

## **Independent Auditors' Report on Compliance with Commonwealth of Virginia Laws, Regulations, Contracts and Grants**

The Honorable Members of the Board of Supervisors  
County of James City, Virginia:

We have audited the general purpose financial statements and schedules of the County of James City, Virginia (the County) and the combining, individual fund, individual account group, and component unit financial statements and schedules of the County as of and for the year ended June 30, 2001, as listed in the financial section of the accompanying table of contents, and have issued our report thereon dated September 28, 2001. We conducted our audit 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

As part of obtaining reasonable assurance about whether the County's general purpose financial statements and schedules are free of material misstatement, we performed tests of the County's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose, combining, individual fund, individual account group and component unit financial statements and schedules amounts. However, providing an opinion on compliance with such provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The following is a summary of the Commonwealth of Virginia laws, regulations, contracts and grants (as specified in *Specifications for Audits of Counties, Cities and Towns*, Chapter Nine) for which we performed tests of compliance:

### ***Code of Virginia:***

- Budget and Appropriation Laws
- Cash and Investment Laws
- Conflicts of Interest Act
- Local Retirement Systems
- Debt Provisions
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act
- Personal Property Tax Relief Act

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***State Agency Requirements:***

- Education
- Highway Maintenance Funds
- Social Services
- Comprehensive Youth Services Act

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* or *Specifications for Audits of Counties, Cities and Towns*.

This report is intended for the information of management and the Board of Supervisors of the County of James City, Virginia, management and state awarding agencies and is not intended to be, and should not be used by anyone other than these specified parties.

KPMG LLP

September 28, 2001