

*Municipal Corporation
of Cape Charles*

FINANCIAL REPORT

JUNE 30, 2003

 **WITT MARES**
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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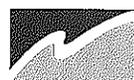
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INDEPENDENT AUDITOR'S REPORT

To the Council
Municipal Corporation of Cape Charles
Cape Charles, Virginia

We have audited the accompanying general purpose financial statements of the Municipal Corporation of Cape Charles (the Town) as of and for the year ended June 30, 2003, as listed in the contents. These financial statements are the responsibility of the management of the Town. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Town, as of June 30, 2003, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2004, on our consideration of the Town'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 Town, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 financial statements. The accompanying other combining financial statement, supporting schedules and statistical schedules as listed in the contents are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Witt Mares

Newport News, Virginia
July 8, 2004

**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 Council
Municipal Corporation of Cape Charles
Cape Charles, Virginia

We have audited the financial statements and related schedules of the Municipal Corporation of Cape Charles (the Town), as of and for the year ended June 30, 2003, and have issued our report dated July 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town'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 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 Town'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 internal control over financial reporting that we have reported to management of the Town in a separate letter dated July 8, 2004.

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

Witt Mares

Newport News, Virginia
July 8, 2004

FINANCIAL STATEMENTS



MUNICIPAL CORPORATION OF CAPE CHARLES

Combined Balance Sheet
All Funds and Account Groups
June 30, 2003

	Governmental Fund		Proprietary Fund		Account Groups			Totals (Memorandum Only)
	General	Enterprise	General	Fixed Assets	General	Long-Term Debt		
ASSETS								
Cash	\$ 233,921	\$ 1,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,471
Receivables (net of allowance for uncollectible accounts)	61,848	62,217	-	-	-	-	-	124,065
Due from other funds	369,515	237,059	-	-	-	-	-	606,574
Deferred bond issuance cost	-	10,940	-	-	-	-	-	10,940
Property, plant and equipment, net	-	6,089,850	-	2,694,091	-	-	-	8,783,941
Other assets	159	14,474	-	-	-	-	-	14,633
Amount to be provided for:								
Capital lease	-	-	-	-	-	4,813	-	4,813
Compensated absences	-	-	-	-	-	20,153	-	20,153
Total assets	\$ 665,443	\$ 6,416,090	\$ 2,694,091	\$ 24,966	\$ 9,800,590			

See accompanying notes.

MUNICIPAL CORPORATION OF CAPE CHARLES

Combined Balance Sheet
All funds and Account Groups
June 30, 2003

	Governmental Fund		Proprietary Fund		Account Group			Totals (Memorandum Only)
	General	Enterprise	General	Long-Term Debt	General Fixed Assets	Long-Term Debt		
LIABILITIES								
Accounts payable	\$ 8,835	\$ 65,291	\$ -	\$ -			\$ 74,126	
Accrued liabilities	22,819	6,645	-	-			29,464	
Accrued interest payable	-	6,379	-	-			6,379	
Due to other funds	237,059	369,515	-	-			606,574	
Line of credit	-	110,709	-	-			110,709	
General obligation bonds payable	-	1,722,422	-	-			1,722,422	
Capital lease obligation	-	-	-	4,813			4,813	
Customer deposits	1,690	-	-	-			1,690	
Compensated absences	-	10,613	-	20,153			30,766	
Total liabilities	<u>270,403</u>	<u>2,291,574</u>	<u>-</u>	<u>24,966</u>			<u>2,586,943</u>	
FUND EQUITY								
Contributed capital	-	7,157,319	-	-			7,157,319	
Investment in general fixed assets	-	-	2,694,091	-			2,694,091	
Fund balances:								
Unreserved:								
Undesignated	395,040	-	-	-			395,040	
Retained deficit	-	(3,032,803)	-	-			(3,032,803)	
Total fund equity	<u>395,040</u>	<u>4,124,516</u>	<u>2,694,091</u>	<u>-</u>			<u>7,213,647</u>	
Total liabilities and fund equity	<u>\$ 665,443</u>	<u>\$ 6,416,090</u>	<u>\$ 2,694,091</u>	<u>\$ 24,966</u>			<u>\$ 9,800,590</u>	

See Notes to Financial Statements.



MUNICIPAL CORPORATION OF CAPE CHARLES

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds Year Ended June 30, 2003

	Governmental Fund
	General
REVENUES	
General property taxes	\$ 393,908
Other local taxes	209,514
Permits, privilege fees and regulatory licenses	189,042
Fines and forfeitures	1,571
Revenue from use of money and property	3,932
Charges for services	480
Miscellaneous	44,888
Revenue from the Commonwealth	184,971
Revenue from the Federal Government	7,505
	1,035,811
Total revenues	
EXPENDITURES	
Current:	
General government administration	299,977
Public safety	217,251
Public works	177,633
Parks, recreation and culture	74,990
Community development	196,978
	966,829
Total expenditures	
Excess of revenues over expenditures	68,982
FUND BALANCE	
Beginning	326,058
Ending	\$ 395,040



MUNICIPAL CORPORATION OF CAPE CHARLES

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Funds Year Ended June 30, 2003

