

County of Prince George, Virginia



*Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2004*

INTRODUCTORY SECTION

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COUNTY OF PRINCE GEORGE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2004

Prepared By:

Department of Finance and Information Technology

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COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

TABLE OF CONTENTS

	Page
<u>Introductory Section</u>	
Title Page	I
Table of Contents	ii-iv
Principal Officials	v
Organizational Chart	vi
Letter of Transmittal	vii-viii
<u>Financial Section</u>	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	11
Exhibit 2 Statement of Activities	12
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	13
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	14
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	15
Exhibit 6 Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities—Governmental Funds	16
Exhibit 7 Statement of Net Assets - Proprietary Funds	17
Exhibit 8 Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	18
Exhibit 9 Statement of Cash Flows - Proprietary Funds	19
Exhibit 10 Statement of Fiduciary Net Assets—Fiduciary Funds	20
Notes to Financial Statements	21-46

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

TABLE OF CONTENTS

	<u>Page</u>
<u>Financial Section (Continued)</u>	
<u>Basic Financial Statements (Continued)</u>	
<u>Required Supplementary Information:</u>	
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	47
<u>Other Supplementary Information:</u>	
Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - County Capital Projects Fund	48
Exhibit 13 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Non Major Special Revenue Fund	49
Exhibit 14 Combining Statement of Fiduciary Net Assets	50
Exhibit 15 Statement of Changes in Net Assets - Fiduciary Funds	51
<u>Discretely Presented Component Unit School Board:</u>	
Exhibit 16 Combining Balance Sheet	52
Exhibit 17 Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	53
Exhibit 18 Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual - School Operating Fund	54
Exhibit 19 Statement of Revenues, Expenditures, and changes in Fund Balances - Budget and Actual - Non Major Special Revenue Fund	55
<u>Supporting Schedules:</u>	
Schedule 1 Governmental Funds and Discretely Presented Component Unit School Board—Schedule of Revenues—Budget and Actual	56-61
Schedule 2 Governmental Funds and Discretely Presented Component Unit School Board—Schedule of Expenditures—Budget and Actual	62-66

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

TABLE OF CONTENTS

	<u>Page</u>
<u>Statistical Section:</u>	
Table 1 Government-wide Expenses by Function	67
Table 2 Government-wide Revenues	68
Table 3 Governmental Expenditures by Source—Last Ten Fiscal Years	69
Table 4 Governmental Revenues by Function—Last Ten Fiscal Years	70
Table 5 Property Tax Levies and Collections—Last Ten Fiscal Years	71
Table 6 Assessed Valuation of All Taxable Property—Last Ten Fiscal Years	72
Table 7 Property Tax Rates—Last Ten Fiscal Years	73
Table 8 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	74
<u>Compliance:</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75-76
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	77-78
Schedule of Expenditures of Federal Awards	79-80
Notes to Schedule of Expenditures of Federal Awards	81
Schedule of Findings and Questioned Costs	82

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COUNTY OF PRINCE GEORGE, VIRGINIA

PRINCIPAL OFFICIALS ON JUNE 30, 2004

Board of Supervisors

Jerry J. Skalsky, Chairperson

Joseph A Leming, M.D., Vice-Chairperson

Henry D. Parker, Jr.

Robert E. Forehand, Jr.

William A. Robertson, Jr.

County School Board

Hugh G. Mumford, Chairperson

Robert E. Cox, Jr., Vice-Chairperson

Kenneth W. Parr

Cynthia L. Blanks

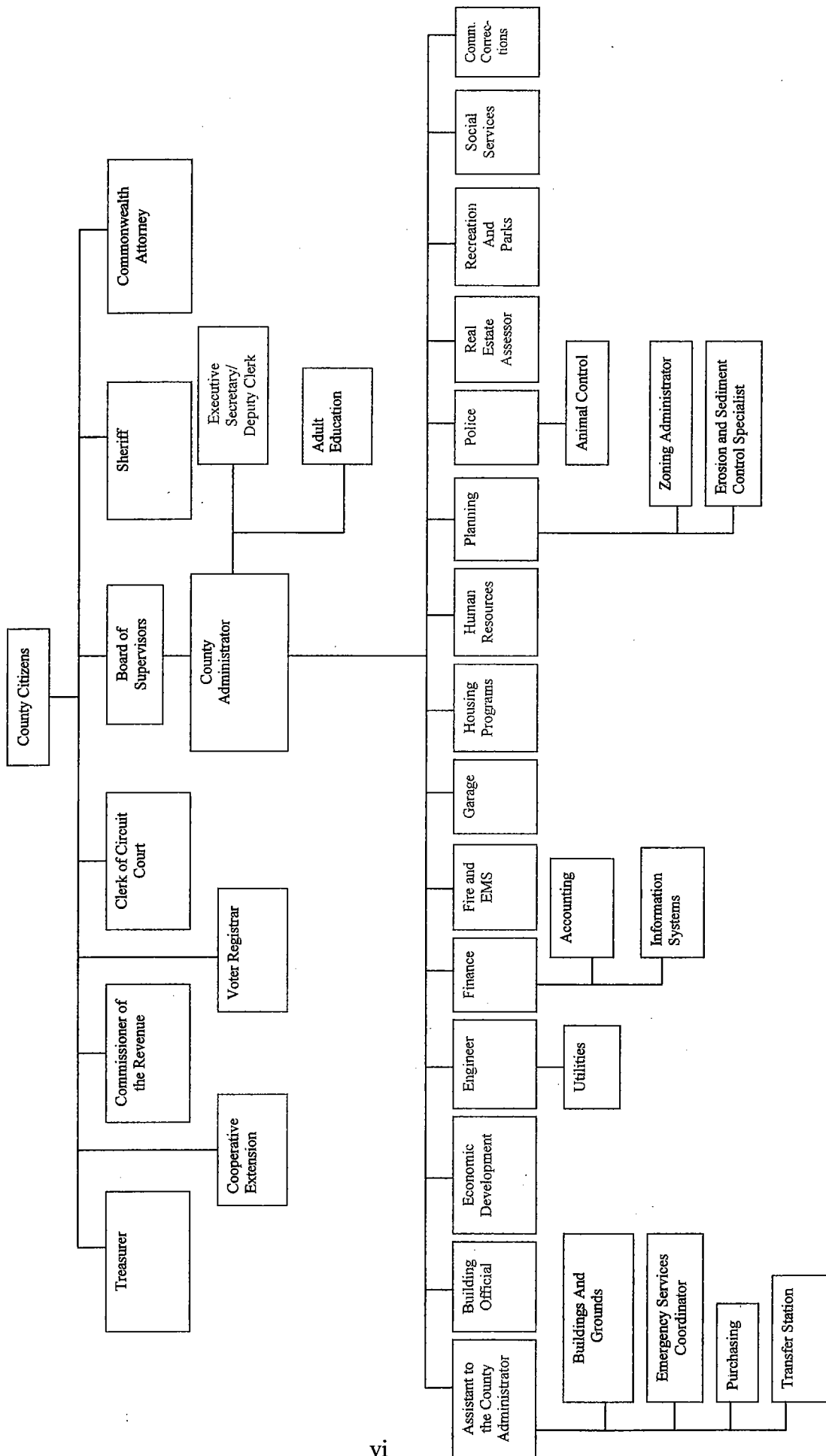
Peter V. Iaricci, Sr.

Other Officials

Judge of the Circuit Court.....Samuel E. Campbell
Judge of the Circuit Court..... W. Allan Sharrett
Clerk of the Circuit Court..... C. Bishop Knott, Jr.
Judge of the General District Court J. Larry Palmer
Judge of the General District Court Gammie G. Poindexter
Judge of the Juvenile and Domestic Relations Court Jacqueline R. Waymack
Clerk of the Combined Court..... Ellen T. Chiasson
Commonwealth's AttorneyJay C. Paul
Commissioner of the RevenueVirginia T. Duncan
Treasurer Jean N. Barker
Sheriff.....H. E. Allin, III
County Administrator.....Brenda G. Garton
Superintendent of Schools..... Dorothea M. Shannon
Director of Social Services..... William F. Gandel

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PRINCE GEORGE COUNTY GOVERNMENT



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COUNTY OF PRINCE GEORGE, VIRGINIA

Brenda G. Garton
County Administrator

Phone: (804)733-2600
Facsimile: (804)733-2602



BOARD OF SUPERVISORS
Robert E. Forehand, Jr.
Joseph A. Leming, M.D.
Henry D. Parker, Jr.
William A. Robertson, Jr.
Jerry J. Skalsky

December 14, 2004

The Honorable Members of the Board of Supervisors
County of Prince George, Virginia

Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Prince George County (the "County") for the fiscal year ended June 30, 2004. Section 15.2-2511 of the Code of Virginia requires that local governments have their financial records audited annually as of the end of the fiscal year by an independent certified public accountant. The County has engaged the independent accounting firm of Robinson, Farmer, Cox Associates (RFCA) to perform the audit and prepare the accompanying financial statements.

