6.10%	4.25% to 6.10%
LEO Employees	4.50% to 5.75%	4.5% to 5.75%
Cost-of-living adjustments	3.0%	3.0%

¹ Includes inflation at 3%

Trend information for the City and School Board:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
City:			
June 30, 2002	\$ 1,063,577	100%	\$ -
June 30, 2001	1,199,932	100%	-
June 30, 2000	1,340,027	100%	-

CITY OF MARTINSVILLE, VIRGINIA

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

Note 10—Defined Benefit Pension Plan:

Primary Government: (Continued)

C. Annual Pension Cost (Continued)

Trend information for the City and School Board: (continued)

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
School Board:			
Non-Professional:			
June 30, 2002	\$ 69,140	100%	\$ -
June 30, 2001	78,491	100%	-
June 30, 2000	91,732	100%	-

(1) Employer portion only

Required Supplementary Information

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) (3)	Annual Covered Payroll	UAAL as % of Payroll (4) (6)
City						
06/30/01	\$ 47,516,392	\$ 50,994,115	\$ 3,477,723	93.18%	\$ 11,037,462	31.51%
06/30/00	43,548,353	46,497,026	2,948,673	93.66%	10,805,895	27.29%
06/30/99	38,038,358	44,750,254	6,711,896	85.0%	10,303,456	65.1%
School Board Non-Professionals:						
06/30/01	\$ 2,990,586	\$ 3,312,491	\$ 321,905	90.28%	\$ 724,359	44.44%
06/30/00	2,791,667	3,123,763	332,096	89.37%	704,789	47.12%
06/30/99	2,463,257	3,189,669	726,412	77.2%	682,808	106.4%

CITY OF MARTINSVILLE, VIRGINIA

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

Note 11—Segment Information:

The City maintains four enterprise funds which provide electric, water, sewer, and garbage services. Segment information for the year ended June 30, 2002 was as follows:

	Electric Fund	Water Fund	Sewer Fund	Refuse Collection Landfill Fund	Total Enterprise Funds
Operating revenues	\$ 10,418,197	\$ 2,188,144	\$ 1,777,877	\$ 3,175,696	\$ 17,559,914
Depreciation, depletion & amortization expenses	919,007	329,227	538,986	246,541	2,033,761
Operating income (loss)	2,349,221	459,338	(202,789)	1,138,497	3,744,267
Operating transfers:					
In	-	-	-	28,789	28,789
Out	(2,580,208)	(725,000)	-	(2,521,141)	(5,826,349)
Plant, Property & equipment Additions	651,428	115,523	192,114	332,204	1,291,269
Net working capital	1,430,594	688,575	372,090	3,917,290	6,408,549
Total assets	10,347,742	6,080,730	7,179,187	4,765,003	28,372,662
Bonds & other long-term liabilities:					
Payable from operating revenues	26,878	-	19,646	6,024,826	6,071,350
Total equity	9,949,458	5,959,606	7,091,146	(1,289,512)	21,710,698

Note 12—Commitments and Contingencies:

Federal programs in which the City and all discretely presented component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-128, Audits of States and Local Governments. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

CITY OF MARTINSVILLE, VIRGINIA

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

Note 13—Litigation:

At June 30, 2002, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

Note 14—Closure and Postclosure Costs:

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City 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 \$3,129,625 reported as landfill closure and postclosure care liability at June 30, 2002, represents the cumulative amount reported based on the use of 80 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2002. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City intends to fund these costs from tipping fee revenues and from any funds accumulated for this purpose in the City Landfill Fund.

Note 15—Fund Deficits:

The following funds had deficit balances at June 30, 2002:

Meals Tax	\$	16,383
City Grants Fund		387,443
School Grants Fund		122,591
IDA		136,863
Refuse Collection/Landfill		1,289,512

Note 16—General Fixed Assets:

A summary of general fixed assets at June 30, 2002 follows:

Primary Government:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
Land	\$ 4,222,632	\$ 24,500	\$ -	\$ 4,247,132
Buildings & Building Improvements	5,294,402	456,411	-	5,750,813
Equipment	<u>4,598,981</u>	<u>174,648</u>	<u>-</u>	<u>4,773,629</u>
Totals	<u>\$ 14,116,015</u>	<u>\$ 655,559</u>	<u>\$ -</u>	<u>\$ 14,771,574</u>

CITY OF MARTINSVILLE, VIRGINIA

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

Note 16—General Fixed Assets: (Continued)

Component Unit School Board:

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
Land	\$ 47,172	\$ -	\$ -	\$ 47,172
Buildings	18,331,210	253,526	-	18,584,736
Equipment	<u>955,012</u>	<u>399,054</u>	<u>-</u>	<u>1,354,066</u>
Totals	<u>\$ 19,333,394</u>	<u>\$ 652,580</u>	<u>\$ -</u>	<u>\$ 19,985,974</u>
Grand Total Reporting Entity	<u>\$ 33,449,409</u>	<u>\$ 1,308,139</u>	<u>\$ -</u>	<u>\$ 34,757,548</u>

Note 17—Expenditures and Appropriations:

Expenditures did not exceed appropriations in any fund at June 30, 2002.

Note 18—Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The City is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The City pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The City continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

CITY OF MARTINSVILLE, VIRGINIA

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

Note 19—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Faithful Performance of Duty Schedule Position Bond:	
Commonwealth Funds	
Ashby R. Pritchett, Clerk of the Circuit Court	\$ 25,000
Pat S. Conrad, Treasurer and/or W.W. Bartlett, Director of Finance	200,000
Ruth Krauss, Commissioner of the Revenue	3,000
Steve M. Draper, Sheriff	30,000
The above constitutional officers and subordinate employees - blanket bond	50,000
Lumbermans Mutual Casualty Company - Surety City funds	
Pat S. Conrad, Treasurer	250,000
Travelers Indemnity Company - Surety	
All School Board employees - blanket bond	
The Aetna Casualty and Surety Company - Surety	
All City employees - blanket bond	
Honesty	10,000
Faithful performance	100,000

Combining Financial Statements

Capital Projects Funds
 Combining Balance Sheet
 At June 30, 2002

	<u>Capital Reserve Fund</u>	<u>Industrial Development Authority Fund</u>	<u>Meals Tax Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 269,196	\$ (88,891)	\$ (17,006)	\$ 163,299
Accounts receivable	-	-	623	623
Total assets	<u>\$ 269,196</u>	<u>\$ (88,891)</u>	<u>\$ (16,383)</u>	<u>\$ 163,922</u>
LIABILITIES				
Accounts payable	<u>\$ 44,176</u>	<u>\$ 47,972</u>	<u>\$ -</u>	<u>\$ 92,148</u>
EQUITY				
Fund balance:				
Designated for capital projects	\$ 225,020	\$ (136,863)	\$ (16,383)	\$ 71,774
Unreserved	-	-	-	-
Total equity	<u>\$ 225,020</u>	<u>\$ (136,863)</u>	<u>\$ (16,383)</u>	<u>\$ 71,774</u>
Total liabilities and equity	<u>\$ 269,196</u>	<u>\$ (88,891)</u>	<u>\$ (16,383)</u>	<u>\$ 163,922</u>

Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2002

	<u>Capital Reserve Fund</u>	<u>Industrial Development Authority Fund</u>	<u>Meals Tax Fund</u>	<u>Total</u>
Revenues:				
Other local taxes	\$ -	\$ -	\$ 856,362	\$ 856,362
Revenue from use of money and property	46,058	2,102	3,316	51,476
Miscellaneous	3,403	1,075	-	4,478
Intergovernmental:				
Commonwealth	67,500	480,151	279,449	827,100
Federal	630,000	-	-	630,000
Total revenues	<u>\$ 746,961</u>	<u>\$ 483,328</u>	<u>\$ 1,139,127</u>	<u>\$ 2,369,416</u>
Expenditures:				
General government administration	\$ -	\$ -	\$ 35,190	\$ 35,190
Capital outlays	915,394	-	-	915,394
Capital projects	1,251,137	874,011	-	2,125,148
Debt service:				
Principal retired on debt	70,000	-	695,000	765,000
Interest and fiscal charges	93,216	-	440,179	533,395
Total expenditures	<u>\$ 2,329,747</u>	<u>\$ 874,011</u>	<u>\$ 1,170,369</u>	<u>\$ 4,374,127</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,582,786)</u>	<u>\$ (390,683)</u>	<u>\$ (31,242)</u>	<u>\$ (2,004,711)</u>
Other financing sources:				
Proceeds from indebtedness	\$ 807,510	\$ -	\$ -	\$ 807,510
Refund VDOT grant	(450,000)	-	-	(450,000)
Operating transfers in	564,841	425,000	-	989,841
Operating transfers out	(278,789)	-	-	(278,789)
Total other financing sources	<u>\$ 643,562</u>	<u>\$ 425,000</u>	<u>\$ -</u>	<u>\$ 1,068,562</u>
Excess (deficiency) of revenues & other sources over expenditures	<u>\$ (939,224)</u>	<u>\$ 34,317</u>	<u>\$ (31,242)</u>	<u>\$ (936,149)</u>
Fund balances at beginning of year	<u>1,164,244</u>	<u>(171,180)</u>	<u>14,859</u>	<u>1,007,923</u>
Fund balances at end of year	<u>\$ 225,020</u>	<u>\$ (136,863)</u>	<u>\$ (16,383)</u>	<u>\$ 71,774</u>