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
General property taxes	\$ 401,290	\$ 393,908	\$ (7,382)
Other local taxes	121,000	209,514	88,514
Permits, privilege fees and regulatory licenses	48,500	189,042	140,542
Fines and forfeitures	1,000	1,571	571
Revenue from use of money and property	-	3,932	3,932
Charges for services	3,000	480	(2,520)
Miscellaneous	22,205	44,888	22,683
Revenue from the Commonwealth	85,487	184,971	99,484
Revenue from the Federal Government	9,392	7,505	(1,887)
Total revenues	<u>691,874</u>	<u>1,035,811</u>	<u>343,937</u>
EXPENDITURES			
Current:			
General government administration	242,131	299,977	(57,846)
Public safety	196,672	217,251	(20,579)
Public works	167,002	177,633	(10,631)
Parks, recreation and culture	72,418	74,990	(2,572)
Community development	91,475	196,978	(105,503)
Total expenditures	<u>769,698</u>	<u>966,829</u>	<u>(197,131)</u>
Excess of revenues over expenditures	<u>\$ (77,824)</u>	68,982	<u>\$ 146,806</u>
FUND BALANCE			
Beginning		326,058	
Ending		<u>\$ 395,040</u>	



MUNICIPAL CORPORATION OF CAPE CHARLES

Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Funds Year Ended June 30, 2003

	Enterprise
OPERATING REVENUES	
Charges for services	\$ 838,024
Tap fees	22,125
	860,149
OPERATING EXPENSES	
Personnel services	222,487
Fringe benefits	33,762
Depreciation	193,513
Amortization	755
Maintenance	46,643
Supplies	4,369
Electricity	83,902
Equipment rental	2,508
Gas expense	136,833
Telephone	3,538
Office expense	7,431
Uniforms	4,789
Miscellaneous	5,900
Professional fees	73,780
Landfill expense	81,006
	901,216
Total operating expenses	901,216
Operating loss	(41,067)
NONOPERATING EXPENSE	
Interest expense	(99,322)
	(99,322)
Net loss	(140,389)
RETAINED EARNINGS	
Beginning of year	(2,892,414)
	(2,892,414)
End of year	\$ (3,032,803)



MUNICIPAL CORPORATION OF CAPE CHARLES

Combined Statement of Cash Flows Proprietary Funds Year Ended June 30, 2003

	<u>Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (41,067)
Adjustment to reconcile operating loss from operations to net cash provided by operating activities:	
Depreciation	193,513
Amortization	755
Changes in:	
Accounts receivable	(8,790)
Other assets	(9,852)
Accounts payable	25,501
Accrued liabilities	2,664
Compensated absences	<u>2,026</u>
 Net cash provided by operating activities	 <u>164,750</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due from other funds	<u>(68,117)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest payments on bonds	(90,332)
Principal payments on bonds	(35,730)
Proceeds from line of credit	125,000
Interest payments on line of credit	(4,572)
Principal payments on line of credit	(14,291)
Purchase of property, plant and equipment	<u>(76,601)</u>
 Net cash used in capital and related financing activities	 <u>(96,526)</u>
 Net change in cash	 <u>107</u>
CASH	
Beginning	<u>1,443</u>
Ending	<u>\$ 1,550</u>

See Notes to Financial Statements.



MUNICIPAL CORPORATION OF CAPE CHARLES**NOTES TO FINANCIAL STATEMENTS**June 30, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*The Financial Reporting Entity*

For combined financial reporting purposes, in accordance with GASB Statement 14, The Financial Reporting Entity, the Municipal Corporation of Cape Charles, Virginia (the Town) includes all funds, account groups, agencies, boards, commissions, and authorities for which the Town is financially accountable. Financial accountability was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Town, obligation of the Town to finance any deficits that may occur, or receipt of significant subsidies from the Town.

Financial Statement Presentation

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

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

General Fund

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

Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is upon determination of net income.

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges. Enterprise Funds consist of the *Water and Sewer, Garbage Collection and Disposal and Docking and Berthing Facilities*.

Account Groups are used to establish accounting control over general fixed assets and long-term liabilities. General long-term debt and general fixed asset account groups are included herein. Long-term obligations and fixed assets related to Proprietary Funds are accounted for in the Proprietary Funds.

(Continued)



MUNICIPAL CORPORATION OF CAPE CHARLES**NOTES TO FINANCIAL STATEMENTS**June 30, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*Combined/Combining Format:*

Combined Financial Statements -- These statements are referred to as General Purpose Financial Statements and provide a summary overview of the financial position of all funds, account groups and component units, all combined and presented as one in the financial statements. For example, all funds classified as Proprietary Funds are combined and presented under the caption "Enterprise Funds."

Combining Financial Statements by Fund Classification -- These statements present individual financial statements for each fund of a given fund classification. For example, each Enterprise Fund is shown individually.

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

Memorandum Only - Total Columns on Combined Statements - Overview

The total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

*Basis of Accounting**Governmental Funds*

Governmental Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as deferred revenues. Sales and utility taxes are recorded as of the date of the underlying transaction or receipt, whichever is earlier.

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

(Continued)



MUNICIPAL CORPORATION OF CAPE CHARLES**NOTES TO FINANCIAL STATEMENTS****June 30, 2003**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary Funds

The accrual basis of accounting is used for the Enterprise Fund. Under the accrual method, revenues are recognized when earned and expenses recognized when incurred.

Budgets and Budgetary Accounting

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

Prior to April, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain citizen comments.

Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Appropriations lapse on June 30 for all Town units.

All budget data presented in the accompanying financial statements is the revised budget as of June 30.

(Continued)



MUNICIPAL CORPORATION OF CAPE CHARLES

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Cash

Cash consists of cash on hand and certificates of deposit.

Property, Plant and Equipment

All purchased property, plant and equipment are valued at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value at the date of donation.

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the assets capitalized in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized. Such assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation for property, plant and equipment in the proprietary fund types is computed over the following useful lives using the straight-line method.

	Water and Sewer Fund	Garbage Collection and Disposal Fund	Docking and Berthing Facilities Fund
Water/Sewer System	15 - 50 Years	-	-
Docks	-	-	50 Years
Equipment	3 - 10 Years	3 - 10 Years	5 Years

Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable on the 5th of December. The Town bills and collects its own property taxes.

NOTE 2. CASH AND INVESTMENTS

Deposits: At year-end, the carrying value of the Town's deposits with banks was \$235,471 and the bank balance was \$233,990. Of the bank balance, \$233,990 was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of 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. 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. None of the bank balance was uninsured and uncollateralized in banks not qualifying under the Act at June 30, 2003.



MUNICIPAL CORPORATION OF CAPE CHARLES

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE 3. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$91,396 at June 30, 2003, and consisted of the following:

General Fund - Taxes	\$	71,396
Water and Sewer Fund - Utility Billings		16,000
Garbage Collection and Disposal Fund - Utility Billings		<u>4,000</u>
	\$	<u>91,396</u>

NOTE 4. INTERFUND OBLIGATIONS

<i>Fund</i>	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General	\$ 409,291	\$ 237,059
Water and Sewer	-	409,291
Garbage Collection and Disposal	129,887	-
Docking & Berthing Facilities	<u>107,172</u>	<u>-</u>
	<u>\$ 646,350</u>	<u>\$ 646,350</u>

NOTE 5. GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2003</u>
Buildings	\$ 240,413	\$ -	\$ -	\$ 240,413
Improvements other than buildings	2,038,999	6,145	-	2,045,144
Equipment	<u>402,534</u>	<u>6,000</u>	-	<u>408,534</u>
Total	<u>\$ 2,681,946</u>	<u>\$ 12,145</u>	<u>\$ -</u>	<u>\$ 2,694,091</u>

NOTE 6. PROPRIETARY FIXED ASSETS

A summary of proprietary fund property, plant, and equipment at June 30, 2003, follows:

	Water and <u>Sewer Fund</u>	Garbage Collection and <u>Disposal Fund</u>	Docking and Berthing <u>Facilities Fund</u>	Total
Water/Sewer System	\$ 7,826,468	\$ -	\$ -	\$ 7,826,468
Docks	-	-	2,195,893	2,195,893
Equipment	-	59,630	-	59,630
Total	7,826,468	59,630	2,195,893	10,081,991
Accumulated depreciation	<u>(2,712,212)</u>	<u>(59,630)</u>	<u>(1,220,299)</u>	<u>(3,992,141)</u>
Net	<u>\$ 5,114,256</u>	<u>\$ -</u>	<u>\$ 975,594</u>	<u>\$ 6,089,850</u>



MUNICIPAL CORPORATION OF CAPE CHARLES

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE 7. CAPITAL LEASE OBLIGATION

Capital lease obligation payable in monthly installments of \$549.99 including interest at 6.8%, until March 2004, for the acquisition of a police vehicle.

Year Ending September 30, 2004	\$ 4,951
Less amount representing interest	<u>138</u>
 Present value of minimum lease payments	 \$ <u>4,813</u>

NOTE 8. LONG-TERM DEBT – ENTERPRISE FUND

Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2003:

	<u>General</u>
	<u>Obligation</u>
Bonds Payable at July 1, 2002	\$ 1,758,152
Principal payments	<u>35,730</u>
Bonds Payable at June 30, 2003	<u>\$ 1,722,422</u>

Details of Long-Term Indebtedness

General Obligation Bonds:

	<u>Amount</u>
	<u>Outstanding</u>
\$400,000 General Obligation Bond issued to Virginia Resources Authority, payable in varying monthly installments, including interest from 6.8% to 7.5%, beginning May 1, 1989	\$ 299,167
\$1,579,300 General Obligation Bond to Farmers Home Administration for financing of water system improvements, payable in monthly installments, including interest at 5%, beginning September 3, 1992	<u>1,423,255</u>
General obligation bonds	<u>\$ 1,722,422</u>

(Continued)



MUNICIPAL CORPORATION OF CAPE CHARLES

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE 8. LONG-TERM DEBT – ENTERPRISE FUND (Concluded)

Following is a schedule of long-term maturities:

	Virginia Resources Authority		US Department of Agriculture		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 10,000	\$ 22,395	\$ 22,482	\$ 70,578	\$ 32,482	\$ 92,973
2005	10,000	21,663	23,633	69,427	33,633	91,090
2006	15,000	20,744	24,842	68,218	39,842	88,962
2007	15,000	19,638	26,113	66,947	41,113	86,585
2008	15,000	18,528	27,449	65,611	42,449	84,139
2009-2010	35,000	33,524	59,182	126,938	94,182	160,462
2011-2015	115,000	56,433	176,571	288,729	291,571	345,162
2016-2020	84,167	10,125	226,604	238,696	310,771	248,821
2021-2025	-	-	290,814	174,486	290,814	174,486
2026-2030	-	-	373,219	92,081	373,219	92,081
2031-2032	-	-	172,346	8,729	172,346	8,729
	<u>\$ 299,167</u>	<u>\$ 203,050</u>	<u>\$ 1,423,255</u>	<u>\$ 1,270,440</u>	<u>\$ 1,722,422</u>	<u>\$ 1,473,490</u>