County Overview

Prince George County is located 25 miles southeast of Richmond, the capital city of Virginia, and 75 miles northeast of the Greater Hampton Roads area. The County's 276 square mile area has a population of 34,300 people (2003 US Census Bureau estimate). The greater proportion of the County's land area remains rural, although areas of the County are experiencing rapid residential, commercial and industrial growth. Prince George is an independent political subdivision of the Commonwealth of Virginia, and has no subordinate political entities within its borders. A five-member Board of Supervisors governs the County. Other elected officials in the County government include the Clerk of Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff, and Treasurer. All elected officials are elected on a four-year cycle.

Statement of Responsibility

Responsibility for the completeness and reliability of the contents of this document, including the accuracy of the data and the fairness of the presentation, rests with County management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that fairly presents the financial position of Prince George County. The goal of the audit performed by RFCA was to provide reasonable assurance that the financial statements enclosed herein for the fiscal year ended June 30, 2004 are free of material misstatements. The auditors concluded, based upon the findings of their audit, that the County's financial statements are fairly presented in conformity with

generally accepted accounting principles (GAAP). The report of the independent auditor is the first document in this report.

Sections of the Report

Fiscal year 2004 was the second year in which the County was required to present financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34. GASB 34 has dramatically changed the structure of the enclosed financial statements, as well as required changes in the composition of the amounts reported. This limits the comparability of statements from prior fiscal years to the statements produced after implementation of GASB 34.

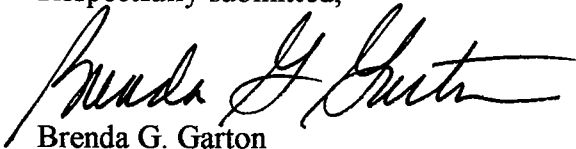
Compliance with GASB 34 also requires a written analysis of the County's financial performance for the year to be included in the financial statements. This analysis, referred to as management's discussion and analysis (MD&A), is included immediately following the auditor's letter. Prince George County's audited basic financial statements immediately follow the management's discussion and analysis. The notes to financial statements are an integral part of these basic financial statements. In accordance with GASB 34 and the opinion of the Auditor of Public Accounts, financed school plant and equipment, as well as the related debt, are reported with the primary government instead of the component unit school board.

The supplementary information, supporting schedules, and statistical tables provided after the basic financial statements contain more detailed information in support of the basic financial statements and are unaudited.

For federal programs and related funding, the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Information related to compliance with these regulations is located in the *Compliance* section of this report.

In conclusion, we would like to express our appreciation to the Board for their continued support and to the independent accounting firm of Robinson, Farmer, Cox Associates for their assistance in the preparation of this report.

Respectfully submitted,



Brenda G. Garton
County Administrator



Sheila S. Minor, CPA
Director of Finance

FINANCIAL SECTION

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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 the Board of Supervisors
County of Prince George
Prince George, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Prince George, Virginia's management. 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof 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 September 17, 2004, on our consideration of the County of Prince George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Prince George, Virginia, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 also not a required part of the basic financial statements of the County of Prince George, Virginia. The individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, appearing to read "Tom T. 1", followed by a long horizontal line.

Richmond, Virginia
September 17, 2004

December 14, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of the County of Prince George's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2004. Please review it in conjunction with the transmittal letter in the beginning of this report and the County's financial statements, which begin after this analysis.

FINANCIAL HIGHLIGHTS

Government Wide Financial Statements (Full Accrual Basis)

- The County's total net assets from Governmental Activities were \$18,593,825 on June 30, 2004, compared to \$25,057,510 total net assets on June 30, 2003. Total net assets represent the amount by which the County's assets exceeded its liabilities. Net assets decreased \$6,463,685 during FY2004.
- The total net assets from Business-type activities (Utilities Fund) were \$12,784,013 on June 30, 2004, compared to \$11,966,314 total net assets on June 30, 2003. Net assets increased \$817,699 during FY2004.
- The total net assets of the Component Unit School Board on June 30, 2004 were \$11,726,490, compared to \$4,924,439 on June 30, 2003. Net assets increased \$6,802,051 during FY2004.

The fluctuations in net assets can be best understood in light of the way capital assets of the school system are recorded in the government wide financial statements. If financed through debt, buildings, land, machinery and equipment used by the school system are recorded as assets of the primary government. The related liability is also reported with the primary government. As these debt obligations are paid, a proportionate share of the related capital asset are reclassified from the Primary Government to the Component Unit School Board. In fiscal year 2004, \$4 million of school board obligations were prepaid, in addition to the regularly scheduled principal payments on outstanding school obligations, resulting in a larger than usual transfer of capital assets to the school system. The analysis of these net asset results in light of these reclassifications illustrate that the County and School Board's overall financial position remains positive and improved modestly during FY2004.

Fund Financial Statements- Governmental Funds (Modified Accrual Basis)

- The General Fund had an unreserved undesignated fund balance of \$7,947,889 at the conclusion of FY2004, compared to \$6,536,975 at the end of FY2003.
- Designations of \$136,089 represent fund balances in the Revenue Maximization Fund.
- The County Capital Projects fund has \$8,674,019 in fund balances reserved for construction at fiscal year end, representing amounts reserved for completion of the administration building, Fire & EMS apparatus replacement, and the radio

- communication project. The capital projects funds also had \$2,085,349 in unreserved ending fund balance representing the remnants of the school construction fund.
- Other governmental funds include the Meals Tax/Economic Development fund, the E911/Emergency Dispatch Fund, and the Asset Forfeiture Fund. Fund balances in each of these funds are \$878,776, \$137,749, and \$25,362, respectively.

Fund Financial Statements- Enterprise Funds (Full Accrual Basis)

- In the Utilities Fund, operating revenues exceeded operating expenses by \$72,329 in FY2004, compared to \$145,992 during FY2003.
- Operating revenues increased 4.0%, from \$2.79 million in FY2003 to \$2.90 million in FY2004. Operating expenses for the Utilities Fund increased 7.0% from \$2.65 million in FY2003 to \$2.83 million in FY2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report contains a variety of schedules and tables designed to provide a comprehensive look at the use of the County's financial resources throughout the 2004 fiscal year and at the status of those financial resources at June 30, 2004, the end of the fiscal year. The basic financial statements contained in this report are separated into three sections:

- **Government-wide financial statements** provide a broad overview of both the long and short-term financial status of the county. Government-wide financial statements, a new component of governmental financial reporting under GASB 34, provide financial information in a manner similar to private sector businesses. These statements include the value of capital assets (less accumulated depreciation) and the long-term liabilities of the County.
- **Fund financial statements** are similar in nature to financial statements issued by local governments prior to implementation of GASB 34. These are prepared on the modified accrual basis of accounting, and therefore do not include long-term liabilities, capital assets, or depreciation. Fund financial statements provide more detail on the operations of the County than the government-wide financial statements.
- **Notes to the financial statements** are an integral part of the previous two sections. These notes provide explanations of the amounts in the basic financial statements, and offer the reader information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include two basic statements: the statement of net assets and the statement of activities. Both of these statements include all assets and liabilities for all County funds (except fiduciary funds) using the full accrual basis of accounting. The accrual basis of accounting is the method used by private-sector businesses.

The Statement of Net Assets

Net assets, when analyzed over time, may serve as a useful indicator of a county's financial position. The table below is a comparative summary of Prince George County's net assets as of June 30, 2004:

County of Prince George, Virginia's Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2004	2003	2004	2003	2004
Assets						
Current and other assets	\$28.4	\$21.0	\$2.1	\$1.4	\$30.5	\$22.4
Capital assets	66.9	66.1	20.6	20.0	87.5	86.1
Total assets	\$95.3	\$87.0	\$22.6	\$21.4	\$117.9	\$108.4
Liabilities						
Current liabilities	\$6.5	\$1.6	\$2.4	\$0.9	\$8.9	\$2.5
Long-term liabilities	63.8	66.8	8.3	7.7	72.1	74.5
Total liabilities	\$70.2	\$68.4	\$10.7	\$8.6	\$80.9	\$77.0
Net assets						
Invested in capital assets, net of related debt	\$3.9	\$8.7	\$12.3	\$12.3	\$16.2	\$21.0
Restricted	6.5	0.0	0.0	0.0	6.5	-
Unrestricted	14.7	9.9	-0.3	0.5	14.4	10.4
Total net assets	\$25.1	\$18.6	\$12.0	\$12.8	\$37.1	\$31.4

Approximately 67% of the County's primary government net assets are invested in capital assets net of related debt. The County uses these capital assets, such as land, buildings and equipment, to provide services to citizens; consequently these assets are not available for future spending.