CITY OF MARTINSVILLE, VIRGINIA

Capital Projects Funds
 Combining Statement of Revenues, Expenditures and Changes
 In Fund Balances -- Budget and Actual
 Year Ended June 30, 2002

	Capital Reserve Fund			Industrial Development Authority Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	71,058	46,058	(25,000)	15,850	2,102	(13,748)
Miscellaneous	-	3,403	3,403	-	1,075	1,075
Intergovernmental:						
Commonwealth	-	67,500	67,500	214,150	480,151	266,001
Federal	700,000	630,000	(70,000)	-	-	-
Total revenues	\$ 771,058	\$ 746,961	\$ (24,097)	\$ 230,000	\$ 483,328	\$ 253,328
Expenditures:						
Current:						
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlays	908,472	915,394	(6,922)	-	-	-
Capital projects	1,837,304	1,251,137	586,167	230,000	874,011	(644,011)
Debt service:						
Principal retired on debt	70,000	70,000	0	-	-	-
Interest and fiscal charges	93,216	93,216	0	-	-	-
Total expenditures	\$ 2,908,992	\$ 2,329,747	\$ 579,245	\$ -	\$ 874,011	\$ (644,011)
Excess (deficiency) of revenues over expenditures	\$ (2,137,934)	\$ (1,582,786)	\$ 555,148	\$ -	\$ (390,683)	\$ (390,683)
Other financing sources:						
Proceeds from indebtedness	\$ 624,802	\$ 807,510	\$ 182,708	\$ -	\$ -	\$ -
Refund VDOT grant	(450,000)	(450,000)	-	-	-	-
Operating transfers in	564,841	564,841	-	-	425,000	425,000
Operating transfers out	(244,500)	(278,789)	(34,289)	-	-	-
Total other financing sources	\$ 495,143	\$ 643,562	\$ 148,419	\$ -	\$ 425,000	\$ 425,000
Excess (deficiency) of revenues & other sources over expenditures	\$ (1,642,791)	\$ (939,224)	\$ 703,567	\$ -	\$ 34,317	\$ 34,317
Fund balances at beginning of year	1,642,791	1,164,244	(478,547)	-	(171,180)	(171,180)
Fund balances at end of year	\$ -	\$ 225,020	\$ 225,020	\$ -	\$ (136,863)	\$ (136,863)

Meals Tax Fund			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 861,159	\$ 856,362	\$ (4,797)	\$ 861,159	\$ 856,362	\$ (4,797)
-	3,316	3,316	86,908	51,476	(35,432)
-	-	-	-	4,478	4,478
279,372	279,449	77	493,522	827,100	333,578
-	-	-	700,000	630,000	(70,000)
<u>\$ 1,140,531</u>	<u>\$ 1,139,127</u>	<u>\$ (1,404)</u>	<u>\$ 2,141,589</u>	<u>\$ 2,369,416</u>	<u>\$ 227,827</u>
\$ 35,190	\$ 35,190	\$ -	\$ 35,190	\$ 35,190	\$ -
-	-	-	908,472	915,394	(6,922)
-	-	-	2,067,304	2,125,148	(57,844)
695,000	695,000	-	765,000	765,000	-
440,180	440,179	1	533,396	533,395	1
<u>\$ 1,170,370</u>	<u>\$ 1,170,369</u>	<u>\$ 1</u>	<u>\$ 4,309,362</u>	<u>\$ 4,374,127</u>	<u>\$ (64,765)</u>
<u>\$ (29,839)</u>	<u>\$ (31,242)</u>	<u>\$ (1,403)</u>	<u>\$ (2,167,773)</u>	<u>\$ (2,004,711)</u>	<u>\$ 163,062</u>
\$ -	\$ -	\$ -	\$ 624,802	\$ 807,510	\$ 182,708
-	-	-	(450,000)	(450,000)	-
-	-	-	564,841	989,841	425,000
-	-	-	(244,500)	(278,789)	(34,289)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,143</u>	<u>\$ 1,068,562</u>	<u>\$ 573,419</u>
\$ (29,839)	\$ (31,242)	\$ (1,403)	\$ (1,672,630)	\$ (936,149)	\$ 736,481
29,839	14,859	(14,980)	1,672,630	1,007,923	(664,707)
<u>\$ -</u>	<u>\$ (16,383)</u>	<u>\$ (16,383)</u>	<u>\$ -</u>	<u>\$ 71,774</u>	<u>\$ 71,774</u>

Enterprise Funds
 Combining Balance Sheet
 At June 30, 2002

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Collection/ Landfill Fund</u>	<u>Total</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 407,928	\$ 498,570	\$ 171,301	\$ 3,533,960	\$ 4,611,759
Receivables:					
Accounts - net	<u>1,394,072</u>	<u>311,129</u>	<u>269,184</u>	<u>413,019</u>	<u>2,387,404</u>
Total current assets	\$ 1,802,000	\$ 809,699	\$ 440,485	\$ 3,946,979	\$ 6,999,163
Plant, Equipment and Systems (net of accumulated depreciation)	<u>8,545,742</u>	<u>5,271,031</u>	<u>6,738,702</u>	<u>818,024</u>	<u>21,373,499</u>
Total assets	<u>\$ 10,347,742</u>	<u>\$ 6,080,730</u>	<u>\$ 7,179,187</u>	<u>\$ 4,765,003</u>	<u>\$ 28,372,662</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 47,786	\$ 35,164	\$ 32,146	\$ 15,309	\$ 130,405
Customers' deposits payable	269,456	38,884	-	-	308,340
Compensated absences	<u>54,164</u>	<u>47,076</u>	<u>36,249</u>	<u>14,380</u>	<u>151,869</u>
Total current liabilities	\$ <u>371,406</u>	\$ <u>121,124</u>	\$ <u>68,395</u>	\$ <u>29,689</u>	\$ <u>590,614</u>
Other liabilities:					
Capital lease obligations	\$ 26,878	\$ -	\$ 19,646	\$ 520,201	\$ 566,725
Note payable	-	-	-	2,375,000	2,375,000
Liability for landfill closure and postclosure costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,129,625</u>	<u>3,129,625</u>
Total long-term liabilities	\$ <u>26,878</u>	\$ <u>-</u>	\$ <u>19,646</u>	\$ <u>6,024,826</u>	\$ <u>6,071,350</u>
Total liabilities	\$ 398,284	\$ 121,124	\$ 88,041	\$ 6,054,515	\$ 6,661,964
EQUITY					
Retained earnings	<u>9,949,458</u>	<u>5,959,606</u>	<u>7,091,146</u>	<u>(1,289,512)</u>	<u>21,710,698</u>
Total liabilities and equity	<u>\$ 10,347,742</u>	<u>\$ 6,080,730</u>	<u>\$ 7,179,187</u>	<u>\$ 4,765,003</u>	<u>\$ 28,372,662</u>

Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended June 30, 2002

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Collection/ Landfill Fund</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$ 10,372,927	\$ 2,164,834	\$ 1,773,014	\$ 3,168,811	\$ 17,479,586
Miscellaneous	45,270	23,310	4,863	6,885	80,328
Total operating revenues	<u>\$ 10,418,197</u>	<u>\$ 2,188,144</u>	<u>\$ 1,777,877</u>	<u>\$ 3,175,696</u>	<u>\$ 17,559,914</u>
Operating expenses:					
Personal services	\$ 491,365	\$ 560,617	\$ 608,240	\$ 465,145	\$ 2,125,367
Fringe benefits	138,445	174,016	193,340	146,497	652,298
Contractual services	165,702	40,929	49,674	235,618	491,923
Other charges	6,354,457	624,017	590,426	943,398	8,512,298
Depreciation	919,007	329,227	538,986	246,541	2,033,761
Total operating expenses	<u>\$ 8,068,976</u>	<u>\$ 1,728,806</u>	<u>\$ 1,980,666</u>	<u>\$ 2,037,199</u>	<u>\$ 13,815,647</u>
Operating income (loss)	<u>\$ 2,349,221</u>	<u>\$ 459,338</u>	<u>\$ (202,789)</u>	<u>\$ 1,138,497</u>	<u>\$ 3,744,267</u>
Non-operating revenues (expenses):					
Interest income	\$ 2,352	\$ -	\$ -	\$ 89,409	\$ 91,761
Interest expense	(1,351)	-	(988)	(151,357)	(153,696)
Total non-operating revenues (expenses)	<u>\$ 1,001</u>	<u>\$ -</u>	<u>\$ (988)</u>	<u>\$ (61,948)</u>	<u>\$ (61,935)</u>
Income (loss) before operating transfers	<u>\$ 2,350,222</u>	<u>\$ 459,338</u>	<u>\$ (203,777)</u>	<u>\$ 1,076,549</u>	<u>\$ 3,682,332</u>
Operating transfers:					
Operating transfers in	\$ -	\$ -	\$ -	\$ 28,789	\$ 28,789
Operating transfers out	(2,580,208)	(725,000)	-	(2,521,141)	(5,826,349)
Total operating transfers	<u>\$ (2,580,208)</u>	<u>\$ (725,000)</u>	<u>\$ -</u>	<u>\$ (2,492,352)</u>	<u>\$ (5,797,560)</u>
Net income	<u>\$ (229,986)</u>	<u>\$ (265,662)</u>	<u>\$ (203,777)</u>	<u>\$ (1,415,803)</u>	<u>\$ (2,115,228)</u>
Retained earnings at beginning of year	<u>10,179,444</u>	<u>6,225,268</u>	<u>7,294,923</u>	<u>126,291</u>	<u>23,825,926</u>
Retained earnings at end of year	<u>\$ 9,949,458</u>	<u>\$ 5,959,606</u>	<u>\$ 7,091,146</u>	<u>\$ (1,289,512)</u>	<u>\$ 21,710,698</u>

Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2002

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Collection/ Landfill Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:					
Operating income (loss)	\$ 2,349,221	\$ 459,338	\$ (202,789)	\$ 1,138,497	\$ 3,744,267
Adjustments to reconcile net operating income to net cash provided by operating activities:					
Depreciation	919,007	329,227	538,986	246,541	2,033,761
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Receivables	207,260	34,898	33,080	19,072	294,310
Increase (decrease) in:					
Accounts payable	(18,607)	(77,876)	2,284	2,392	(91,807)
Customer deposits	39,817	8,649	-	-	48,466
Accrued compensated absences	1,665	2,847	9,671	(907)	13,276
Net cash provided by (used in) operating activities	<u>\$ 3,498,363</u>	<u>\$ 757,083</u>	<u>\$ 381,232</u>	<u>\$ 1,405,595</u>	<u>\$ 6,042,273</u>
Cash Flows From Noncapital Financing Activities:					
Operating transfers	<u>\$ (2,580,208)</u>	<u>\$ (725,000)</u>	<u>\$ -</u>	<u>\$ (2,492,352)</u>	<u>\$ (5,797,560)</u>
Cash Flows From Capital and Related Financing Activities:					
Acquisition and construction of capital assets	\$ (651,428)	\$ (115,523)	\$ (192,114)	\$ (332,204)	\$ (1,291,269)
Retirement of note payable	-	-	-	(725,000)	(725,000)
Proceeds from capital lease obligations	-	-	-	332,204	332,204
Retirements of capital lease obligations	(12,655)	-	(9,251)	(88,516)	(110,422)
Interest paid on debt	(1,351)	-	(988)	(151,357)	(153,696)
Net cash provided by (used in) capital and related financing activities	<u>\$ (665,434)</u>	<u>\$ (115,523)</u>	<u>\$ (202,353)</u>	<u>\$ (964,873)</u>	<u>\$ (1,948,183)</u>
Cash Flows From Investing Activities:					
Interest	<u>\$ 2,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,409</u>	<u>\$ 91,761</u>
Net cash provided by investing activities	<u>\$ 2,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,409</u>	<u>\$ 91,761</u>
Increase (decrease) in cash and cash equivalents	<u>\$ 255,073</u>	<u>\$ (83,440)</u>	<u>\$ 178,879</u>	<u>\$ (1,962,221)</u>	<u>\$ (1,611,709)</u>
Cash and cash equivalents at beginning of year	<u>152,855</u>	<u>582,010</u>	<u>(7,578)</u>	<u>5,496,181</u>	<u>6,223,468</u>
Cash and cash equivalents at end of year	<u>\$ 407,928</u>	<u>\$ 498,570</u>	<u>\$ 171,301</u>	<u>\$ 3,533,960</u>	<u>\$ 4,611,759</u>

Fiduciary Funds
 Combining Balance Sheet
 At June 30, 2002

	<u>Agency Funds</u>			
	<u>Sheriff's Fund</u>	<u>Hooker Field Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 94,555	\$ 2,680	\$ 130,925	\$ 228,160
Total assets	<u>\$ 94,555</u>	<u>\$ 2,680</u>	<u>\$ 130,925</u>	<u>\$ 228,160</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ 1,680	\$ -	\$ 1,680
Amounts held for others	<u>94,555</u>	<u>1,000</u>	<u>130,925</u>	<u>226,480</u>
Total liabilities	<u>\$ 94,555</u>	<u>\$ 2,680</u>	<u>\$ 130,925</u>	<u>\$ 228,160</u>
<u>EQUITY</u>				
Fund balances:				
Unreserved, undesignated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and equity	<u>\$ 94,555</u>	<u>\$ 2,680</u>	<u>\$ 130,925</u>	<u>\$ 228,160</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Insurance Fund:				
Assets:				
Cash	\$ 346,710	\$ 2,288,366	\$ 2,504,151	\$ 130,925
Total assets	<u>\$ 346,710</u>	<u>\$ 2,288,366</u>	<u>\$ 2,504,151</u>	<u>\$ 130,925</u>
Liabilities:				
Amounts held for others	\$ 346,710	\$ 2,288,366	\$ 2,105,876	\$ 130,925
Total liabilities	<u>\$ 346,710</u>	<u>\$ 2,288,366</u>	<u>\$ 2,105,876</u>	<u>\$ 130,925</u>
Sheriff Funds:				
Assets:				
Cash	\$ 49,774	\$ 273,967	\$ 229,186	\$ 94,555
Total assets	<u>\$ 49,774</u>	<u>\$ 273,967</u>	<u>\$ 229,186</u>	<u>\$ 94,555</u>
Liabilities:				
Amounts held for others	\$ 49,774	\$ 273,967	\$ 229,186	\$ 94,555
Total liabilities	<u>\$ 49,774</u>	<u>\$ 273,967</u>	<u>\$ 229,186</u>	<u>\$ 94,555</u>
Hooker Field Fund:				
Assets:				
Cash	\$ 7,326	\$ 74,323	\$ 78,969	\$ 2,680
Total assets	<u>\$ 7,326</u>	<u>\$ 74,323</u>	<u>\$ 78,969</u>	<u>\$ 2,680</u>
Liabilities:				
Accounts payable	\$ 1,887	\$ 1,680	\$ 1,887	\$ 1,680
Amounts held for others	5,439	72,643	77,082	1,000
Total liabilities	<u>\$ 7,326</u>	<u>\$ 74,323</u>	<u>\$ 78,969</u>	<u>\$ 2,680</u>
Total -- All Agency Funds				
Assets:				
Cash	\$ 403,810	\$ 2,636,656	\$ 2,812,306	\$ 228,160
Total assets	<u>\$ 403,810</u>	<u>\$ 2,636,656</u>	<u>\$ 2,812,306</u>	<u>\$ 228,160</u>
Liabilities:				
Accounts payable	\$ 1,887	\$ 1,680	\$ 1,887	\$ 1,680
Amounts held for others	401,923	2,634,976	2,412,144	226,480
Total liabilities	<u>\$ 403,810</u>	<u>\$ 2,636,656</u>	<u>\$ 2,414,031</u>	<u>\$ 228,160</u>

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

	Governmental Funds			Account Group	Account Group	Total
	School Operating Fund	School Cafeteria Fund	School Grants Fund	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS						
Assets:						
Cash and cash equivalents	\$ 1,105,809	\$ 11,739	\$ -	\$ -	\$ -	\$ 1,117,548
Due from other governmental units	217,138	75,116	97,015	-	-	389,269
Other debits:						
Fixed assets (net of accumulated depreciation)	-	-	-	19,985,974	-	19,985,974
Amount to be provided for the retirement of general long-term obligations	-	-	-	-	11,892,958	11,892,958
Total assets and other debits	\$ <u>1,322,947</u>	\$ <u>86,855</u>	\$ <u>97,015</u>	\$ <u>19,985,974</u>	\$ <u>11,892,958</u>	\$ <u>33,385,749</u>
LIABILITIES						
Reconciled overdraft	\$ -	\$ -	\$ 173,317	\$ -	\$ -	\$ 173,317
Accounts payable	261,386	5,534	7,535	-	-	274,455
Accrued payroll	764,331	21,436	38,754	-	-	824,521
General obligation bonds payable	-	-	-	-	248,227	248,227
Capital lease obligation payable	-	-	-	-	538,581	538,581
State Literary Fund loans payable	-	-	-	-	11,106,150	11,106,150
Total liabilities	\$ <u>1,025,717</u>	\$ <u>26,970</u>	\$ <u>219,606</u>	\$ <u>-</u>	\$ <u>11,892,958</u>	\$ <u>13,165,251</u>
EQUITY AND OTHER CREDITS						
Investment in general fixed assets	\$ -	\$ -	\$ -	\$ 19,985,974	\$ -	\$ 19,985,974
Fund balances:						
Unreserved:						
Undesignated	297,230	59,885	(122,591)	-	-	234,524
Total fund balances	\$ <u>297,230</u>	\$ <u>59,885</u>	\$ <u>(122,591)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>234,524</u>
Total equity and other credits	\$ <u>297,230</u>	\$ <u>59,885</u>	\$ <u>(122,591)</u>	\$ <u>19,985,974</u>	\$ <u>-</u>	\$ <u>20,220,498</u>
Total liabilities, equity and other credits	\$ <u>1,322,947</u>	\$ <u>86,855</u>	\$ <u>97,015</u>	\$ <u>19,985,974</u>	\$ <u>11,892,958</u>	\$ <u>33,385,749</u>