NOTE 9. COMPENSATED ABSENCES

Town employees earn vacation leave at the rate of one day for each per month. No benefits or pay is received for unused sick leave upon termination. Accumulated vacation up to 196 hours is paid upon termination except in the case where special permission has been granted. The Town has outstanding accrued vacation pay totaling \$20,153 in the General Long-Term Obligation Account Group and \$10,613 in Enterprise Funds.

NOTE 10. RETIREMENT PLAN

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 employers (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 salary (AFS) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases beginning, limited to 5% per year, in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary.

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.

(Continued)



MUNICIPAL CORPORATION OF CAPE CHARLES

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE 10. RETIREMENT PLAN (Concluded)

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.

Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The Municipal Corporation of Cape Charles is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2003 was 5.00% of annual covered payroll.

Annual Pension Cost

For the fiscal year ended June 30, 2003, the Town's annual pension cost of \$49,157 for the VRS was equal to the Town's required and actual contribution of \$49,157. The required contribution was determined as part of the June 30, 2000, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (A) 8.0% investment rate of return, (B) projected salary increases ranging from 4.25% to 6.1% per year, and (C) 3.0% per year cost-of-living adjustments. Both (A) and (B) included an inflation component of 3.0%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short term volatility in the market value of assets over a five year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2000, was 14 years.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/03	\$ 49,157	100%	\$ -
6/30/02	\$ 49,018	100%	\$ -
6/30/01	\$ 25,403	99%	\$ 310

REQUIRED SUPPLEMENTARY INFORMATION – Schedule of funding progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll (B-A)/C</u>
6/30/2002	\$ 577,063	\$ 593,758	\$ 16,695	97.19%	\$ 509,221	3.28%
6/30/2001	\$ 517,536	\$ 470,524	\$ (47,012)	109.99%	\$ 523,593	(8.98)%
6/30/2000	\$ 426,666	\$ 391,976	\$ (34,690)	108.85%	\$ 441,784	(7.85)%



MUNICIPAL CORPORATION OF CAPE CHARLES

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

NOTE 11. RETAINED EARNINGS

The following Enterprise Funds had retained deficits in the amounts shown at June 30, 2003:

Water and sewer fund	<u>\$ 2,378,989</u>
Docking and berthing facilities fund	<u>\$ 832,369</u>

These deficits occurred because user charges have not been sufficient to cover the costs of depreciation in the current and prior years, and that depreciation is not allocated to contributed capital.

NOTE 12. SURETY BONDS

The following surety bond amounts cover all Town employees.

Virginia Municipal Liability Pool	\$ 1,000,000
Blanket Public Officials Bond	\$ 100,000

NOTE 13. REPORTING ON SEGMENT INFORMATION

Three funds comprise the Town's enterprise funds: the Water and sewer, Garbage collection and disposal, and Docking and berthing facilities.

	Water and Sewer	Garbage Collection and Disposal	Docking and Berthing Facilities	Total
Operating revenues	\$ 449,245	\$ 120,592	\$ 284,479	\$ 854,316
Depreciation expense	151,058	-	42,455	193,513
Net income or (loss)	(102,383)	25,702	(8,580)	(85,261)
Net working capital	(415,172)	146,875	96,318	(171,979)
Total assets	5,185,586	147,538	1,082,966	6,416,090
Bonds payable from operating revenues	1,722,422	-	-	1,722,422
Total equity	2,976,662	146,875	961,203	4,084,740

NOTE 14. EXCESS OF EXPENDITURES OVER APPROPRIATIONS AT THE FUNCTIONAL LEVEL

As per NCGAI 6, paragraph 4, the following are being disclosed:

Function	Budget	Actual	Overexpended
General government administration	\$ 242,131	\$ 260,027	\$ 17,896
Public safety	196,672	217,250	20,578
Public works	167,002	177,632	10,630
Parks, recreation and culture	72,418	75,148	2,730
Community development	91,475	196,978	105,503