The Statement of Activities

The statement of activities, which also uses the accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also shows the general revenue sources that fund governmental operations. A summary of the statement of activities for July 1, 2003 through June 30, 2004 is below:

Changes in Prince George County's Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Program Revenues						
Charges for services	\$0.7	\$1.2	\$3.1	\$3.5	\$3.9	\$4.7
Operating grants and contributions	5.0	3.6	-	-	5.0	3.6
Capital grants and contributions	0.2	0.4	-	-	0.2	0.4
General Revenues						
General property taxes	\$16.6	17.8	-	-	16.6	17.8
Other taxes & licenses	5.0	4.7	-	-	5.0	4.7
Other revenues	0.7	0.7	0.1	0.1	0.7	0.7
Grants and contributions not restricted	3.5	5.5	-	-	3.5	5.5
Disposal of capital assets	0.9	0.0	-	-	0.9	0.0
Transfers	-	(0.6)	-	0.6	-	-
Total revenues	\$32.7	\$33.2	\$3.2	\$4.2	\$35.9	\$37.4
Expenses						
General government admin.	3.1	\$3.7	-	-	\$3.1	\$3.7
Judicial administration	1.8	1.7	-	-	1.8	1.7
Public safety	6.9	7.7	-	-	6.9	7.7
Public works	1.6	1.3	-	-	1.6	1.3
Health and welfare	2.4	2.6	-	-	2.4	2.6
Education	9.5	18.3	-	-	9.5	18.3
Parks, recreation, and cultural	0.7	0.8	-	-	0.7	0.8
Community development	1.1	0.9	-	-	1.1	0.9
Interest on long-term debt	2.8	2.7	-	-	2.8	2.7
Water and sewer	-	-	3.3	3.4	3.3	3.4
Total expenses	\$29.8	\$39.7	\$3.3	\$3.4	\$33.1	\$43.0
Change in net assets	2.9	(6.5)	(0.2)	0.8	2.7	(5.6)
Net assets: July 1, 2003	\$25.1		\$12.0		\$37.0	
Net assets: June 30, 2004		\$18.6		\$12.8		\$31.4

FUND FINANCIAL STATEMENTS

The focus of the fund financial statements is to provide information on short-term revenues and expenditures and the balance of resources available for spending for governmental funds. Proprietary funds in this section are prepared with the same method of accounting as used in the Government-wide statements; however, exhibits in this

section will provide more detail. The General Fund, a governmental fund, is the operating fund for most County activities. Governmental fund statements do not include capital assets or long term liabilities, in accordance with the modified accrual basis of accounting.

The unreserved general fund balance may serve as a useful measure of the County's net resources available for emergency spending or cash flow. The unreserved General Fund balance at June 30, 2004, was \$8,083,978. This amount represents 13.4% of General Fund and School Operating expenditures (net of general fund transfer to schools). The Board of Supervisors has committed to maintaining an unreserved general fund balance of at least 10% of General Fund and School Operating expenditures (net of transfer), and has met that target for the fiscal year ending June 30, 2004.

General Fund Budgetary Highlights

Prince George County generally takes a conservative approach to financial management, staying well within budgetary limits for expenditures during the fiscal year. Fiscal year 2004 was no exception, with general fund expenditures \$0.8 million below the adopted budget and \$6.3 million below the budget as amended.

Two items contributed to the large increase in appropriations during fiscal year 2004. The first was the decision by the County Board of Supervisors in April 2004 to pre-pay \$4.0 million in school construction-related debt with fund balance in the School Construction Fund. This money was appropriated for this purpose in April and expended in June.

The County's response to Hurricane Isabel is attributable for a large portion of the additional appropriations during fiscal year 2004. Hurricane Isabel had a devastating impact on Prince George County when it passed through Virginia on September 18, 2003. The price tag to the County for emergency response and recovery expenditures related to this storm exceeded \$1.1 million. Reimbursements from the Federal Emergency Management Agency (FEMA) and insurance recoveries completely covered the County's out-of-pocket expenditures for this event.

The fiscal year 2004 budget established a separate County capital projects fund. With the establishment of this fund, the remaining bond proceeds for construction of the new County Administration Building as of June 30, 2004, approximately \$4.2 million, were transferred from the General Fund to the new capital projects fund. Remaining bond proceeds from the County's Series 2001 General Obligation Bond issue, in the amount of \$0.5 million, were transferred from the General Fund to the Utilities Capital Projects Fund during FY2004 as well, as these funds were earmarked for Utilities capital projects at the time of issuance, but had been carried in the General Fund.

Other transfers from the General Fund included \$2.3 million to the school construction fund, representing 10 cents per \$100 of assessed value on real property and 50 cents per \$100 of assessed value of personal property for the payment of debt service on school construction projects. Fiscal Year 2004 will be the last year of appropriations to the

School Construction fund, as for FY2005 the County has created a Debt Service fund for all general obligation debt service expenditures, and future school construction projects will be appropriated within the County capital projects fund.

On the revenue side, actual collections in the general fund for FY2004 were \$1.6 million less than the final budget. A \$185,101 shortfall in personal property taxes resulted from downward adjustments to the National Automobile Dealers' Association (NADA) valuations for used vehicles. The County uses NADA loan values to assess personal property. Hurricane Isabel impacted building permit revenues, as the County waived fees for permits associated with repairing hurricane damage, and normal construction activities were put on hold for those repairs. Interest rates continued to remain at historical lows through FY2004, leading to a shortfall in the revenue from use of money of approximately \$210,000.

Increases in several fees, including recreation, convenience station (solid waste) and water and sewer connection fees were included in the fiscal year 2004 budget to offset dwindling state revenues. The onset of billing for emergency medical services within the County was budgeted for early 2004, however, unavoidable delays in the process delayed implementation until September 2004. Several of Prince George's neighboring localities have already implemented EMS revenue recovery programs. The FY2004 budget also included increases in convenience station fees, however, these were not implemented until September 2004 as well. Both of these contributed to revenue shortfalls in recovered costs (\$250,000) and charges for services (\$86,533).

County Capital Projects Funds

Fiscal year 2004 was the first year that all County capital projects were accounted for in capital project funds. Prior to July 1, 2003, general fund capital projects were included in the general fund. As mentioned earlier in this analysis, approximately \$4.2 million of remaining debt proceeds were transferred from the general fund to the County capital projects fund for the completion of the County Administration Building. Other capital projects included in the two capital projects funds (County and Schools) during FY2004 included the completion of renovations at Harrison and South Elementary Schools, the Radio Communications Project (for which \$7.7 of bank notes were issued in January 2004), improvements at Appomattox River Park, the Fire & EMS apparatus replacement fund, and the remaining payments on the Yancey property.

Proprietary Fund

The County's only proprietary fund is the Utilities Fund. Through this fund, the County provides water and wastewater services to approximately 3,500 customers. During FY2004, the utilities department continued their water main replacement program, repairing and replacing undersized or deteriorating facilities in various parts of the County. The Utilities fund collected \$619,299 in connection charges during FY2004 and added over 100 new connections during calendar 2004.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Governmental Accounting Standards Board (GASB) Statement 34 requires the primary government (the County) to report debt and debt service incurred “on behalf” of component units (the School Board). In this report, capital assets such as school buildings that have related debt are reported with the primary government on the Statement of Net Assets. The portion of these capital assets free of related debt are reported as jointly owned assets under the component unit School Board (see Note 6).

At the end of fiscal year 2004, the County had total outstanding debt of \$73.7 million. Of that amount, \$26.6 million is for general government purposes. During FY2004, the County issued \$9.5 million, comprised of \$1.8 million to complete the construction of a new County Administration Building (\$8.0 million was issued in FY2003 for this purpose, and an additional issuance was anticipated at that time) and \$7.7 million for the construction of a new Emergency Communications Center and Radio Communications System to serve Prince George County.

The County also had \$39.4 million in outstanding debt on behalf of the School Board. The County did not issue school related debt during fiscal year 2004. The Utilities Fund has outstanding debt of \$7.7 million, and did not issue debt during FY2004. For more information regarding Prince George County’s long term obligations, see Note 8 in the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Prince George County’s unemployment rate in October 2004 was 3.0%, which was the same as the unemployment rate for the state as a whole for the same period. Generally, the County’s unemployment rate has tracked fairly close to the state average. Several industries made announcements or expanded in 2004:

- MetlSpan, a manufacturer of insulated building panels, added 35 workers to their current 40-person workforce.
- US Merchants, a packaging manufacturer, added 50 workers to their 150-person workforce.
- ProVend, a vending supply company, purchased a 25,000 square foot building and employed 25 people.
- Four mini-storage projects have located in the County, increasing the tax base by approximately \$3.0 million.