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

	<u>Governmental Fund Types</u>			
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>School Grants Fund</u>	<u>Total</u>
Revenues:				
Revenue from use of money and property	\$ 17,631	\$ -	\$ -	\$ 17,631
Charges for services	58,303	395,974	-	454,277
Miscellaneous	97,480	-	-	97,480
Intergovernmental:				
Commonwealth	10,727,420	15,798	-	10,743,218
Federal	484,120	538,499	748,396	1,771,015
Total revenues	<u>\$ 11,384,954</u>	<u>\$ 950,271</u>	<u>\$ 748,396</u>	<u>\$ 13,083,621</u>
Expenditures:				
Current:				
Education	\$ 19,245,330	\$ 948,536	\$ 851,777	\$ 21,045,643
Debt service:				
Principal retirement	124,963	-	-	124,963
Interest and other fiscal charges	31,772	-	-	31,772
Total expenditures	<u>\$ 19,402,065</u>	<u>\$ 948,536</u>	<u>\$ 851,777</u>	<u>\$ 21,202,378</u>
Excess (deficiency) of revenues	<u>\$ (8,017,111)</u>	<u>\$ 1,735</u>	<u>\$ (103,381)</u>	<u>\$ (8,118,757)</u>
Other financing sources (uses):				
Operating transfers from primary government	\$ 7,653,244	\$ -	\$ -	\$ 7,653,244
Total other financing sources (uses)	<u>\$ 7,653,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,653,244</u>
Excess (deficiency) of revenues & other sources over expenditures & other uses	<u>\$ (363,867)</u>	<u>\$ 1,735</u>	<u>\$ (103,381)</u>	<u>\$ (465,513)</u>
Fund balances at beginning of year	<u>661,097</u>	<u>58,150</u>	<u>(19,210)</u>	<u>700,037</u>
Fund balances at end of year	<u>\$ 297,230</u>	<u>\$ 59,885</u>	<u>\$ (122,591)</u>	<u>\$ 234,524</u>

CITY OF MARTINSVILLE, VIRGINIA

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

	School Operating Fund			School Cafeteria Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Revenue from use of money and property	\$ 11,923	\$ 17,631	\$ 5,708	\$ 7,340	\$ -	\$ (7,340)
Charges for services	35,000	58,303	23,303	507,917	395,974	(111,943)
Miscellaneous	74,953	97,480	22,527	-	-	-
Intergovernmental:						
Commonwealth	10,688,275	10,727,420	39,145	16,833	15,798	(1,035)
Federal	539,996	484,120	(55,876)	525,984	538,499	12,515
Total revenues	\$ 11,350,147	\$ 11,384,954	\$ 34,807	\$ 1,058,074	\$ 950,271	\$ (107,803)
Expenditures:						
Current:						
Education	\$ 19,661,601	\$ 19,245,330	\$ 416,271	\$ 1,075,031	\$ 948,536	\$ 126,495
Debt service:						
Principal retirement	138,702	124,963	13,739	-	-	-
Interest and other fiscal charges	31,773	31,772	1	-	-	-
Total expenditures	\$ 19,832,076	\$ 19,402,065	\$ 430,011	\$ 1,075,031	\$ 948,536	\$ 126,495
Excess (deficiency) of revenues over expenditures	\$ (8,481,929)	\$ (8,017,111)	\$ 464,818	\$ (16,957)	\$ 1,735	\$ 18,692
Other financing sources (uses):						
Operating transfers from primary government	\$ 7,717,244	\$ 7,653,244	\$ (64,000)	\$ 16,957	\$ -	\$ (16,957)
Total other financing sources (uses)	\$ 7,717,244	\$ 7,653,244	\$ (64,000)	\$ 16,957	\$ -	\$ (16,957)
Excess (deficiency) of revenues & other sources over expenditures & other uses	\$ (764,685)	\$ (363,867)	\$ 400,818	\$ -	\$ 1,735	\$ 1,735
Fund balances at beginning of year	764,685	661,097	(103,588)	-	58,150	58,150
Fund balances at end of year	\$ -	\$ 297,230	\$ 297,230	\$ -	\$ 59,885	\$ 59,885

School Grants Fund			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 19,263	\$ 17,631	\$ (1,632)
-	-	-	542,917	454,277	(88,640)
-	-	-	74,953	97,480	22,527
-	-	-	10,705,108	10,743,218	38,110
<u>949,554</u>	<u>748,396</u>	<u>(201,158)</u>	<u>2,015,534</u>	<u>1,771,015</u>	<u>(244,519)</u>
\$ <u>949,554</u>	\$ <u>748,396</u>	\$ <u>(201,158)</u>	\$ <u>13,357,775</u>	\$ <u>13,083,621</u>	\$ <u>(274,154)</u>
\$ 1,164,713	\$ 851,777	\$ 312,936	\$ 21,901,345	\$ 21,045,643	\$ 855,702
-	-	-	138,702	124,963	13,739
-	-	-	<u>31,773</u>	<u>31,772</u>	<u>1</u>
\$ <u>1,164,713</u>	\$ <u>851,777</u>	\$ <u>312,936</u>	\$ <u>22,071,820</u>	\$ <u>21,202,378</u>	\$ <u>869,442</u>
\$ <u>(215,159)</u>	\$ <u>(103,381)</u>	\$ <u>111,778</u>	\$ <u>(8,714,045)</u>	\$ <u>(8,118,757)</u>	\$ <u>595,288</u>
\$ -	\$ -	\$ -	\$ <u>7,734,201</u>	\$ <u>7,653,244</u>	\$ <u>(80,957)</u>
\$ -	\$ -	\$ -	\$ <u>7,734,201</u>	\$ <u>7,653,244</u>	\$ <u>(80,957)</u>
\$ (215,159)	\$ (103,381)	\$ 111,778	\$ (979,844)	\$ (465,513)	\$ 514,331
<u>215,159</u>	<u>(19,210)</u>	<u>(234,369)</u>	<u>979,844</u>	<u>700,037</u>	<u>(279,807)</u>
\$ <u>-</u>	\$ <u>(122,591)</u>	\$ <u>(122,591)</u>	\$ <u>-</u>	\$ <u>234,524</u>	\$ <u>234,524</u>

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government:			
General Fund:			
Revenue from local sources:			
General property taxes:			
Real property taxes	\$ 4,789,151	\$ 4,774,746	\$ (14,405)
Personal property taxes	1,125,955	487,505	(638,450)
Business equipment	611,518	660,283	48,765
Machinery and tools taxes	322,492	319,196	(3,296)
Penalties	75,000	75,827	827
Interest and costs	60,000	56,876	(3,124)
Total general property taxes	<u>\$ 6,984,116</u>	<u>\$ 6,374,432</u>	<u>\$ (609,684)</u>
Other local taxes:			
Local sales and use taxes	\$ 2,015,000	\$ 1,835,109	\$ (179,891)
Consumers' utility taxes	790,009	773,811	(16,199)
E-911 surcharge	212,867	201,615	(11,252)
Grantor tax	15,000	28,450	13,450
Telephone tax	462,692	559,492	96,800
Business license tax	1,210,884	1,432,066	221,182
Franchise license taxes	162,383	180,377	17,994
Motor vehicle licenses	230,000	233,400	3,400
Bank franchise tax	343,164	351,761	8,597
Rental tax	4,400	4,580	180
Taxes on recordation and wills	45,000	61,323	16,323
Total other local taxes	<u>\$ 5,491,399</u>	<u>\$ 5,661,983</u>	<u>\$ 170,584</u>
Permits, privilege fees and regulatory licenses:			
Animal licenses	\$ 1,500	\$ 2,128	\$ 628
Other permits and licenses	22,215	11,232	(10,983)
Total permits, privilege fees and regulatory licenses	<u>\$ 23,715</u>	<u>\$ 13,360</u>	<u>\$ (10,355)</u>
Fines and Forfeitures:			
Court fines and forfeitures	\$ 170,000	\$ 209,290	\$ 39,290
Other fines and forfeitures	30,500	5,475	(25,025)
Total fines and forfeitures	<u>\$ 200,500</u>	<u>\$ 214,765</u>	<u>\$ 14,265</u>
Revenue from use of money and property:			
Revenue from use of money	\$ 150,000	\$ 77,318	\$ (72,682)
Revenue from use of property	412,491	414,815	2,324
Total revenue from use of money and property	<u>\$ 562,491</u>	<u>\$ 492,133</u>	<u>\$ (70,358)</u>

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

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
General Fund: (Continued)			
Charges for services:			
Sheriff fees	\$ 5,000	\$ 3,625	\$ (1,375)
Courthouse maintenance fees	18,000	18,473	473
Court appointed attorney fees	4,200	3,014	(1,186)
Commonwealth attorney fees	2,000	1,553	(447)
Police services	5,400	4,180	(1,220)
Dog impound / citation fees	1,200	990	(210)
Recreation fees	35,000	36,941	1,941
Prison farm labor / street maintenance	29,000	44,481	15,481
Other charges for services	2,490	5,065	2,575
Total charges for services	<u>\$ 102,290</u>	<u>\$ 118,322</u>	<u>\$ 16,032</u>
Miscellaneous revenue:			
Payment in lieu of tax	\$ 217,567	\$ 217,567	\$ -
Other miscellaneous revenue	56,171	48,414	(7,757)
Total miscellaneous revenue	<u>\$ 273,738</u>	<u>\$ 265,981</u>	<u>\$ (7,757)</u>
Recovered costs:			
Meals tax administration	\$ 35,190	\$ 35,190	\$ -
Boarding of prisoners	30,000	22,442	(7,558)
PHDC	120,000	-	(120,000)
Social services	10,000	10,008	8
Juvenile and domestic relations court	4,000	3,740	(260)
Health department	8,381	7,717	(664)
Senior citizen transportation	4,500	4,315	(185)
Juror and witness	20,000	13,594	(6,406)
Fiscal agent fees - regional library	3,000	3,000	-
National guard armory	14,000	22,020	8,020
Medical co-pay reimbursement	11,120	12,890	1,770
WW Moore	-	142,117	142,117
VML self insurance dividend	54,666	54,666	-
Collection expense	9,000	9,000	-
Billing expense	325,854	297,533	(28,321)
Safety expense	70,251	70,251	-
Engineer	68,000	73,428	5,428
Communication	80,712	80,712	-
Central garage	22,740	22,740	-
Miscellaneous recoveries	14,367	55,092	40,725
Total recovered costs	<u>\$ 905,781</u>	<u>\$ 940,455</u>	<u>\$ 34,674</u>
Total revenue from local sources	<u>\$ 14,544,030</u>	<u>\$ 14,081,431</u>	<u>\$ (462,599)</u>