COMBINING FINANCIAL STATEMENTS



MUNICIPAL CORPORATION OF CAPE CHARLES

**Combining Balance Sheet
Proprietary Funds
June 30, 2003**

ASSETS	<u>Water And Sewer</u>	<u>Garbage Collection and Disposal</u>	<u>Docking and Berthing Facilities</u>	<u>Totals</u>
Current Assets				
Cash	\$ 1,350	\$ -	\$ 200	\$ 1,550
Accounts receivable, net	52,285	9,932	-	62,217
Due from other funds	-	129,887	107,172	237,059
Deferred bond issuance cost	10,940	-	-	10,940
Other assets	<u>6,755</u>	<u>7,719</u>	<u>-</u>	<u>14,474</u>
Total current assets	71,330	147,538	107,372	326,240
Property, plant and equipment, net	<u>5,114,256</u>	<u>-</u>	<u>975,594</u>	<u>6,089,850</u>
Total assets	<u>\$ 5,185,586</u>	<u>\$ 147,538</u>	<u>\$ 1,082,966</u>	<u>\$ 6,416,090</u>
LIABILITIES AND FUND EQUITY				
Current Liabilities				
Accounts payable	\$ 57,108	\$ -	\$ 8,183	\$ 65,291
Accrued liabilities	3,111	663	2,871	6,645
Accrued interest payable	6,379	-	-	6,379
Line of credit	-	-	110,709	110,709
Due to other funds	369,515	-	-	369,515
Compensated absences	<u>10,613</u>	<u>-</u>	<u>-</u>	<u>10,613</u>
Total current liabilities	446,726	663	121,763	569,152
Long-Term Liabilities				
General obligation bonds payable	<u>1,722,422</u>	<u>-</u>	<u>-</u>	<u>1,722,422</u>
Total liabilities	<u>2,169,148</u>	<u>663</u>	<u>121,763</u>	<u>2,291,574</u>
Fund Equity				
Contributed capital	5,355,651	8,096	1,793,572	7,157,319
Retained earnings (deficit)	<u>(2,339,213)</u>	<u>138,779</u>	<u>(832,369)</u>	<u>(3,032,803)</u>
Total fund equity	<u>3,016,438</u>	<u>146,875</u>	<u>961,203</u>	<u>4,124,516</u>
Total liabilities and fund equity	<u>\$ 5,185,586</u>	<u>\$ 147,538</u>	<u>\$ 1,082,966</u>	<u>\$ 6,416,090</u>



MUNICIPAL CORPORATION OF CAPE CHARLES

**Combining Statement of Revenues, Expenses and
Changes in Retained Earnings
Proprietary Funds
Year Ended June 30, 2003**

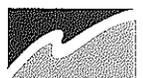
	Water and Sewer	Garbage Collection and Disposal	Docking and Berthing Facilities	Totals
OPERATING REVENUES				
Charges for services	\$ 432,953	\$ 120,592	\$ 284,479	\$ 838,024
Tap fees	22,125	-	-	22,125
Total operating revenues	<u>455,078</u>	<u>120,592</u>	<u>284,479</u>	<u>860,149</u>
OPERATING EXPENSES				
Personnel services	173,618	13,094	35,775	222,487
Fringe benefits	28,522	17	5,223	33,762
Depreciation	151,058	-	42,455	193,513
Amortization	755	-	-	755
Maintenance	44,456	551	1,636	46,643
Supplies	4,314	-	55	4,369
Electricity	50,674	-	33,228	83,902
Equipment rental	-	-	2,508	2,508
Fuel	1,011	-	135,822	136,833
Telephone	2,944	-	594	3,538
Office expense	6,442	222	767	7,431
Uniforms	4,789	-	-	4,789
Miscellaneous	5,900	-	-	5,900
Professional fees	38,784	-	34,996	73,780
Landfill expense	-	81,006	-	81,006
Total operating expenses	<u>513,267</u>	<u>94,890</u>	<u>293,059</u>	<u>901,216</u>
Operating income (loss)	(58,189)	25,702	(8,580)	(41,067)
NONOPERATING EXPENSE				
Interest expense	(94,750)	-	(4,572)	(99,322)
Net income (loss)	(152,939)	25,702	(13,152)	(140,389)
RETAINED EARNINGS (DEFICIT)				
Beginning	(2,186,274)	113,077	(819,217)	(2,892,414)
Ending	<u>\$ (2,339,213)</u>	<u>\$ 138,779</u>	<u>\$ (832,369)</u>	<u>\$ (3,032,803)</u>



MUNICIPAL CORPORATION OF CAPE CHARLES

**Combining Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2003**

	Water and Sewer	Garbage Collection and Disposal	Docking and Berthing Facilities	Totals (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (58,189)	\$ 25,702	\$ (8,580)	\$ (41,067)
Adjustment to reconcile operating operating loss from operations to net cash provided by operating activities:				
Depreciation	151,058	-	42,455	193,513
Amortization	755	-	-	755
Changes in:				
Accounts receivable	(9,833)	1,043	-	(8,790)
Other assets	(2,133)	(7,719)	-	(9,852)
Accounts payable	43,349	(14,693)	(3,155)	25,501
Accrued liabilities	779	364	1,521	2,664
Compensated absences	2,026	-	-	2,026
Net cash provided by operating activities	<u>127,812</u>	<u>4,697</u>	<u>32,241</u>	<u>164,750</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to other funds	-	-	-	-
Due from other funds	(1,743)	(4,697)	(61,677)	(68,117)
Net cash used in noncapital financing activities	<u>(1,743)</u>	<u>(4,697)</u>	<u>(61,677)</u>	<u>(68,117)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest payments on bonds	(90,332)	-	-	(90,332)
Principal payments on bonds	(35,730)	-	-	(35,730)
Proceeds from line of credit	-	-	125,000	125,000
Interest payments on line of credit	-	-	(4,572)	(4,572)
Principal payments on line of credit	-	-	(14,291)	(14,291)
Purchase of property, plant and equipment	-	-	(76,601)	(76,601)
Net cash provided by (used in) capital and related financing activities	<u>(126,062)</u>	<u>-</u>	<u>29,536</u>	<u>(96,526)</u>
Net change in cash	7	-	100	107
CASH				
Beginning	<u>1,343</u>	<u>-</u>	<u>100</u>	<u>1,443</u>
Ending	<u>\$ 1,350</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,550</u>