Fiscal year 2005 will see the implementation of a new mobile phone utility tax (\$3.00 per month per number), increases in electric and gas utility taxes (to \$3.00 per month), and a new solid waste disposal fee schedule. These fees were adopted as part of the FY2005 budget in an effort to hold real and personal property tax rates at their current levels of \$0.90 and \$4.00 per \$100 of assessed value, respectively.

The County will also begin twice a year billing for real property taxes in calendar year 2005. The implementation of this program will result in a smoother cash flow in FY2005 and beyond, as the largest source of revenue to the County will now be collected on a semi-annual basis. This will also result in a one-time additional revenue stream equivalent to one-half of the real estate tax collections in FY2005. During the FY2005 budget deliberations, the Board of Supervisors earmarked a significant portion of this one-time revenue stream toward the prepayment of existing debt obligations. This will significantly decrease the amount of debt service expenditures in FY2006 and beyond.

The FY2005 budget begins to address some of the needs of the quickly growing population of Prince George County, however, there are still large demands upon the government for services to citizens. County staff hopes that Fiscal Year 2005 will mark the end of the budget crunch on Virginia localities of the past four years. It is the continued mission of the County to provide the most cost-efficient services to the taxpayers of Prince George County.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Supervisors, citizens, taxpayers, customers, and creditors of Prince George County, Virginia with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Prince George County, PO Box 68, Prince George, VA 23875.

BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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County of Prince George, Virginia
Statement of Net Assets
June 30, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 18,440,551	\$ 1,262,459	\$ 19,703,010	\$ 109,402
Receivables (net of allowance for uncollectibles):				
Taxes receivable	426,873	-	426,873	-
Accounts receivable	279,028	102,693	381,721	147,577
Due from other funds	497,379	-	497,379	-
Due from other governmental units	1,310,502	-	1,310,502	1,250,654
Capital assets (net of accumulated depreciation):				
Land	5,899,198	-	5,899,198	592,009
Buildings and system	56,531,690	-	56,531,690	8,885,220
Machinery and equipment	3,623,874	189,599	3,813,473	2,120,336
Utility plant in service	-	19,849,047	19,849,047	-
Construction in progress	-	14,369	14,369	-
Total assets	<u>\$ 87,009,095</u>	<u>\$ 21,418,167</u>	<u>\$ 108,427,262</u>	<u>\$ 13,105,198</u>
LIABILITIES				
Accounts payable	\$ 714,404	221,171	\$ 935,575	\$ 329,498
Reconciled overdraft payable	-	-	-	246,811
Customers' deposits	-	51,885	51,885	-
Accrued interest payable	879,084	122,121	1,001,205	-
Due to other funds	-	497,379	497,379	-
Due to other governmental units	-	-	-	802,399
Matured bonds payable	-	-	-	-
Deferred revenue	42,864	-	42,864	-
Long-term liabilities:				
Due within one year	3,083,656	850,340	3,933,996	-
Due in more than one year	63,695,262	6,891,258	70,586,520	-
Total liabilities	<u>\$ 68,415,270</u>	<u>\$ 8,634,154</u>	<u>\$ 77,049,424</u>	<u>\$ 1,378,708</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 8,740,448	\$ 12,311,417	\$ 21,051,865	\$ 11,597,565
Unrestricted (deficit)	9,853,377	472,596	10,325,973	128,925
Total net assets	<u>\$ 18,593,825</u>	<u>\$ 12,784,013</u>	<u>\$ 31,377,838</u>	<u>\$ 11,726,490</u>
Total Liabilities and Net Assets	<u>\$ 87,009,095</u>	<u>\$ 21,418,167</u>	<u>\$ 108,427,262</u>	<u>\$ 13,105,198</u>

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

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County of Prince George, Virginia
Statement of Activities
For the Year Ended June 30, 2004

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 3,665,344	\$ 137,996	\$ 1,026,841	\$ -	\$ (2,500,507)	\$ -	\$ (2,500,507)	\$ -
Judicial administration	1,724,752	388,051	48,093	-	(1,288,608)	-	(1,288,608)	-
Public safety	7,691,212	438,845	848,392	-	(6,403,975)	-	(6,403,975)	-
Public works	1,311,353	143,617	-	-	(1,167,736)	-	(1,167,736)	-
Health and welfare	2,558,779	-	1,473,565	-	(1,085,214)	-	(1,085,214)	-
Education	18,345,959	-	-	437,720	(17,908,239)	-	(17,908,239)	-
Parks, recreation, and cultural	766,038	62,682	-	3,465	(699,891)	-	(699,891)	-
Community development	852,970	1,203	175,361	-	(676,406)	-	(676,406)	-
Interest on long-term debt	2,734,163	-	-	-	(2,734,163)	-	(2,734,163)	-
Total government activities	\$ 39,650,570	\$ 1,172,394	\$ 3,572,252	\$ 441,185	\$ (34,464,739)	\$ -	\$ (34,464,739)	\$ -
Business-type activities:								
Public Utilities	\$ 3,377,125	\$ 3,485,827	\$ -	\$ -	\$ -	\$ 108,702	\$ 108,702	\$ -
Total business-type activities	\$ 3,377,125	\$ 3,485,827	\$ -	\$ -	\$ -	\$ 108,702	\$ 108,702	\$ -
Total primary government	\$ 43,027,695	\$ 4,658,221	\$ 3,572,252	\$ 441,185	\$ (34,464,739)	\$ 108,702	\$ (34,356,037)	\$ -
COMPONENT UNITS:								
School Board	\$ 44,336,007	\$ 1,354,848	\$ 49,730,632	\$ -	\$ -	\$ -	\$ -	\$ 6,749,473
Total component units	\$ 44,336,007	\$ 1,354,848	\$ 49,730,632	\$ -	\$ -	\$ -	\$ -	\$ 6,749,473
General revenues:								
General property taxes					\$ 17,774,738	\$ -	\$ 17,774,738	\$ -
Other local taxes					4,746,306	-	4,746,306	-
Unrestricted revenues from use of money and property					348,833	34,458	383,291	1,207
Miscellaneous					306,013	25,978	331,991	57,064
Grants and contributions not restricted to specific programs					5,478,376	-	5,478,376	-
Gain on disposal of capital assets					(4,651)	-	(4,651)	(680)
Transfers					(648,561)	648,561	-	-
Total general revenues					\$ 28,001,054	\$ 708,997	\$ 28,710,051	\$ 57,591
Change in net assets					(6,463,685)	817,699	(5,645,986)	6,807,064
Net assets - beginning- as restated					25,057,510	11,966,314	37,023,824	4,919,426
Net assets - ending					\$ 18,593,825	\$ 12,784,013	\$ 31,377,838	\$ 11,726,490

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

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FUND FINANCIAL STATEMENTS

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County of Prince George, Virginia
Balance Sheet
Governmental Funds
June 30, 2004

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 6,304,219	\$ 10,906,903	\$ 1,229,429	\$ 18,440,551
Receivables (net of allowance for uncollectibles):				
Taxes receivable	426,873	-	-	426,873
Accounts receivable	192,340	-	86,688	279,028
Due from other funds	497,379	-	-	497,379
Due from other governmental units	1,310,502	-	-	1,310,502
Total assets	<u>\$ 8,731,313</u>	<u>\$ 10,906,903</u>	<u>\$ 1,316,117</u>	<u>\$ 20,954,333</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 292,639	\$ 147,535	\$ 274,230	\$ 714,404
Deferred revenue	354,696	-	-	354,696
Total liabilities	<u>\$ 647,335</u>	<u>\$ 147,535</u>	<u>\$ 274,230</u>	<u>\$ 1,069,100</u>
Fund balances:				
Reserved for:				
Construction	\$ -	\$ 8,674,019	\$ -	\$ 8,674,019
Unreserved:				
Designated:				
Revenue Maximization	136,089	-	-	136,089
Reported in:				
General fund	7,947,889	-	-	7,947,889
Special revenue funds	-	-	1,041,887	1,041,887
Capital projects funds	-	2,085,349	-	2,085,349
Total fund balances	<u>\$ 8,083,978</u>	<u>\$ 10,759,368</u>	<u>\$ 1,041,887</u>	<u>\$ 19,885,233</u>
Total liabilities and fund balances	<u>\$ 8,731,313</u>	<u>\$ 10,906,903</u>	<u>\$ 1,316,117</u>	<u>\$ 20,954,333</u>

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

County of Prince George, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2004

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	19,885,233
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,054,762
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	311,832
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(67,658,002)
Net assets of governmental activities	<u>\$ 18,593,825</u>