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

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
General Fund: (Continued)			
Revenue from the Commonwealth:			
Noncategorical aid:			
ABC profits	\$ 38,000	\$ 41,906	\$ 3,906
Wine taxes	24,000	21,730	(2,270)
Rolling stock tax	11,117	9,452	(1,665)
PPTRA	-	676,482	676,482
Auto rental tax	45,000	38,973	(6,027)
Recordation tax	30,000	47,299	17,299
	<u>148,117</u>	<u>835,842</u>	<u>687,725</u>
Total noncategorical aid	\$ 148,117	\$ 835,842	\$ 687,725
Categorical aid:			
Shared expenses:			
Commonwealth's attorney	\$ 282,106	\$ 274,818	\$ (7,288)
Sheriff	1,643,481	1,627,782	(15,699)
Commissioner of the Revenue	105,670	104,633	(1,037)
Treasurer	98,771	96,899	(1,872)
Medical examiner	500	540	40
Registrar/electoral board	42,569	41,045	(1,524)
Clerk of the circuit court	253,297	252,939	(358)
	<u>2,426,394</u>	<u>2,398,656</u>	<u>(27,738)</u>
Total shared expenses	\$ 2,426,394	\$ 2,398,656	\$ (27,738)
Other categorical aid:			
Senior citizens	\$ 11,836	\$ 11,836	\$ -
Street maintenance	1,918,129	2,014,096	95,967
Liberty street engineering	-	276,550	276,550
Fire grant	23,500	22,407	(1,093)
Police confiscated assets	14,664	14,664	-
House Bill # 599 - police	639,367	583,739	(55,628)
Transportation study	57,855	39,079	(18,776)
EMS two for life	5,801	5,875	74
Local jails / city jails	329,700	597,911	268,211
Regional competitiveness grant	24,614	20,240	(4,374)
Victim witness	68,589	67,073	(1,516)
Resource officer	25,509	14,880	(10,629)
Demolition grant	-	12,000	12,000
	<u>3,119,564</u>	<u>3,680,350</u>	<u>560,786</u>
Total other categorical aid	\$ 3,119,564	\$ 3,680,350	\$ 560,786
Total categorical aid	<u>5,545,958</u>	<u>6,079,006</u>	<u>533,048</u>
Total revenue from the Commonwealth	<u>\$ 5,694,075</u>	<u>\$ 6,914,848</u>	<u>\$ 1,220,773</u>

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

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
General Fund: (Continued)			
Revenue from the federal government:			
Categorical aid:			
Senior citizens	\$ 16,000	\$ 14,331	\$ (1,669)
DUI enforcement grant	7,500	4,096	(3,404)
Miscellaneous police grants	-	17,572	17,572
Law enforcement block grant	25,824	25,824	-
Total categorical aid	<u>\$ 49,324</u>	<u>\$ 61,823</u>	<u>\$ 12,499</u>
Total revenue from the Federal Government	<u>\$ 49,324</u>	<u>\$ 61,823</u>	<u>\$ 12,499</u>
Total General Fund	<u><u>\$ 20,287,429</u></u>	<u><u>\$ 21,058,102</u></u>	<u><u>\$ 770,673</u></u>
Special Revenue Funds:			
Grants Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	<u>\$ 56,677</u>	<u>\$ 59,978</u>	<u>\$ 3,301</u>
Total revenue from use of money and property	<u>\$ 56,677</u>	<u>\$ 59,978</u>	<u>\$ 3,301</u>
Miscellaneous revenue:			
Henry County - housing contribution	\$ 26,000	\$ -	\$ (26,000)
Patrick County - housing contribution	10,000	10,000	-
Police academy contributions - localities	109,375	110,950	1,575
Other miscellaneous funds	213	-	(213)
Total miscellaneous revenue	<u>\$ 145,588</u>	<u>\$ 120,950</u>	<u>\$ (24,638)</u>
Total revenue from local sources	<u>\$ 202,265</u>	<u>\$ 180,928</u>	<u>\$ (21,337)</u>
Revenue from the Commonwealth:			
Other categorical aid:			
VHDA rental assistance	\$ 177,461	\$ 98,859	\$ (78,602)
Comprehensive services	-	198,806	198,806
Police academy grants	127,785	129,110	1,325
Youth grant	-	37,500	37,500
Total revenue from the Commonwealth	<u>\$ 305,246</u>	<u>\$ 464,275</u>	<u>\$ 159,029</u>
Revenue from the federal government:			
Categorical aid:			
Housing choice	\$ -	\$ 422,455	\$ 422,455
Community development block grant	450,688	196,952	(253,736)
Indoor plumbing	267,577	214,499	(53,078)
Total revenue from the Federal Government	<u>\$ 718,265</u>	<u>\$ 833,906</u>	<u>\$ 115,641</u>
Total Grants Fund	<u><u>\$ 1,225,776</u></u>	<u><u>\$ 1,479,109</u></u>	<u><u>\$ 253,333</u></u>
Total Special Revenue Funds	<u><u>\$ 1,225,776</u></u>	<u><u>\$ 1,479,109</u></u>	<u><u>\$ 253,333</u></u>

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

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
Capital Projects Funds:			
Capital Reserve Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	\$ 25,000	\$ -	\$ (25,000)
Revenue from use of property	46,058	46,058	-
Total revenue from use of money and property	\$ 71,058	\$ 46,058	\$ (25,000)
Miscellaneous revenue:			
Miscellaneous	-	3,403	3,403
Total revenue from local sources	\$ 71,058	\$ 49,461	\$ (21,597)
Revenue from the Commonwealth:			
Categorical aid:			
Rescue vehicle grant	\$ -	\$ 42,500	\$ 42,500
Virginia center for tech acaf	-	25,000	25,000
Total revenue from the Commonwealth	\$ -	\$ 67,500	\$ 67,500
Revenue from the federal government:			
Categorical aid:			
EDA grant	\$ 700,000	\$ 630,000	\$ (70,000)
Total Capital Reserve Fund	\$ 771,058	\$ 746,961	\$ (24,097)
Meals Tax Fund:			
Revenue from local sources:			
Other local taxes:			
Meals taxes	\$ 861,159	\$ 856,362	\$ (4,797)
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	-	3,316	3,316
Revenue from the Commonwealth:			
Categorical aid:			
School construction	279,372	279,449	77
Total Meals Tax Fund	\$ 1,140,531	\$ 1,139,127	\$ (1,404)
Industrial Development Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of property	\$ 15,850	\$ 2,102	\$ (13,748)
Miscellaneous revenue:			
Miscellaneous revenue	-	1,075	1,075
Total revenue from local sources	\$ 15,850	\$ 3,177	\$ (12,673)

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

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (Continued)			
Special Revenue Funds: (Continued)			
Industrial Development Fund: (Continued)			
Revenue from the Commonwealth:			
Categorical aid:			
Tobacco commission grant	\$ 114,250	\$ 174,900	\$ 60,650
Virginia Department of bus assistance	-	250,000	250,000
Economic development grant	99,900	55,251	(44,649)
Total revenue from the Commonwealth	<u>\$ 214,150</u>	<u>\$ 480,151</u>	<u>\$ 266,001</u>
Total Industrial Development Fund	<u>\$ 230,000</u>	<u>\$ 483,328</u>	<u>\$ 253,328</u>
Total Capital Projects Funds	<u>\$ 2,141,589</u>	<u>\$ 2,369,416</u>	<u>\$ 227,827</u>
Grand Total Revenues -- Primary Government	<u>\$ 23,654,794</u>	<u>\$ 24,906,627</u>	<u>\$ 1,251,833</u>
Component Unit -- School Board:			
Governmental Funds:			
School Operating Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of property	\$ 11,923	\$ 17,631	\$ 5,708
Charges for services:			
Tuition and other charges for services	35,000	58,303	23,303
Miscellaneous revenue:			
Miscellaneous revenue	<u>74,953</u>	<u>97,480</u>	<u>22,527</u>
Total revenue from local sources	<u>\$ 121,876</u>	<u>\$ 173,414</u>	<u>\$ 51,538</u>
Revenue from the Commonwealth:			
Categorical aid:			
Share of state sales tax	\$ 2,073,181	\$ 1,941,705	\$ (131,476)
Basic school aid	4,956,794	5,083,221	126,427
Share of fringe benefits - Fica	351,485	363,653	12,168
Share of fringe benefits - VRS	215,824	178,923	(36,901)
Lottery proceeds	344,475	410,120	65,645
Vocational SOQ payments	135,719	137,009	1,290
Special education - basic	837,526	845,487	7,961
At risk students	186,118	187,804	1,686
Remedial education	137,504	138,811	1,307
Reduced K-3	316,485	284,769	(31,716)
Textbooks	109,378	111,254	1,876
Other state funds	<u>1,023,786</u>	<u>1,044,664</u>	<u>20,878</u>
Total revenue from the Commonwealth	<u>\$ 10,688,275</u>	<u>\$ 10,727,420</u>	<u>\$ 39,145</u>