SUPPORTING SCHEDULES



MUNICIPAL CORPORATION OF CAPE CHARLES

**General Fund
Statement of Revenues - Budget and Actual
Year Ended June 30, 2003**

Fund, Major and Minor Revenue Source	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL FUND:			
Revenue from local sources			
General property taxes:			
Real property taxes	\$ 297,795	\$ 299,554	\$ 1,759
Public service corporation taxes - real and personal property	23,253	23,253	-
Personal property taxes	78,242	67,017	(11,225)
Penalties and interest	2,000	4,084	2,084
Total general property taxes	<u>401,290</u>	<u>393,908</u>	<u>(7,382)</u>
Other local taxes:			
Local sales and use taxes	28,500	41,334	12,834
Consumer utility taxes	52,000	52,920	920
Business license taxes	5,500	64,901	59,401
Motor vehicle licenses	15,000	16,161	1,161
Transient and occupancy taxes	-	6,228	6,228
Meals tax	-	11,107	11,107
Admissions tax	20,000	16,863	(3,137)
Total other local taxes	<u>121,000</u>	<u>209,514</u>	<u>88,514</u>
Permits, privilege fees and regulatory licenses:			
Building and other permits	48,500	189,042	140,542
Fines and forfeitures:			
Court fines and forfeitures	1,000	1,571	571
Revenue from use of money and property:			
Revenue from use of money	-	3,932	3,932
Charges for services:			
Grass cutting fees	3,000	480	(2,520)

(Continued)

MUNICIPAL CORPORATION OF CAPE CHARLES

**General Fund
Statement of Revenues - Budget and Actual
Year Ended June 30, 2003**

<u>Fund, Major and Minor Revenue Source</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL FUND:			
Miscellaneous revenue:			
Gas tax refunds	\$ 1,500	\$ 1,085	\$ (415)
DMV fees	7,900	7,356	(544)
Library revenue	4,500	7,506	3,006
Miscellaneous	8,305	28,941	20,636
Total miscellaneous revenue	<u>22,205</u>	<u>44,888</u>	<u>22,683</u>
Total revenue from local sources	<u>596,995</u>	<u>843,335</u>	<u>246,340</u>
Revenue from the Commonwealth			
Noncategorical aid:			
ABC profits	-	2,643	2,643
Property tax relief	<u>37,532</u>	<u>35,960</u>	<u>(1,572)</u>
Total noncategorical aid	<u>37,532</u>	<u>38,603</u>	<u>1,071</u>
Categorical aid:			
Other categorical aid:			
Commission for the Arts Grant	-	2,500	2,500
VA Department of Transportation	-	96,012	96,012
Gateway Grant	-	2,750	2,750
Litter Prevention	855	855	-
Law Enforcement	27,262	27,341	79
Chesapeake Bay	13,838	10,910	(2,928)
Fire program	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total other categorical aid	<u>47,955</u>	<u>146,368</u>	<u>98,413</u>
Total revenue from the Commonwealth	<u>85,487</u>	<u>184,971</u>	<u>99,484</u>
Revenue from the Federal Government			
Categorical aid:			
Law enforcement block grant	6,392	6,392	-
Selective enforcement	<u>3,000</u>	<u>1,113</u>	<u>(1,887)</u>
Total revenue from the Federal Government	<u>9,392</u>	<u>7,505</u>	<u>(1,887)</u>
Total Revenues	<u>\$ 691,874</u>	<u>\$ 1,035,811</u>	<u>\$ 343,937</u>



MUNICIPAL CORPORATION OF CAPE CHARLES

**General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2003**

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL FUND:			
General government administration:			
Personnel	\$ 126,092	\$ 124,036	\$ 2,056
Professional services	50,750	54,441	(3,691)
Training	1,400	-	1,400
Travel	600	133	467
Advertising	6,000	-	6,000
Telephone	4,500	10,065	(5,565)
Office supplies	3,500	10,321	(6,821)
Fidelity bonds and insurance	20,219	24,034	(3,815)
Supplies	6,700	4,410	2,290
Dues and subscriptions	1,197	-	1,197
Employees fringe benefits	15,423	10,357	5,066
Maintenance	1,500	3,591	(2,091)
Miscellaneous	4,250	46,756	(42,506)
Capital outlay	-	11,833	(11,833)
Total general government administration	<u>242,131</u>	<u>299,977</u>	<u>(57,846)</u>
Public safety:			
Law enforcement and traffic control:			
Police department	190,672	211,251	(20,579)
Fire and rescue services:			
Fire department	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total public safety	<u>196,672</u>	<u>217,251</u>	<u>(20,579)</u>