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

County of Prince George, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 17,692,361	\$ -	\$ -	\$ 17,692,361
Other local taxes	3,754,875	-	991,431	4,746,306
Permits, privilege fees, and regulatory licenses	407,295	-	-	407,295
Fines and forfeitures	265,058	-	-	265,058
Revenue from the use of money and property	262,067	82,016	4,750	348,833
Charges for services	500,041	-	-	500,041
Miscellaneous	293,860	-	12,153	306,013
Recovered costs	217,457	-	-	217,457
Intergovernmental revenues:				
Local government	-	243,778	-	243,778
Commonwealth	6,935,256	197,407	139,153	7,271,816
Federal	1,976,219	-	-	1,976,219
Total revenues	<u>\$ 32,304,489</u>	<u>\$ 523,201</u>	<u>\$ 1,147,487</u>	<u>\$ 33,975,177</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,653,384	\$ -	\$ -	\$ 3,653,384
Judicial administration	1,570,131	-	-	1,570,131
Public safety	6,553,123	-	741,873	7,294,996
Public works	1,445,116	-	-	1,445,116
Health and welfare	2,493,353	-	-	2,493,353
Education	10,580,791	-	-	10,580,791
Parks, recreation, and cultural	728,822	-	-	728,822
Community development	343,238	-	338,472	681,710
Capital projects	373,099	7,391,373	-	7,764,472
Debt service:				
Principal retirement	1,166,760	5,311,218	72,501	6,550,479
Interest and other fiscal charges	622,892	2,126,047	135,072	2,884,011
Total expenditures	<u>\$ 29,530,709</u>	<u>\$ 14,828,638</u>	<u>\$ 1,287,918</u>	<u>\$ 45,647,265</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,773,780</u>	<u>\$ (14,305,437)</u>	<u>\$ (140,431)</u>	<u>\$ (11,672,088)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 7,100,276	\$ -	\$ 7,100,276
Transfers out	(7,748,837)	-	-	(7,748,837)
Proceeds of general obligation bonds	-	9,500,000	-	9,500,000
Sale of capital assets	1,278	-	6,251	7,529
Total other financing sources (uses)	<u>\$ (7,747,559)</u>	<u>\$ 16,600,276</u>	<u>\$ 6,251</u>	<u>\$ 8,858,968</u>
Net change in fund balances	\$ (4,973,779)	\$ 2,294,839	\$ (134,180)	\$ (2,813,120)
Fund balances - beginning	13,057,757	8,464,529	1,176,067	22,698,353
Fund balances - ending	<u>\$ 8,083,978</u>	<u>\$ 10,759,368</u>	<u>\$ 1,041,887</u>	<u>\$ 19,885,233</u>

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

County of Prince George, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (2,813,120)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	(848,187)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(12,180)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	82,377
--	--------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,930,456)
--	-------------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	57,881
--	--------

Change in net assets of governmental activities	<u>\$ (6,463,685)</u>
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The notes to the financial statements are an integral part of this statement.

County of Prince George, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2004

	<u>Enterprise Funds Water and Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,262,459
Accounts receivables, net of allowances for uncollectibles	102,693
Total current assets	<u>\$ 1,365,152</u>
Noncurrent assets:	
Capital assets:	
Utility plant in service	\$ 27,681,854
Less accumulated depreciation	(7,832,807)
Machinery and equipment	189,599
Construction in progress	14,369
Total capital assets	<u>\$ 20,053,015</u>
Total noncurrent assets	<u>\$ 20,053,015</u>
 Total assets	 <u>\$ 21,418,167</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 221,171
Customers' deposits	51,885
Accrued interest payable	122,121
Due to primary government	497,379
Bonds payable - current portion	850,340
Total current liabilities	<u>\$ 1,742,896</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	<u>\$ 6,891,258</u>
Total noncurrent liabilities	<u>\$ 6,891,258</u>
Total liabilities	<u>\$ 8,634,154</u>
NET ASSETS	
Invested in capital assets, net of related debt	12,311,417
Unrestricted	472,596
Total net assets	<u>\$ 12,784,013</u>

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

County of Prince George, Virginia
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2004

	<u>Enterprise Funds</u> <u>Water and Sewer</u>
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 944,346
Sewer revenues	1,877,138
Penalty/reconnection charges	57,431
Miscellaneous	25,978
Total operating revenues	<u>\$ 2,904,893</u>
OPERATING EXPENSES	
Water	\$ 455,331
Administration	474,376
Other supplies and expenses	1,297,135
Depreciation	605,722
Total operating expenses	<u>\$ 2,832,564</u>
Operating income (loss)	<u>\$ 72,329</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	\$ 15,783
Connection/capacity fees	606,912
Rental income	18,675
Petersburg line payments	(131,002)
Interest expense	(413,559)
Total nonoperating revenues (expenses)	<u>\$ 96,809</u>
Income before contributions and transfers	<u>\$ 169,138</u>
Transfers in	<u>\$ 648,561</u>
Change in net assets	\$ 817,699
Total net assets - beginning	11,966,314
Total net assets - ending	<u><u>\$ 12,784,013</u></u>

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

County of Prince George, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	<u>Enterprise Funds Water and Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,993,711
Receipts for miscellaneous items	25,978
Payments for operating activities	(3,259,271)
Payments to employees	(474,376)
Net cash provided (used by) operating activities	<u>\$ (713,958)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>\$ 648,561</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (91,784)
Connection/capacity charges	606,912
Principal payments on bonds	(531,104)
Petersburg line payments	(131,002)
Interest payments	(421,125)
Net cash provided (used) by capital and related financing activities	<u>\$ (568,103)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	\$ 15,783
Rental income	<u>18,675</u>
Net cash provided (used) by investing activities	<u>\$ 34,458</u>
Net increase (decrease) in cash and cash equivalents	\$ (599,042)
Cash and cash equivalents - beginning - including restricted	\$ 1,861,501
Cash and cash equivalents - ending - including restricted	<u><u>\$ 1,262,459</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	<u>\$ 72,329</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	\$ 605,722
(Increase) decrease in accounts receivable	114,796
Increase (decrease) in accounts payable	(1,516,855)
Increase (decrease) customer deposits	10,050
Total adjustments	<u>\$ (786,287)</u>
Net cash provided (used) by operating activities	<u><u>\$ (713,958)</u></u>

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

County of Prince George, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 318,406
Total assets	<u>\$ 318,406</u>
LIABILITIES	
Amounts held for social services clients	\$ 12,862
Amounts held for others	294,200
Amounts held for hospital insurance	<u>11,344</u>
Total liabilities	<u>\$ 318,406</u>

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

County of Prince George, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 318,406
Total assets	<u>\$ 318,406</u>
LIABILITIES	
Amounts held for social services clients	\$ 12,862
Amounts held for others	294,200
Amounts held for hospital insurance	11,344
Total liabilities	<u>\$ 318,406</u>

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements As of June 30, 2004

Note 1—Summary of Significant Accounting Policies:

The County of Prince George, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection; sanitation services; recreational activities, cultural events, education, and social services.

The financial statements of the County of Prince George, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

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

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many government's revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

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 the basic 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 County of Prince George (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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2004.

Discretely Presented Component Units. The School Board members are elected by the citizens of Prince George County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. 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 County financial statements for the fiscal year ended June 30, 2004.

C. Other Related Organizations

Included in the County's Financial Report

None

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 County 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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

The government-wide statement of activities reflect both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

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

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 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 County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting of primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time other 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

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

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Enterprise Funds consist of the Water and Sewer Fund.

The County reports the following non-major governmental funds:

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.

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

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

E. 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 for the government, as well as for its component unit are reported at fair value.

F. Investments

Investments are stated at fair value which approximates market; no investments are value at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

G. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$176,983 at June 30, 2004 is comprised solely of property taxes.

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
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

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

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Building improvements	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Retirement Plan

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

K. Use of Estimates

The preparation of financial statements in conformity with general 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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

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

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligation are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors 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 Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised in excess of \$1,000 only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units with the exception of Capital Projects.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 2—Stewardship, Compliance, and Accounting: (Continued)

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2004.

Note 3—Cash and Cash Equivalents:

The County and Component Unit School Board cash and cash equivalents consist of pooled cash and investments.