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

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
Component Unit -- School Board: (Continued)			
Governmental Funds: (Continued)			
School Operating Fund: (Continued)			
Revenue from the federal government:			
Categorical aid:			
Vocational education	\$ 57,068	\$ 52,074	\$ (4,994)
Special education - flow through	372,579	366,716	(5,863)
Special education - pre-school incentive	3,000	6,175	3,175
Refuge school impact	-	2,679	2,679
School to work	-	18,291	18,291
Regional tuition - special education	71,432	-	(71,432)
ROTC instructors	35,917	38,185	2,268
Total categorical aid	<u>\$ 539,996</u>	<u>\$ 484,120</u>	<u>\$ (55,876)</u>
Total revenue from the federal government	<u>\$ 539,996</u>	<u>\$ 484,120</u>	<u>\$ (55,876)</u>
Total School Operating Fund	<u><u>\$ 11,350,147</u></u>	<u><u>\$ 11,384,954</u></u>	<u><u>\$ 34,807</u></u>
School Cafeteria Fund:			
Revenue from local sources:			
Revenue from use of money and property:			
Revenue from use of money	<u>\$ 7,340</u>	<u>\$ -</u>	<u>\$ (7,340)</u>
Charges for services:			
Cafeteria sales	<u>\$ 507,917</u>	<u>\$ 395,974</u>	<u>\$ (111,943)</u>
Revenue from the Commonwealth:			
Categorical aid:			
School food	<u>\$ 16,833</u>	<u>\$ 15,798</u>	<u>\$ (1,035)</u>
Revenue from the federal government:			
Categorical aid:			
School food	<u>\$ 525,984</u>	<u>\$ 538,499</u>	<u>\$ 12,515</u>
Total School Cafeteria Fund	<u><u>\$ 1,058,074</u></u>	<u><u>\$ 950,271</u></u>	<u><u>\$ (107,803)</u></u>
School Grants Fund:			
Revenue from the federal government:			
Categorical aid:			
Title I	\$ 626,930	\$ 536,292	\$ (90,638)
Eisenhower	18,810	27,869	9,059
Title VI	21,819	37,935	16,116
Drug free schools	84,815	47,318	(37,497)
Goals 2000	-	803	803
Class size reduction	89,479	23,845	(65,634)
School reform grant	50,000	50,000	-
Technology literacy challenge grant	57,700	24,334	(33,366)
Total revenue from the federal government	<u>\$ 949,554</u>	<u>\$ 748,396</u>	<u>\$ (201,157)</u>
Total School Grants Fund	<u><u>\$ 949,554</u></u>	<u><u>\$ 748,396</u></u>	<u><u>\$ (201,157)</u></u>
Grand Total Revenues -- Component Unit School Board	<u><u>\$ 13,357,775</u></u>	<u><u>\$ 13,083,621</u></u>	<u><u>\$ (274,153)</u></u>
Grand Total Revenues -- Reporting Entity	<u><u>\$ 37,012,569</u></u>	<u><u>\$ 37,990,248</u></u>	<u><u>\$ 977,680</u></u>

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2002 (Continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government:			
General Fund:			
General Government Administration:			
Legislative:			
City council	\$ 42,880	\$ 39,712	\$ 3,168
General and Financial Administration:			
Clerk of council	\$ 14,173	\$ 11,137	\$ 3,036
City manager's office	210,166	211,412	(1,246)
Legal services	34,695	33,794	901
Human resources	137,337	135,321	2,016
Employment services	283,522	253,947	29,575
Customer services	53,526	50,476	3,050
Communications	83,983	63,078	20,905
Commissioner of the Revenue	341,701	329,087	12,614
Treasurer	251,184	254,982	(3,798)
Finance director	97,754	96,014	1,740
Accounting	168,201	162,991	5,210
Utility billing	325,854	297,532	28,322
Information services	252,883	233,770	19,113
Central garage	426,882	431,326	(4,444)
Risk management	137,000	101,959	35,041
Total general and financial administration	\$ 2,818,861	\$ 2,666,826	\$ 152,035
Board of Elections:			
Electoral board and officials	\$ 20,224	\$ 15,917	\$ 4,307
Registrar	89,623	69,766	19,857
Total board of elections	\$ 109,847	\$ 85,683	\$ 24,164
Total general government administration	\$ 2,971,588	\$ 2,792,221	\$ 179,367
Judicial Administration:			
Courts:			
Circuit court	\$ 89,897	\$ 84,412	\$ 5,485
General district court	19,100	11,061	8,039
Juvenile and domestic relations court	17,450	13,298	4,152
Clerk of the circuit court	332,915	329,506	3,409
Sheriff - courts	708,505	747,949	(39,444)
Total Courts	\$ 1,167,867	\$ 1,186,226	\$ (18,359)
Commonwealth Attorney:			
Commonwealth attorney	\$ 344,066	\$ 331,935	\$ 12,131
Victim witness program	68,589	67,073	1,516
Total Commonwealth attorney	412,655	399,008	13,647
Total judicial administration	\$ 1,580,522	\$ 1,585,234	\$ (4,712)

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2002 (Continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (continued)			
General Fund: (continued)			
Public Safety:			
Law Enforcement and Traffic Control:			
Police department	\$ 3,205,968	\$ 3,261,604	\$ (55,636)
Transportation safety commission	2,500	1,916	584
E-911 communication center	230,311	147,966	82,345
Total law enforcement and traffic control	<u>\$ 3,438,779</u>	<u>\$ 3,411,486</u>	<u>\$ 27,293</u>
Fire and Rescue Services:			
Fire services	\$ 1,393,211	\$ 1,374,240	\$ 18,971
Emergency Service	94,342	85,462	8,880
Total fire and rescue services	<u>\$ 1,487,553</u>	<u>\$ 1,459,702</u>	<u>\$ 27,851</u>
Correction and Detention:			
Sheriff -corrections	\$ 1,971,175	\$ 1,969,421	\$ 1,754
Sheriff -jail annex	163,340	177,688	(14,348)
Probation office	261,431	280,881	(19,450)
Total correction and detention	<u>\$ 2,395,946</u>	<u>\$ 2,427,990</u>	<u>\$ (32,044)</u>
Inspections:			
Building and other	\$ 282,453	\$ 254,722	\$ 27,731
Other Protection:			
Safety	\$ 71,985	\$ 64,528	\$ 7,457
Total other protection	<u>\$ 71,985</u>	<u>\$ 64,528</u>	<u>\$ 7,457</u>
Total public safety	<u><u>\$ 7,676,716</u></u>	<u><u>\$ 7,618,428</u></u>	<u><u>\$ 58,288</u></u>
Public Works:			
Maintenance of highways, streets, bridges and sidewalks:			
Director of public works	\$ 70,293	\$ 67,699	\$ 2,594
Highways, streets, bridges and sidewalks:			
Engineering	\$ 181,499	\$ 177,040	\$ 4,459
Street maintenance	1,239,473	1,269,056	(29,583)
Street marking and signs	166,603	153,072	13,531
Traffic signals	176,803	217,747	(40,944)
Street cleaning	335,250	405,271	(70,021)
Street construction	273,150	250,561	22,589
Thoroughfare construction	-	280,631	(280,631)
VDOT reserve	21,760	13,002	8,758
Uptown maintenance	50,236	46,227	4,009
City hall maintenance	396,093	378,638	17,455
Social services building maintenance	-	223	(223)
Public health center	1,000	7,463	(6,463)
Total highways, streets, bridges and sidewalks	<u>\$ 2,841,867</u>	<u>\$ 3,198,931</u>	<u>\$ (357,064)</u>
Total public works	<u><u>\$ 2,912,160</u></u>	<u><u>\$ 3,266,630</u></u>	<u><u>\$ (354,470)</u></u>

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2002 (Continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (continued)			
General Fund: (continued)			
Mental Health and Mental Retardation:			
Chapter X board	\$ 48,678	\$ 48,678	\$ -
Welfare/Social Services:			
Regional social services board	\$ 262,864	\$ 262,864	\$ -
Total welfare/social services	\$ 262,864	\$ 262,864	\$ -
Total health and welfare	\$ 311,542	\$ 311,542	\$ -
Parks, Recreation, and Cultural:			
Parks and recreation			
Leisure services	\$ 190,227	\$ 215,033	\$ (24,806)
Park maintenance	256,372	242,179	14,193
Senior center	147,782	144,019	3,763
Armory	52,233	55,616	(3,383)
Total parks and recreation	\$ 646,614	\$ 656,847	\$ (10,233)
Library:			
Regional library	309,487	309,487	-
Total parks, recreation and cultural	\$ 956,101	\$ 966,334	\$ (10,233)
Community Development:			
Planning and Community Development:			
Community development coordinator	\$ -	\$ 305	\$ (305)
Economic development	333,066	260,782	72,284
Housing / community development	92,143	92,400	(257)
Planning and zoning	19,844	5,506	14,338
Blue Ridge Airport Authority contribution	35,000	35,000	-
Contributions to local organizations	392,870	384,518	8,352
Other community development	200,670	235,640	(34,970)
Total planning and community development	\$ 1,073,593	\$ 1,014,151	\$ 59,442
Cooperative Extension Program:			
Horticulture and family resources	\$ 12,000	\$ 12,000	\$ -
Total community development	\$ 1,085,593	\$ 1,026,151	\$ 59,442
Nondepartmental:			
Miscellaneous	\$ 260,731	\$ 103,882	\$ 156,849
Contingencies	155,404	28,920	126,484
Total nondepartmental	\$ 416,135	\$ 132,802	\$ 283,333
Total General Fund	\$ 17,910,357	\$ 17,699,342	\$ 211,015