MUNICIPAL CORPORATION OF CAPE CHARLES

General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2003

Fund, Function, Activity and Elements	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL FUND:			
Public works:			
Salaries and wages	\$ 58,020	\$ 59,632	\$ (1,612)
Equipment maintenance and operation	21,250	17,622	3,628
Insurance	725	686	39
Employee fringe benefits	13,122	13,524	(402)
Telephone	800	273	527
Uniforms	250	-	250
Total public works	<u>94,167</u>	<u>91,737</u>	<u>2,430</u>
Maintenance of buildings and grounds:			
Janitorial supplies	1,100	-	1,100
Supplies	1,778	3,573	(1,795)
Groundskeeping services	33,600	38,247	(4,647)
Electricity	34,000	39,750	(5,750)
Miscellaneous	502	643	(141)
Litter Prevention	855	-	855
Fuel oil-heating	1,000	3,683	(2,683)
Total maintenance of buildings and grounds	<u>72,835</u>	<u>85,896</u>	<u>(13,061)</u>
Total public works and maintenance of building and grounds	<u>167,002</u>	<u>177,633</u>	<u>(10,631)</u>
Parks, recreational and cultural:			
Parks and recreation:			
Recreation centers and playgrounds	33,359	31,326	2,033
Arts	5,000	5,000	-
Total parks and recreation	<u>38,359</u>	<u>36,326</u>	<u>2,033</u>

MUNICIPAL CORPORATION OF CAPE CHARLES

**General Fund
Statement of Expenditures - Budget and Actual
Year Ended June 30, 2003**

<u>Fund, Function, Activity and Elements</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL FUND:			
Library:			
Library administration	\$ 34,059	\$ 38,664	\$ (4,605)
Total parks, recreational and cultural	<u>72,418</u>	<u>74,990</u>	<u>(2,572)</u>
Community development:			
Planning and community development:			
Community development	<u>91,475</u>	<u>196,978</u>	<u>(105,503)</u>
Total expenditures	<u>\$ 769,698</u>	<u>\$ 966,829</u>	<u>\$ (197,131)</u>



MUNICIPAL CORPORATION OF CAPE CHARLES

Computation of Legal Debt Margin June 30, 2003

Total assessed value of taxed property	\$ <u>89,621,107</u>
Debt limit - 10 percent of total assessed value	\$ <u>8,962,111</u>
Amount of debt applicable to debt limit:	
Gross debt	\$ <u>1,722,422</u>



MUNICIPAL CORPORATION OF CAPE CHARLES

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2003**

<i>Grant Program</i>	Federal Catalog Number	Balance July 1, 2002	Federal Revenue	Expendi- tures	Balance June 30, 2003
DEPARTMENT OF JUSTICE					
Direct payments:					
Office of Justice Programs					
Law Enforcement Block Grant	16.592	\$ -	\$ 6,392	\$ 6,392	\$ -
Selective Enforcement	16.710	-	1,113	1,113	-
Total Federal Financial Assistance		<u>\$ -</u>	<u>\$ 7,505</u>	<u>\$ 7,505</u>	<u>\$ -</u>



STATISTICAL SCHEDULES



MUNICIPAL CORPORATION OF CAPE CHARLES

**General Governmental Revenues By Source
Last Ten Fiscal Years**

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue From Use of Money and Property	Charges from Services	Miscellaneous	Inter- Governmental	Totals
1993-1994	\$ 170,079	\$ 177,567	\$ 1,200	\$ 3,117	\$ 5,637	\$ 3,649	\$ 32,946	\$ 58,762	\$ 452,957
1994-1995	190,766	193,131	990	5,876	13,037	382	100,835	98,713	603,730
1995-1996	206,724	160,519	940	3,324	11,470	5,204	17,296	106,449	511,926
1996-1997	216,833	188,006	780	5,152	4,554	4,758	16,233	138,318	574,634
1997-1998	225,333	179,200	2,235	8,679	9,184	316	16,114	132,517	573,578
1998-1999	229,276	198,785	8,607	6,512	12,483	13,417	15,345	69,365	553,790
1999-2000	254,699	209,822	32,148	6,090	10,983	1,290	33,041	404,268	952,341
2000-2001	254,423	215,978	38,256	4,268	20,395	382	86,430	227,169	847,301
2001-2002	313,729	166,394	84,482	2,544	11,807	438	24,613	179,535	783,542
2002-2003	393,908	209,514	189,042	1,571	3,932	480	44,888	192,476	1,035,811



MUNICIPAL CORPORATION OF CAPE CHARLES

General Governmental Expenditures By Function Last Ten Fiscal Years

Fiscal Year	General Government Administration	Parks, Recreation & Cultural			Community Development	Debt Service	Total
		Public Safety	Public Works	Recreation & Cultural			
1993-1994	\$ 124,115	\$ 170,812	\$ 102,871	\$ 10,646	\$ 40,831	\$ 140	\$ 449,415
1994-1995	137,045	183,894	106,936	72,826	8,766	-	509,467
1995-1996	233,176	124,051	127,389	52,335	16,693	-	553,644
1996-1997	127,522	106,078	123,029	23,455	137,717	-	517,801
1997-1998	206,300	186,727	101,781	19,601	3,414	-	517,823
1998-1999	233,162	264,109	109,578	17,019	1,830	-	625,698
1999-2000	287,988	255,573	116,077	22,456	85,889	-	767,983
2000-2001	259,396	244,662	153,134	21,255	83,847	-	762,294
2001-2002	440,474	207,128	110,228	33,497	262,733	-	1,054,060
2002-2003	299,977	217,251	177,633	74,990	196,978	-	966,829