Primary Government and Component Unit School Board:

Deposits - All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security of Public Deposits Act, Section 2.2-4400 et seq. Of the Code of Virginia (a multiple financial institutions collateral pool) or covered by federal depository insurance. 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. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Investments - Statutes authorize the County 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 rate 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 County'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 County or its safekeeping agent in the County's names. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or safekeeping agency in the County'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 County's name.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 3—Cash and Cash Equivalents: (Continued)

Primary Government and Component Unit School Board (continued):

	Category			Carrying Value	Fair Value
	1	2	3		
Investments:					
None	\$ -	\$ -	\$ -	\$ -	\$ -
Total	-	-	-	-	-

Investments not subject to categorization:

State Non-Arbitrage Pool	\$ 549,738
Local Government Investment Pool	12,455,771
SunTrust	9,476,209

Deposits

Total Deposits and Investments	(2,687,759)
Cash and Petty Cash	\$ 19,793,959
Total Cash and Cash Equivalents	95,356
	\$ 19,889,315

The following is a summary of cash and cash equivalents per fund financial statements:

Governmental funds - Cash and cash equivalents	\$ 17,956,076
Proprietary Funds - Cash and cash equivalents	1,746,934
Fiduciary funds - Cash and cash equivalents	318,406
Treasurer's deferred account	5,308

Discretely presented component unit School Board:

Cash and cash equivalents	(137,409)
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Total	\$ 19,889,315
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COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 4—Due to/from Other Governments:

At June 30, 2004, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Prince George County School Board	\$ 802,399	\$ -
Commonwealth of Virginia:		
Local sales tax	196,133	-
Welfare	32,892	-
Rolling stock tax	39,043	-
Fringe benefits	-	101,177
State Sales Tax	-	737,083
Constitutional officer reimbursements	75,784	-
Recordation tax	15,893	-
Clerk's excess fees	33,567	-
Disaster assistance	2,966	-
Personal property tax relief	21,028	-
Federal Government:		
School fund grants	-	412,394
Disaster assistance	11,991	-
Welfare	78,806	-
Total due from other governments	\$ <u>1,310,502</u>	\$ <u>1,250,654</u>

At June 30, 2004, amounts due to other local governments are as follows:

Other Local Governments:		
County of Prince George	\$ <u>-</u>	\$ <u>802,399</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 5—Due to/from Other Funds and Primary Government:

Inter-fund Receivables and Payables:

	<u>Inter-fund Receivables</u>	<u>Inter-fund Payables</u>
Primary Government:		
General Fund	\$ 497,379	\$ -
Water and Sewer Fund	-	497,379
	<u>\$ 497,379</u>	<u>\$ 497,379</u>

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2004:

Primary Government:

	<u>Balance July 1, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2004</u>
Land and land improvements	\$ 5,856,536	\$ 54,843	\$ 12,181	\$ 5,899,198
Buildings and improvements	16,289,791	5,179,858	-	21,469,649
Equipment	6,889,093	491,687	-	7,380,780
Jointly owned assets	53,538,144	2,210,727	8,051,996	47,696,875
Totals	\$ 82,573,564	\$ 7,937,115	\$ 8,064,177	\$ 82,446,502
Accumulated depreciation	15,658,434	1,963,355	1,230,049	16,391,740
Net capital assets primary government	\$ <u>66,915,130</u>	\$ <u>5,973,760</u>	\$ <u>6,834,128</u>	\$ <u>66,054,762</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 6—Capital Assets: (Continued)

Component Unit-School Board:	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Land and land improvements	\$ 592,689	\$ -	\$ 680	\$ 592,009
Equipment	4,878,209	705,599	243,841	5,339,967
Jointly owned assets	<u>2,712,595</u>	<u>8,051,996</u>	<u>-</u>	<u>10,764,591</u>
Totals	\$ 8,183,493	\$ 8,757,595	\$ 244,521	\$ 16,696,567
Accumulated depreciation	<u>3,373,616</u>	<u>1,969,227</u>	<u>243,841</u>	<u>5,099,002</u>
Net capital assets component unit school board	\$ <u>4,809,877</u>	\$ <u>6,788,368</u>	\$ <u>680</u>	\$ <u>11,597,565</u>

Proprietary Funds:	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Land	\$ 101,371	\$ -	\$ -	\$ 101,371
Utility plant in service	27,488,700	91,783	-	27,580,483
Vehicles and Equipment	189,599	-	-	189,599
Construction in progress	<u>14,369</u>	<u>-</u>	<u>-</u>	<u>14,369</u>
Totals	\$ 27,794,039	\$ 91,783	\$ -	\$ 27,885,822
Accumulated depreciation	<u>7,227,085</u>	<u>605,722</u>	<u>-</u>	<u>7,832,807</u>
Net capital assets Proprietary funds	\$ <u>20,566,954</u>	\$ <u>(513,939)</u>	\$ <u>-</u>	\$ <u>20,053,015</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 6—Capital Assets: (Continued)

The following is a summary of capital assets restatements due to change in capital asset policy and other adjustments to actual inventory.

	Balance June 30, 2003	Restatement	Restated Balance June 30, 2003
Primary Government:			
Land and land improvements	\$ 5,856,536	\$ -	\$ 5,856,536
Buildings and improvements	16,289,791	-	16,289,791
Equipment	6,889,093	-	6,889,093
Jointly owned assets	53,538,144	-	53,538,144
Totals	\$ 82,573,564	\$ -	\$ 82,573,564
Accumulated depreciation	15,660,434	(2,000)	15,658,434
Net capital assets primary government	\$ 66,913,130	\$ 2,000	\$ 66,915,130
Component Unit - School Board:			
Land and land improvements	\$ 592,638	\$ 51	\$ 592,689
Jointly owned assets	2,712,595	-	2,712,595
Equipment	4,879,907	(1,698)	4,878,209
Totals	\$ 8,185,140	\$ (1,647)	\$ 8,183,493
Accumulated depreciation	3,370,250	3,366	3,373,616
Net capital assets component unit - school board	\$ 4,814,890	\$ (5,013)	\$ 4,809,877

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 6—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:

General government	\$	69,222
Judicial administration		196,975
Public safety		600,908
Public works		48,027
Health and welfare		55,005
Education		943,221
Parks, recreation and cultural		33,075
Community development		16,922
Total Governmental activities	\$	<u>1,963,355</u>
Component Unit School Board	\$	<u>739,178</u>

Note 7—Interfund Transfers:

Interfund transfers for the year ended June 30, 2004, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 7,748,837
Proprietary funds	648,561	-
County capital projects fund	<u>7,100,276</u>	<u>-</u>
Total	\$ <u>7,748,837</u>	\$ <u>7,748,837</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 8—Long Term Obligations:

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

	Amounts Payable at July 1, 2003	Increases	Decreases	Amounts Payable at June 30, 2004	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	\$ 698,618	\$ 91,967	\$ -	\$ 790,585	\$ 79,059
General obligation bonds	17,912,862	9,500,000	897,717	26,515,145	1,430,121
Capital lease obligations	201,951	-	98,320	103,631	103,631
Landfill post closure care	19,065	-	19,065	-	-
Total incurred by County	\$ 18,832,496	\$ 9,591,967	\$ 1,015,102	\$ 27,409,361	\$ 1,612,811
Incurred by School Board:					
State Literary Fund Loans	\$ 1,380,000	\$ -	\$ 115,000	\$ 1,265,000	\$ 115,000
General obligation bonds	43,415,775	-	5,311,218	38,104,557	1,355,845
Capital lease	128,224	-	128,224	-	-
Total incurred by School Board	\$ 44,923,999	\$ -	\$ 5,554,442	\$ 39,369,557	\$ 1,470,845
Total Governmental Obligations	\$ 63,756,495	\$ 9,591,967	\$ 6,569,544	\$ 66,778,918	\$ 3,083,656
Enterprise Funds:					
General obligation /revenue bonds	\$ 8,272,702	\$ -	\$ 531,104	\$ 7,741,598	\$ 850,340
Total Enterprise Obligations	\$ 8,272,702	\$ -	\$ 531,104	\$ 7,741,598	\$ 850,340
Total General Obligations, Primary Government	\$ 72,029,197	\$ 9,591,967	\$ 7,100,648	\$ 74,520,516	\$ 3,933,996

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (continued)

County Obligations					
Year Ending June 30	General Obligation Bonds		Capital Leases		
	Principal	Interest	Principal	Interest	
2005	\$ 1,430,121	1,029,876	\$ 103,631	\$ 4,161	
2006	1,464,208	989,974	-	-	
2007	1,404,964	929,683	-	-	
2008	1,391,672	873,106	-	-	
2009	1,451,274	815,462	-	-	
2010	3,931,417	758,808	-	-	
2011	1,473,990	601,699	-	-	
2012	1,529,297	545,023	-	-	
2013	1,594,138	484,278	-	-	
2014	1,657,165	419,788	-	-	
2015	1,211,432	364,151	-	-	
2016	1,258,174	317,778	-	-	
2017	1,252,979	269,591	-	-	
After 2017	5,464,314	778,742	-	-	
Total	\$ <u>26,515,145</u>	\$ <u>9,177,959</u>	\$ <u>103,631</u>	\$ <u>4,161</u>	

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (continued)

Year Ending June 30	School Obligations			
	State Literary Fund Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2005	\$ 115,000	\$ 25,300	\$ 1,355,845	\$ 1,755,634
2006	115,000	23,000	1,403,214	1,686,775
2007	115,000	20,700	1,457,522	1,612,265
2008	115,000	18,400	11,456,022	1,533,706
2009	115,000	16,100	1,585,446	1,129,975
2010	115,000	13,800	1,655,261	1,039,820
2011	115,000	11,500	1,731,245	945,628
2012	115,000	9,200	1,806,209	851,420
2013	115,000	6,900	1,885,034	757,292
2014	115,000	4,600	1,964,955	658,544
2015	115,000	2,300	2,051,035	554,960
2016	-	-	2,143,223	446,771
2017	-	-	2,236,612	333,623
After 2017	-	-	5,372,934	451,883
Total	\$ 1,265,000	\$ 151,800	\$ 38,104,557	\$ 3,758,296