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2002 (Continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (continued)			
Special Revenue Funds:			
Grants Fund:			
Public Safety:			
Law Enforcement and Traffic Control:			
Police academy	\$ 322,313	\$ 161,351	\$ 160,962
Total public safety	\$ 322,313	\$ 161,351	\$ 160,962
Health and Welfare:			
Comprehensive services	\$ -	\$ 301,969	\$ (301,969)
Planning and Community Development:			
Indoor plumbing program	\$ 305,953	\$ 310,152	\$ (4,199)
Community development block grant	756,830	339,986	416,844
Housing services	233,266	120,225	113,041
Housing choice	-	490,229	(490,229)
Workforce investment program	-	197	(197)
Office on youth	-	37,500	(37,500)
Total planning and community development	\$ 1,296,049	\$ 1,298,289	\$ (2,240)
Total County Grants Fund	\$ 1,618,362	\$ 1,761,609	\$ (143,247)
Total Special Revenue Funds	\$ 1,618,362	\$ 1,761,609	\$ (143,247)
Capital Project Funds:			
Capital Reserve Fund:			
Capital outlays:			
Piedmont arts	\$ 25,000	\$ 25,000	\$ -
Tools and equipment	64,605	58,980	5,625
Office equipment	6,283	4,938	1,345
Communications equipment	20,000	19,344	656
Motor vehicles	609,283	686,978	(77,695)
ADP equipment	183,301	120,154	63,147
Total capital outlays	\$ 908,472	\$ 915,394	\$ (6,922)
Capital projects:			
Physical plant expansion	\$ 950,130	\$ 902,465	\$ 47,665
Uptown rail trail program	-	58,584	(58,584)
School construction	537,174	253,526	283,648
Other capital projects	350,000	36,562	313,438
Total capital projects	\$ 1,837,304	\$ 1,251,137	\$ 586,167
Debt service:			
Principal retirement	\$ 70,000	\$ 70,000	\$ -
Interest and other debt costs	93,216	93,216	-
Total debt service	\$ 163,216	\$ 163,216	\$ -
Total Capital Reserve Fund	\$ 2,908,992	\$ 2,329,747	\$ 579,245

Governmental Funds and Discretely Presented Component Unit School Board
 Schedule of Expenditures - Budget and Actual
 Year Ended June 30, 2002 (Continued)

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavorable)
Primary Government: (continued)			
Special Revenue Funds: (continued)			
Meals Tax Fund:			
General Government Administration:			
Meals tax administration	\$ 35,190	\$ 35,190	\$ -
Debt service:			
Principal retirement	\$ 695,000	\$ 695,000	\$ -
Interest and other debt costs	440,180	440,179	1
Total debt service	\$ 1,135,180	\$ 1,135,179	\$ 1
Total Meals Tax Fund	\$ 1,170,370	\$ 1,170,369	\$ 1
Industrial Development Fund:			
Capital projects:			
Shell building	\$ -	\$ 1,330	\$ (1,330)
Land / building acquisition	-	175,000	(175,000)
WPBDC	230,000	697,681	(467,681)
Total Industrial Development Fund	\$ 230,000	\$ 874,011	\$ (644,011)
Total Capital Project Funds	\$ 4,309,362	\$ 4,374,127	\$ (64,765)
Grand Total Expenditures - Primary Government	\$ 23,838,081	\$ 23,835,078	\$ 3,003
Component Unit - School Board			
School Operating Fund:			
Education:			
Instruction	\$ 13,972,038	\$ 13,632,769	\$ 339,269
Administration, attendance and health	2,966,251	2,831,564	134,687
Pupil transportation	578,645	614,028	(35,383)
Operation and maintenance of school plant	2,144,667	2,166,969	(22,302)
Total operating costs	\$ 19,661,601	\$ 19,245,330	\$ 416,271
Debt service:			
Principal retirement	\$ 138,702	\$ 124,963	\$ 13,739
Interest and other debt costs	31,773	31,772	1
Total debt service	\$ 170,475	\$ 156,735	\$ 13,740
Total School Operating Fund	\$ 19,832,076	\$ 19,402,065	\$ 430,011
School Cafeteria Fund:			
Education:			
School food services	\$ 1,075,031	\$ 948,536	\$ 126,495
School Grants Fund:			
Education:			
Instruction costs	\$ 1,164,713	\$ 851,777	\$ 312,936
Grand Total Expenditures - Component Unit - School Board	\$ 22,071,820	\$ 21,202,378	\$ 869,442
Grand Total Expenditures - Reporting Entity	\$ 45,909,901	\$ 45,037,456	\$ 872,445

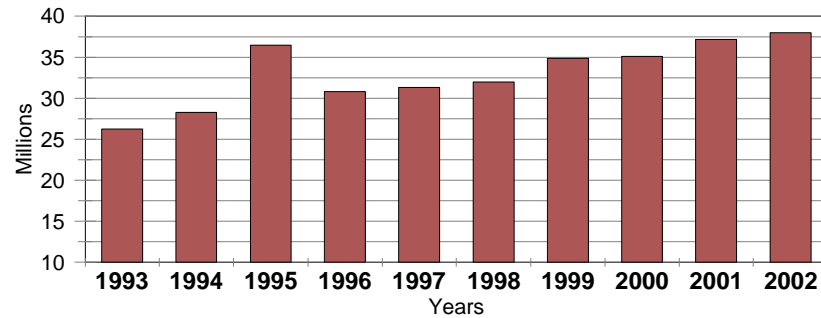
CITY OF MARTINSVILLE, VIRGINIA

Schedule 3

Governmental Revenues by Source
Last Ten Fiscal Years

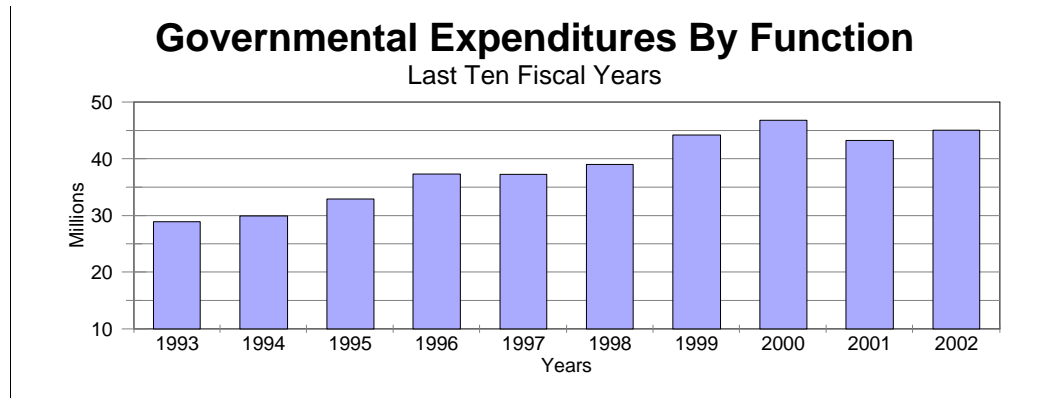
Fiscal Year Ended June 30,	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
1993	\$ 5,795,714	\$ 3,947,991	\$ 103,469	\$ 134,856	\$ 913,147	\$ 460,572	\$ 568,269	\$ 126,243	\$ 14,198,560	\$ 26,248,821
1994	6,457,507	4,728,382	63,540	134,792	1,226,292	510,454	517,591	76,316	14,544,438	28,259,312
1995	6,615,957	4,981,630	108,890	163,427	6,869,288	500,774	543,862	892,409	15,807,412	36,483,649
1996	6,776,450	5,653,788	15,395	209,863	1,027,754	514,184	1,184,441	530,850	14,910,038	30,822,763
1997	6,929,431	5,866,852	17,652	213,765	958,325	849,872	643,564	469,944	15,364,538	31,313,943
1998	7,225,353	6,129,277	27,982	202,332	726,311	860,789	494,622	562,993	15,746,475	31,976,134
1999	7,312,654	6,282,372	33,552	197,292	795,555	874,083	614,087	655,743	18,094,451	34,859,789
2000	6,583,181	6,162,491	18,679	145,992	973,942	686,792	758,135	766,081	19,007,401	35,102,694
2001	7,372,892	6,227,663	17,024	201,585	674,472	538,333	808,634	819,424	20,527,650	37,187,677
2002	6,374,432	6,518,345	13,360	214,765	621,218	572,599	488,889	940,455	22,246,185	37,990,248

Total Governmental Revenues by Source
Last Ten Fiscal Years



Governmental Expenditures by Function
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural	Community Development	Non departmental	Capital Outlays / Projects	Debt Service	Total
1993	\$ 1,577,865	\$ 691,392	\$ 5,031,196	\$ 2,483,350	\$ 3,314,428	\$ 14,480,812	\$ 327,879	\$ 591,350	\$ 234,838	\$ -	\$ 182,398	\$ 28,915,508
1994	1,703,174	847,797	5,355,476	2,485,901	3,442,634	14,538,411	315,601	532,174	492,101	-	193,312	29,906,581
1995	1,953,183	923,927	5,384,376	3,017,788	3,816,463	14,966,954	582,259	1,165,594	809,153	-	283,353	32,903,050
1996	2,268,140	922,737	6,201,816	2,670,523	1,826,442	15,555,188	648,164	1,985,338	72,182	4,611,462	552,086	37,314,078
1997	2,318,569	1,014,527	6,186,934	2,828,856	1,889,267	17,020,651	609,157	1,663,019	67,583	3,153,271	517,542	37,269,376
1998	2,399,075	1,183,001	6,895,989	2,582,484	802,053	17,336,053	612,875	2,220,260	239,874	4,051,829	666,701	38,990,194
1999	2,818,717	1,489,784	7,703,106	2,834,361	967,745	19,250,708	768,054	1,896,216	56,990	5,685,305	758,192	44,229,178
2000	3,412,307	1,532,636	7,665,532	2,492,734	897,445	20,577,487	938,878	1,335,416	273,423	6,687,375	992,269	46,805,502
2001	2,806,251	1,755,428	7,529,991	3,203,106	692,418	20,785,714	925,040	1,735,267	212,975	2,637,869	961,970	43,246,029
2002	2,827,411	1,585,234	7,779,779	3,266,630	613,511	21,045,643	966,334	2,324,440	132,802	3,040,542	1,455,130	45,037,456



