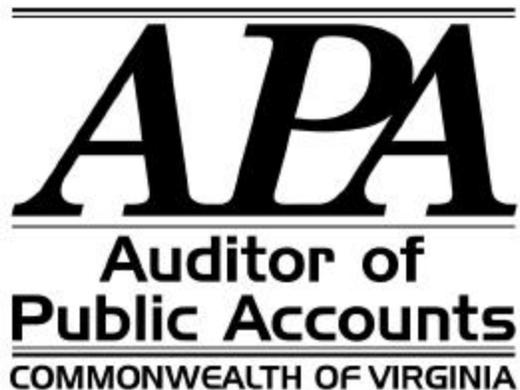


CHARLES V. MASON
GENERAL RECEIVER OF THE CIRCUIT COURT
of the
COUNTY OF KING GEORGE

REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2001



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November 19, 2001

The Honorable James W. Haley, Jr.
Chief Judge of the Circuit Court
King George, Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of assets and liabilities arising from cash transactions of

CHARLES V. MASON
GENERAL RECEIVER OF THE CIRCUIT COURT
of the
COUNTY OF KING GEORGE

as of June 30, 2001, and the related statement of cash receipts and disbursements for the period July 1, 2000 through June 30, 2001. All records supporting these financial statements are the responsibility of the General Receiver. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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.

As described in Note 1, these financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the General Receiver of the Circuit Court of the County of King George as of June 30, 2001, and the cash receipts and disbursements for the period July 1, 2000

through June 30, 2001, on the basis of accounting described in Note 1. However, we noted noncompliance with state laws, regulations, and policies that the General Receiver needs to address as described below.

Reconcile Trust Fund Bank Accounts

The General Receiver did not properly reconcile trust fund balances. We identified a \$631 difference between the 2001 Annual Report and the monthly bank statements and automated individual ledger accounts that went undetected by the General Receiver. The General Receiver should reconcile all balances from the Annual Report to the bank statement at fiscal year end and resolve any discrepancies before submitting the report to the court. Without proper reconciliation, the General Receiver will continue to report incorrect balances to the court and risks paying out incorrect balances to the trust fund beneficiaries.

We discussed these comments with the General Receiver on November 15, 2001, and we acknowledge the cooperation extended to us during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

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COUNTY OF KING GEORGE
GENERAL RECEIVER OF THE CIRCUIT COURT
STATEMENT OF ASSETS AND LIABILITIES
As of June 30, 2001

Exhibit A

A S S E T S

Top Money Market Account	\$	<u>425,493</u>
Total Assets	\$	<u><u>425,493</u></u>

L I A B I L I T I E S

Trust funds	\$	<u>425,493</u>
Total Liabilities	\$	<u><u>425,493</u></u>

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

COUNTY OF KING GEORGE
GENERAL RECEIVER OF THE CIRCUIT COURT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Period Ended June 30, 2001

Exhibit A-1

	Balance July 1, 2000	Receipts	Disburse- ments	Balance June 30, 2001
Trust Funds	\$ 456,963	\$ 92,451	\$ 123,471	\$ 425,943
Bond premium account	-	1,339	1,339	-
Total receipts, disbursements and balances	\$ 456,963	\$ 93,790	\$ 124,810	\$ 425,943

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

COUNTY OF KING GEORGE
GENERAL RECEIVER OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the General Receiver of the Circuit Court of the County of King George have been prepared using the cash basis of accounting. Under the cash basis of accounting, revenues are recorded when received in cash and disbursements are recorded when made.

2. SURETY BOND

The General Receiver was bonded under a Trust Fund Administrators Bond with the Firemen's Insurance Company of Newark, New Jersey, as surety.