Year Ending June 30	Enterprise Obligations			
	General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2005	\$ 530,995	\$ 386,662	\$ 19,345	\$ 15,376
2006	541,204	356,296	20,185	14,536
2007	538,999	324,546	21,063	13,658
2008	407,698	295,402	21,978	12,743
2009	424,908	259,885	22,933	11,788
2010	439,559	241,338	23,930	10,791
2011	459,748	223,366	24,970	9,751
2012	477,482	203,541	26,055	8,665
2013	502,521	181,763	27,188	7,533
2014	526,009	158,142	28,370	6,352
2015	274,948	139,451	29,603	5,119
2016	288,654	125,966	30,889	3,832
2017	131,100	111,801	32,231	2,489
After 2017	1,835,400	596,011	33,633	1,088
Total	\$ 7,379,225	\$ 3,604,170	\$ 362,373	\$ 123,721

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (continued)

General Obligations:

Incurred by County:

General Obligation Bonds:

\$7,445,000 Public Improvements Bonds and refunding, shared with the Enterprise fund, issued May 8, 1996, maturing annually in various increments / amounts with interest payable semiannually at various rates through 2027.	\$	1,602,700
\$3,233,871 General Obligation Note Series 2001 issued November 1, 2001 interest payable annually through June 15, 2010, balloon principal payment due on June 15, 2010, interest at 4.15%.		2,428,401
\$660,273 General Obligation Note Series 2001 issued November 1, 2001, payable in varying annual installments through June 15, 2015, interest at 4.15%.		459,399
\$539,453 General Obligation Note Series 2001, shared with the Enterprise fund, issued November 1, 2001, due in varying annual installments through June 15, 2006, interest at 4.15%.		208,847
\$1,582,136 General Obligation Note Series 2001, shared with the Enterprise fund, issued November 1, 2001, due in varying annual installments through June 15, 2016, interest at 4.15%.		498,134
\$8,700,000 Public Improvement Bonds, issued May 26, 1993, shared with the Enterprise Fund, maturing annually with interest payable semiannually at 5.578%.		1,290,250
\$4,350,000 General Obligation Note Series 2002, shared with the Enterprise Fund, issued December 17, 2002, due in varying annual installments through August 1, 2013 with interest payable semiannually at varying rates.		2,795,000
\$8,000,000 General Obligation Note 2003 B series issued January 24, 2003 due in varying annual installments through February 1, 2023, interest payable semiannually.		7,732,414
\$9,500,000 General Obligation Bond issued January 22, 2004 due in varying installments through January 1, 2019, interest payable semi-annually at 3.64%.		9,500,000
Total General Obligations Bonds	\$	26,515,145

Capital Lease Obligations:

\$467,702 capital lease obligation due in ten semi-annual installments of \$53,896 each September 29 th , interest at 5.00% through March 29, 2005.	\$	103,631
Compensated absences	\$	790,585
Total incurred by County	\$	27,409,361

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (continued)

General Obligations:

Incurred by School Board:

State Literary Fund Loans:

\$500,000, issued May 26, 1995, due in annual instalments of \$25,000 through July 1, 2015, interest payable annually at 2%.	\$	275,000
\$1,000,000, issued May 26, 1995, due in annual installments of \$50,000 through July 1, 2015, interest payable annually at 2%.		550,000
\$800,000, issued May 26, 1995, due in annual installments of \$40,000 through July 1, 2015, interest payable annually at 2%.		440,000
Total State Literary Fund Loans	\$	<u>1,265,000</u>

General Obligation Bonds:

\$3,843,528 issued June, 1998 due in semiannual installments of varying amounts and interest rates through January, 2018.	\$	2,874,036
\$14,540,000 issued June, 1998 due in semiannual installments of varying amounts and interest rates through July, 2017.		11,690,000
\$10,284,493 issued November, 2000, due in various annual installments through July, 2020. Interest payable semi-annually at coupon rates varying from 4.975% to 5.850%		9,062,341
5,000,000 issued November, 2000, due in various annual installments through July, 2020. Interest payable semi-annually at coupon rates varying from 4.975% to 5.850%.		4,540,000
\$12,000,000 General Obligation bond anticipation note issued January 24, 2003 due January 24, 2008, interest payable annually at 3.21%.		9,938,180
Total General Obligation Bonds	\$	<u>38,104,557</u>
Total Incurred by School Board	\$	<u>39,369,557</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (continued)

Incurred by Enterprise Fund:

Revenue Bonds:

\$457,000 Water and Sewer Improvement Bonds, dated March 13, 1999, interest at 4.3% through 2036.	\$ <u>362,373</u>
Total Revenue Bonds	\$ <u>362,373</u>

General Obligation Bonds:

\$539,453 General Obligation Note Series 2001, shared with the General fund, issued November 1, 2001, due in varying annual installments through June 15, 2006, interest at 4.15%.	\$ 16,726
\$1,582,136 General Obligation Note Series 2001, shared with the General fund issued November 1, 2001, due in varying annual installments through June 15, 2015, interest at 4.15%.	844,178
\$902,022 General Obligation Note Series 2001, issued November 1, 2001, due in varying annual installments through June 15, 2016, interest at 4.15%.	751,271
\$7,445,000 Public Improvement bonds and refunding shared with the General fund, issued May 8, 1996, maturing annually in various increments / amounts with interest payable semiannually at various rates through 2017.	3,567,300
\$8,700,000 Public Improvement bonds, shared with the General fund, issued May 26, 1993, maturing annually with interest payable semiannually at 5.578%	694,750
\$4,350,000 General Obligation note series 2002 shared with the General fund, issued December 17, 2002, due in varying annual installments through August 1, 2013 with interest payable semiannually at varying rates.	<u>1,505,000</u>
Total General Obligation Bonds	\$ <u>7,379,225</u>
Total Incurred by Enterprise Fund	\$ <u>7,741,598</u>
Total General Obligations, Primary Government	\$ <u><u>74,520,516</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements As of June 30, 2004 (Continued)

Note 9—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 \$354,696 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$311,832 at June 30, 2004.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2004 but paid in advance by the taxpayers totaled \$42,864 at June 30, 2004.

Note 10—Contingent Liabilities:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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.

At June 30, 2004, the County had the following construction contracts outstanding:

	<u>Project</u>	<u>Contractor</u>	<u>Balance at June 30, 2004</u>
Capital Projects Fund	County office building	Kenbridge Construction	\$ 422,801

Note 11—Litigation:

At June 30, 2004, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 12 —Risk Management:

The County 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 County 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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 12 –Risk Management (Continued)

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County 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 County 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.

Note 13 –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 downloaded from their website at <http://www.varetire.org/pdf/2003AnnuRept.pdf> or writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 13 – Defined Benefit Pension Plan (Continued):

Primary Government: (Continued)

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 County 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 County and School Board non-professional employees' contribution rates for the fiscal year ended 2004 were 8.50% and 5% of annual covered payroll, respectively.

The School Board's professional employees contributed \$824,623, \$795,163, and \$773,725 to the teacher cost-sharing pool for the fiscal years ended June 30, 2004, 2003, and 2002 respectively. The County's current rate is 3.77% of annual covered payroll.

C. Annual Pension Cost

For fiscal 2004, the County's annual pension cost of \$619,095 was equal to the County's required and actuarial contributions. The required contributions were determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2004, the County School Board's annual pension cost for the Board's non-professional employees was \$165,235 which was equal to the Board's required and actuarial contributions. The required contributions were determined as a part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method.