Assessed Valuation of All Taxable Property
Last Ten Fiscal Years

Fiscal Years Ending June 30,	Real Estate	Personal Property	Machinery and Tools	Public Service Corporations	Total
1993	\$ 470,277,492	\$ 43,514,849	\$ 48,146,560	\$ 21,602,749	\$ 583,541,650
1994	480,442,747	53,563,990	53,230,118	25,061,326	612,298,181
1995	483,949,585	54,234,564	59,074,742	24,075,144	621,334,035
1996	484,467,800	71,685,524	61,610,086	26,575,957	644,339,367
1997	489,100,450	85,210,947	54,173,499	23,425,736	651,910,632
1998	485,331,000	79,598,067	49,009,925	23,304,634	637,243,626
1999	483,149,200	85,925,407	45,790,992	23,191,676	638,057,275
2000	492,377,750	87,198,592	50,918,879	26,135,117	656,630,338
2001	499,376,500	87,362,958	47,211,356	27,313,555	661,264,369
2002	500,132,200	91,886,053	17,253,822	27,821,178	637,093,253

Property Tax Rates
Last Ten Fiscal Years

Fiscal Years Ending June 30,	Real Estate	Personal Property	Machinery and Tools	Public Service	
				Real	Personal
1993	\$ 0.76	\$ 2.25	\$ 1.85	\$ 0.76	\$ 0.76
1994	0.84	2.25	1.85	0.84	0.84
1995	0.84	2.25	1.85	0.84	0.84
1996	0.84	1.92	1.85	0.84	1.92
1997	0.84	1.92	1.85	0.84	1.92
1998	0.94	1.92	1.85	0.94	1.92
1999	0.94	1.92	1.85	0.94	1.92
2000	0.94	1.92	1.85	0.94	1.92
2001	0.94	1.92	1.85	0.94	1.92
2002	0.94	1.92	1.85	0.94	1.92

Property Tax Levies and Collections
 Last Ten Fiscal Years

<u>Fiscal Year Ending June 30,</u>	<u>Total (1) Tax Levy</u>	<u>Current Tax (1) Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent (1) Tax (2) Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding (1) Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
1993	\$ 5,590,034	\$ 5,399,458	96.59%	\$ 277,478	\$ 5,676,936	101.55%	\$ 565,318	10.11%
1994	6,362,452	6,198,291	97.42%	160,772	6,359,063	99.95%	597,141	9.39%
1995	6,534,695	6,360,796	97.34%	255,161	6,615,957	101.24%	631,352	9.66%
1996	6,847,293	6,484,461	94.70%	159,670	6,644,131	97.03%	655,816	9.58%
1997	6,988,863	6,721,278	96.17%	58,536	6,779,814	97.01%	632,399	9.05%
1998	7,245,084	6,827,121	94.23%	246,449	7,073,570	97.63%	667,413	9.21%
1999	7,294,688	6,950,292	95.28%	263,040	7,213,332	98.88%	684,915	9.39%
2000	7,525,350	6,301,132	83.73%	320,798	6,621,930	87.99%	1,466,633	19.49%
2001	7,546,250	6,596,153	87.41%	954,232	7,550,385	100.05%	923,231	12.23%
2002	7,104,697	6,899,049	97.11%	107,345	7,006,394	98.62%	845,663	11.90%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

Ratio of Net General Obligation Bonded Debt to Assessed Value
 And Net Bonded Debt Per Capita
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (1)	Assessed Value (in thousands)(2)	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
1993	16,031	\$ 583,541,650	\$ 577,875	0.10%	\$ 36
1994	16,031	612,298,181	1,423,025	0.23%	89
1995	16,031	621,334,035	1,418,874	0.23%	89
1996	16,031	644,339,367	5,990,212	0.93%	374
1997	16,031	651,910,632	5,773,866	0.89%	360
1998	16,031	637,243,626	5,465,708	0.86%	341
1999	16,031	638,057,275	16,802,217	2.63%	1,048
2000	16,031	656,630,338	16,493,362	2.51%	1,029
2001	15,416	661,264,369	16,069,098	2.43%	1,042
2002	15,416	637,093,253	15,244,377	2.39%	989

(1) Tayloe Murphy Institute at the University of Virginia.

(2) From Schedule 5

Compliance

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ROBINSON, FARMER, COX ASSOCIATES

Certified Public Accountants

A Professional Limited Liability company

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

**To the Honorable Members of City Council
City of Martinsville
Martinsville, Virginia**

We have audited the financial statements of the City of Martinsville, Virginia, as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated August 29, 2002. We conducted our audit in accordance with the Specifications for Audit of Counties, Cities and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Martinsville, 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 City of Martinsville, 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 the management of the City of Martinsville, Virginia in a separate letter dated August 29, 2002.

This report is intended for the information of the City Council, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

August 29, 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 Honorable Members of City Council
City of Martinsville
Martinsville, Virginia**

Compliance

We have audited the compliance of the City of Martinsville, 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 fiscal year ended June 30, 2002. The City of Martinsville, 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 City of Martinsville, Virginia's management. Our responsibility is to express an opinion on the City of Martinsville, 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 City of Martinsville, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Martinsville, Virginia's compliance with those requirements.

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

Internal Control Over Compliance

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

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

This report is intended for the information of the City Council, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
August 29, 2002

CITY OF MARTINSVILLE, VIRGINIA

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

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
PRIMARY GOVERNMENT:		
<u>DEPARTMENT OF TRANSPORTATION:</u>		
<u>Pass through payments:</u>		
Department of Motor Vehicles		
State and Community Highway Safety (Section 402 Grants) Alcohol Traffic Safety Incentive	20.600	\$ <u>15,080</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
<u>Pass through payments:</u>		
Department of Housing and Community Development:		
Community development block grant	14.228	\$ 196,952
Housing choice	14.871	422,455
Home Investment Partnerships Program	14.239	214,499
Total Department of Housing and Community Development		\$ <u>833,906</u>
<u>DEPARTMENT OF LABOR:</u>		
<u>Pass through payments:</u>		
Governor's Employment and Training Department:		
Senior Community Services Employment Program	17.235	\$ <u>14,331</u>
<u>DEPARTMENT OF JUSTICE:</u>		
<u>Pass through payments:</u>		
Department of Criminal Justice Services:		
Miscellaneous grants	16.000	32,412
Total Department of Justice		\$ <u>32,412</u>
<u>DEPARTMENT OF COMMERCE:</u>		
<u>Direct payments:</u>		
Grants for Public Works and Economic Development	11.300	\$ <u>630,000</u>
Total Primary Government		\$ <u>1,525,729</u>
COMPONENT UNIT-SCHOOL BOARD:		
<u>DEPARTMENT OF AGRICULTURE:</u>		
<u>Pass through payments:</u>		
Department of Education:		
National school breakfast program	10.553	92,609
National school lunch program	10.555	<u>515,790</u>
Total Department of Agriculture		\$ <u>608,399</u>

CITY OF MARTINSVILLE, VIRGINIA

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

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
COMPONENT UNIT-SCHOOL BOARD: (CONTINUED)		
<u>DEPARTMENT OF LABOR:</u>		
<u>Direct payments:</u>		
ROTC Instruction	17.000	\$ <u>38,185</u>
<u>DEPARTMENT OF EDUCATION:</u>		
<u>Pass through payments:</u>		
Education Consolidation and Improvement Act of 1981:		
Employment services	17.249	\$ 18,291
Title 1:		
Financial assistance to meet special educational needs of disadvantaged children - program operated by local education agencies (2E004500, 2E004511, 3E005820)	84.010	493,502
Title VI-B:		
Assistance to states for education of handicapped children - preschool and school programs (1E002570, 3E001110)	84.027	366,715
Vocational Education:		
Basic grants to states (3E001311)	84.048	52,074
Special Education:		
Preschool	84.173	6,175
Special Projects:		
Drug-free schools and communities (2E004617)	84.186	47,318
Goals 2000	84.276	803
Eisenhower professional	84.281	27,869
Innovative education	84.298	37,934
Technology challenge grant	84.318	24,334
Comprehensive school reform	84.332	50,000
Class size reduction	84.340	23,848
Title 1 Accountability Grant	84.348	42,789
Refugee	93.576	<u>2,679</u>
Total Department of Education		\$ <u>1,194,331</u>
Total Component Unit School Board		\$ <u>1,840,915</u>
Total Federal Assistance		\$ <u>3,366,644</u>

CITY OF MARTINSVILLE, VIRGINIA

Schedule of Findings and Questioned Costs
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>
84.027	Title VI-B
10.555	National School Lunch Program
84.010	Title I
11.300	Economic Development Grant
14.871	Housing Choice

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

Auditee qualified as low-risk auditee? No

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.

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