MUNICIPAL CORPORATION OF CAPE CHARLES

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

Fiscal Year	(1) Total Tax Levy	(1) Current Tax Collections	Percent of Levy Collected	(2) Delinquent Tax Collection	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Levy
1993-1994	\$ 179,246	\$ 171,343	95.59%	\$ 4,311	\$ 175,654	98.00%	\$ 28,396	15.84%
1994-1995	199,545	186,393	93.41%	2,654	189,050	94.74%	33,471	16.77%
1995-1996	232,707	(3)	(3)	(3)	227,004	97.55%	39,174	16.83%
1996-1997	241,861	(3)	(3)	(3)	209,601	86.66%	32,260	13.34%
1997-1998	239,852	228,267	95.17%	10,639	238,906	99.61%	33,206	13.84%
1998-1999	254,938	245,665	96.36%	10,599	251,972	98.84%	31,808	12.48%
1999-2000	279,791	246,431	88.08%	5,541	251,972	90.06%	31,800	11.37%
2000-2001	335,333	282,130	84.13%	2,271	284,401	84.81%	76,034	22.67%
2001-2002	367,207	298,683	81.34%	27,268	325,951	88.76%	67,876	18.48%
2002-2003	405,108	370,125	91.36%	14,027	384,152	94.83%	71,396	17.62%

NOTES:
 (1) Exclusive of penalties and interest
 (2) Does not include land redemptions
 (3) Current and delinquent collections not available



MUNICIPAL CORPORATION OF CAPE CHARLES

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

Fiscal Year	Real	Personal	Mobile Homes	Public Utility		Total
				Real Estate	Real Estate	
1993-1994	\$ 42,527,100	\$ 2,544,700	\$ -	\$ 1,147,500	\$ 46,219,300	
1994-1995	42,527,100	2,696,200	-	1,147,500	46,370,800	
1995-1996	42,049,500	3,647,500	21,500	1,106,512	46,825,012	
1996-1997	42,234,300	4,074,900	24,200	1,083,021	47,416,421	
1997-1998	42,208,400	3,976,700	24,200	1,060,996	47,270,296	
1998-1999	42,128,300	4,730,300	24,200	1,180,424	48,063,224	
1999-2000	53,887,900	4,370,400	21,000	1,287,793	59,567,093	
2000-2001	54,343,800	7,626,200	59,920	1,234,419	63,264,339	
2001-2002	71,771,400	6,612,100	15,620	1,558,338	79,957,458	
2002-2003	80,469,500	7,320,330	15,620	1,815,657	89,621,107	



MUNICIPAL CORPORATION OF CAPE CHARLES

Property Tax Rates (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Mobile Homes</u>	<u>Public Utility Real Estate</u>
1993-1994	\$ 0.34	\$ 2.00	\$ -	\$ 0.34
1994-1995	0.35	2.00	-	0.35
1995-1996	0.37	2.00	0.37	0.37
1996-1997	0.37	2.00	0.37	0.37
1997-1998	0.37	2.00	0.37	0.37
1998-1999	0.37	2.00	0.37	0.37
1999-2000	0.37	2.00	0.37	0.37
2000-2001	0.37	2.00	0.37	0.37
2001-2002	0.37	2.00	0.37	0.37
2002-2003	0.37	2.00	0.37	0.37

NOTE: (1) Per \$100 of assessed value



MUNICIPAL CORPORATION OF CAPE CHARLES

**Ratio of Net General Bonded Debt To Assessed
Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

Fiscal Year	(1) Population	Assessed Value	(2) Gross and Net Bonded Debt	Less: Debt Payable from Proprietary Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1993-1994	1,358	\$ 46,219,300	\$ 1,959,300	\$ 1,959,300	\$ -	-	\$ -
1994-1995	1,341	46,370,800	1,944,099	1,944,099	-	-	-
1995-1996	1,332	46,825,012	1,922,340	1,922,340	-	-	-
1996-1997	1,317	47,416,421	1,901,538	1,901,538	-	-	-
1997-1998	1,298	47,270,296	1,873,497	1,873,497	-	-	-
1998-1999	1,279	48,063,224	1,846,152	1,846,152	-	-	-
1999-2000	1,279	59,567,093	1,817,856	1,817,856	-	-	-
2000-2001	1,134	63,264,339	1,788,499	1,788,499	-	-	-
2001-2002	1,134	79,957,458	1,758,152	1,758,152	-	-	-
2002-2003	1,134	89,621,107	1,722,422	1,722,422	-	-	-

NOTES:
(1) U.S. Census 2000
(2) Includes all long-term general obligations



MUNICIPAL CORPORATION OF CAPE CHARLES

**Revenue Bond Coverage
Water and Sewer Bonds
Last Five Fiscal Years**

Fiscal Year	Gross Revenues	Operating Expenses(1)	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage	
				Principal	Interest		
1998-1999	\$ 350,844	\$ 233,902	\$ 116,942	\$ 27,460	\$ 101,583	\$ 129,043	90.62%
1999-2000	375,618	251,801	123,817	28,296	100,422	128,718	96.19%
2000-2001	366,430	288,298	78,132	29,357	98,635	127,992	61.04%
2001-2002	363,895	309,043	54,852	30,347	96,849	127,196	43.12%
2002-2003	455,078	362,209	92,869	35,730	90,332	126,062	73.67%

(1) Total operating expenses exclusive of depreciation

