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November 10, 1999

Board of Supervisors
County of Gloucester
Gloucester, VA 23601

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying Statement of Assets and Liabilities of Charles E. King, Clerk of the Circuit Court of the County of Gloucester for the period April 1, 1998 through June 30, 1999. All records supporting the amounts presented in this financial statement are the responsibility of the Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

The purpose of the audit for the period April 1, 1998 through June 30, 1999, was to determine the accountability of the Clerk at June 30, 1999, and to turn over the assets, accounts, and records of the office to C. Ann Gentry, the newly appointed Clerk of the Circuit Court.

As described in Note 1, this financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting is prescribed by the State Comptroller and approved by the Auditor of Public Accounts as it is deemed the appropriate method of reporting by Clerks of the Circuit Courts.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the assets and liabilities of the Clerk of the Circuit Court of the County of Gloucester as of June 30, 1999, on the basis of accounting described in Note 1.

AUDITOR OF PUBLIC ACCOUNTS

WJK:aom
aom:9

COUNTY OF GLOUCESTER

CLERK OF THE CIRCUIT COURT

REPORT ON COMPLIANCE, INTERNAL CONTROLS, AND FINANCIAL RECORDS

We conducted the audit of the Clerk of the Circuit Court of the County of Gloucester for the period April 1, 1998 through June 30, 1999. The audit was designed to accomplish the following objectives:

- (1) review and evaluate the Court's internal accounting control systems to determine whether the controls are adequate and the effect thereof on the extent of our audit procedures;
- (2) test for compliance with state laws, regulations and policies relating to the receipt, disbursement and custody of public funds and other assets;
- (3) determine whether the records and accounts of the Court accurately reflect its financial transactions and balances; and
- (4) render an opinion on the fairness of the Court's financial statement.

The following comment is made to assist the Clerk of the Circuit Court in enhancing her financial practices. We discussed this comment with the Clerk on August 16, 1999, and we acknowledge the cooperation extended to us during this engagement.

Invest Trust Funds Timely

The Clerk did not invest \$36,900 of trust funds until up to eight months after the receipt of moneys in three of four new accounts. Code of Virginia section 8.01-600 requires the Clerk to invest trust funds within 60 days of receipt. The Clerk may be liable for any loss of income which results from his failure to invest moneys timely. The new Clerk should ensure that trust funds are invested as required by the Code of Virginia.

COUNTY OF GLOUCESTER
CLERK OF THE CIRCUIT COURT
STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 1999

ASSETS

Cash and Cash Equivalents	<u>\$ 2,972,360</u>
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LIABILITIES

Due to the Commonwealth of Virginia	\$ 5,4010
Due to the County of Gloucester	25,651
Collections for others	901
Depository bonds	9,188
Moneys under control of the court	2,930,060
Condemnation funds	1,113
Unspecified receipts	<u>37</u>
 Total	 <u>\$ 2,972,360</u>

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

COUNTY OF GLOUCESTER

CLERK OF THE CIRCUIT COURT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Clerk of the Circuit Court is an elected constitutional officer who administers the County of Gloucester's court of record. The Circuit Court is where individuals file documents requiring formal recording by law to include deeds, wills, marriage licenses and various other documents. The Circuit Court has exclusive original jurisdiction in all felony criminal cases, in civil chancery, and civil cases where the amount exceeds \$10,000. It also hears appeals from district courts.

Basis of Accounting

The financial statement is prepared using the cash basis of accounting, which records cash receipts when received and disbursements when made.

2. SURETY BOND

In accordance with Sections 2.1-526.9 and 2.1-526.9:1, Code of Virginia, the Clerk was bonded under a Public Officials Position Schedule Bond in the amount of \$500,000 with the Fidelity and Deposit Company of Maryland and through a self-insurance plan administered by the Department of General Services, Division of Risk Management as sureties.