	<u>County</u>	<u>Non-Professional School Board Employees</u>
Valuation date	June 30, 2002	June 30, 2002
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	0 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%	4.50% to 5.75%
Cost-of-living adjustments	3.0%	3.0%

¹ Includes inflation at 3%

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 13 —Defined Benefit Pension Plan (Continued):

Primary Government: (continued)

C. Annual Pension Cost: (Continued)

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
County:			
June 30, 2004	\$ 619,095	100%	\$ -
June 30, 2003	577,546	100%	-
June 30, 2002	594,924	100%	-
School Board:			
Non-Professional:			
June 30, 2004	\$ 165,235	100%	\$ -
June 30, 2003	160,511	100%	-
June 30, 2002	151,452	100%	-

(1) Employer portion only

Required Supplementary Information

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (Excess Funded) Actuarial Accrued Liability</u>	<u>Funded Ratio (2) (3)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as % of Payroll (4) (6)</u>
County						
6/30/2003	\$ 17,642,053	\$ 21,773,367	\$ 4,131,314	81.03%	\$ 7,045,072	58.64%
6/30/2002	16,863,622	19,123,074	2,259,452	88.18%	6,541,205	34.54%
6/30/2001	15,761,042	16,762,894	1,001,852	94.02%	6,238,018	16.06%
6/30/2000	13,856,620	14,653,040	796,420	94.56%	5,286,849	15.06%
School Board Non-Professionals:						
6/30/2003	\$ 6,890,493	\$ 7,045,551	\$ 155,058	97.80%	\$ 2,728,349	5.68%
6/30/2002	6,571,668	6,568,157	(3,511)	100.05%	3,028,011	-0.12%
6/30/2001	6,202,142	5,959,236	(232,906)	103.90%	3,010,454	-7.74%
6/30/2000	5,428,105	5,099,071	(349,034)	106.87%	2,561,063	-3.63%

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 14 –Changes in Beginning Net Assets:

	Primary Government	Component Unit School Board
Net Assets as previously reported	\$ 25,055,510	\$ 4,924,439
Reclassification due to changes in capital assets	2,000	(5,013)
Totals as restated	\$ 25,057,510	\$ 4,919,426

Note 15 –Surety Bonds:

	Amount
Division of Risk Management Surety:	
Commonwealth Funds	
C. Bishop Knott, Jr., Clerk of the Circuit Court	\$ 400,000
Jean N. Barker, Treasurer	500,000
Virginia T. Duncan, Commissioner of the Revenue	3,000
H. E. Allin, Sheriff	30,000
Selective Insurance Company:	
All County employees and School Board employees-blanket bond	100,000
Huron Insurance Company:	
All County and Social Service employees- blanket bond	100,000

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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County of Prince George, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
General property taxes	\$ 17,865,648	\$ 17,865,648	\$ 17,692,361	\$ (173,287)
Other local taxes	3,689,718	3,689,718	3,754,875	65,157
Permits, privilege fees, and regulatory licenses	500,050	500,050	407,295	(92,755)
Fines and forfeitures	303,800	303,800	265,058	(38,742)
Revenue from the use of money and property	425,000	448,972	262,067	(186,905)
Charges for services	583,350	620,345	500,041	(120,304)
Miscellaneous	47,600	225,374	293,860	68,486
Recovered costs	642,515	642,515	217,457	(425,058)
Intergovernmental revenues:				
Commonwealth	6,821,473	7,099,194	6,935,256	(163,938)
Federal	1,287,405	2,353,772	1,976,219	(377,553)
Total revenues	<u>\$ 32,166,559</u>	<u>\$ 33,749,388</u>	<u>\$ 32,304,489</u>	<u>\$ (1,444,899)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,579,118	\$ 3,826,112	\$ 3,653,384	\$ 172,728
Judicial administration	1,717,392	1,745,771	1,570,131	175,640
Public safety	6,695,972	6,943,183	6,553,123	390,060
Public works	1,580,585	1,593,985	1,445,116	148,869
Health and welfare	2,894,287	3,027,560	2,493,353	534,207
Education	11,314,174	11,314,174	10,580,791	733,383
Parks, recreation, and cultural	731,557	734,547	728,822	5,725
Community development	384,104	484,152	343,238	140,914
Capital projects	670,319	1,506,033	373,099	1,132,934
Debt service:				
Principal retirement	1,173,409	4,031,615	1,166,760	2,864,855
Interest and other fiscal charges	620,560	620,560	622,892	(2,332)
Total expenditures	<u>\$ 30,361,477</u>	<u>\$ 35,827,692</u>	<u>\$ 29,530,709</u>	<u>\$ 6,296,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,805,082</u>	<u>\$ (2,078,304)</u>	<u>\$ 2,773,780</u>	<u>\$ 4,852,084</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (2,417,125)	\$ (2,417,125)	\$ (7,748,837)	\$ (5,331,712)
Sale of capital assets	-	-	1,278	1,278
Total other financing sources and uses	<u>\$ (2,417,125)</u>	<u>\$ (2,417,125)</u>	<u>\$ (7,747,559)</u>	<u>\$ (5,330,434)</u>
Net change in fund balances	\$ (612,043)	\$ (4,495,429)	\$ (4,973,779)	\$ (478,350)
Fund balances - beginning	612,043	4,495,429	13,057,757	8,562,328
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,083,978</u>	<u>\$ 8,083,978</u>

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OTHER SUPPLEMENTARY INFORMATION

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County of Prince George, Virginia
County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 125,000	\$ 125,000	\$ 82,016	\$ (42,984)
Intergovernmental revenues:				
Local government	-	-	243,778	243,778
Commonwealth	100,000	100,000	197,407	97,407
Total revenues	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 523,201</u>	<u>\$ 298,201</u>
EXPENDITURES				
Capital projects	\$ 18,550,000	\$ 16,643,833	\$ 7,391,373	\$ 9,252,460
Debt service:				
Principal retirement	1,452,224	5,333,224	5,311,218	22,006
Interest and other fiscal charges	2,039,340	2,158,340	2,126,047	32,293
Total expenditures	<u>\$ 22,041,564</u>	<u>\$ 24,135,397</u>	<u>\$ 14,828,638</u>	<u>\$ 9,306,759</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (21,816,564)</u>	<u>\$ (23,910,397)</u>	<u>\$ (14,305,437)</u>	<u>\$ 9,604,960</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,417,125	\$ 2,421,625	\$ 7,100,276	\$ 4,678,651
Proceeds of general obligation bonds	6,000,000	9,500,000	9,500,000	-
Total other financing sources and uses	<u>\$ 8,417,125</u>	<u>\$ 11,921,625</u>	<u>\$ 16,600,276</u>	<u>\$ 4,678,651</u>
Net change in fund balances	<u>\$ (13,399,439)</u>	<u>\$ (11,988,772)</u>	<u>\$ 2,294,839</u>	<u>\$ 14,283,611</u>
Fund balances - beginning	13,399,439	16,977,242	8,464,529	(8,512,713)
Fund balances - ending	<u>\$ -</u>	<u>\$ 4,988,470</u>	<u>\$ 10,759,368</u>	<u>\$ 5,770,898</u>

County of Prince George, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

	County Special Revenue Funds			Variance with Final Budget Positive Negative
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Other local taxes	\$ 914,660	\$ 914,660	\$ 991,431	\$ 76,771
Revenue from the use of money and property	-	-	4,750	4,750
Miscellaneous	-	12,132	12,153	21
Intergovernmental revenues:				
Commonwealth	62,600	150,000	139,153	(10,847)
Total revenues	\$ 977,260	\$ 1,076,792	\$ 1,147,487	\$ 70,695
EXPENDITURES				
Current:				
Public safety	\$ 622,690	\$ 902,002	\$ 741,873	\$ 160,129
Community development	1,095,093	1,131,400	338,472	792,928
Debt service:				
Principal retirement	72,726	74,851	72,501	2,350
Interest and other fiscal charges	141,174	145,300	135,072	10,228
Total expenditures	\$ 1,931,683	\$ 2,253,553	\$ 1,287,918	\$ 965,635
Excess (deficiency) of revenues over (under) expenditures	\$ (954,423)	\$ (1,176,761)	\$ (140,431)	\$ 1,036,330
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ -	\$ 6,251	\$ 6,251	\$ -
Total other financing sources and uses	\$ -	\$ 6,251	\$ 6,251	\$ -
Net change in fund balances	\$ (954,423)	\$ (1,170,510)	\$ (134,180)	\$ 1,036,330
Fund balances - beginning	954,423	1,170,510	1,176,067	5,557
Fund balances - ending	\$ -	\$ -	\$ 1,041,887	\$ 1,041,887

County of Prince George, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	<u>Agency Funds</u>			
	<u>Special Welfare</u>	<u>Group Insurance</u>	<u>Performance Bond</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 12,862	\$ 11,344	\$ 294,200	\$ 318,406
Total assets	<u>\$ 12,862</u>	<u>\$ 11,344</u>	<u>\$ 294,200</u>	<u>\$ 318,406</u>
LIABILITIES				
Amounts held for social services clients	\$ 12,862	\$ -	\$ -	\$ 12,862
Amounts held for others	-	-	294,200	294,200
Amounts held for hospital insurance	-	11,344	-	11,344
Total liabilities	<u>\$ 12,862</u>	<u>\$ 11,344</u>	<u>\$ 294,200</u>	<u>\$ 318,406</u>

County of Prince George, Virginia
Statement of Changes in Net Assets - Fiduciary Funds
June 30, 2004

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2004</u>
Special Welfare Fund:				
Assets:				
Cash	\$ <u>13,555</u>	\$ <u>17,992</u>	\$ <u>18,685</u>	\$ <u>12,862</u>
Liabilities:				
Amounts held for social service clients	\$ <u>13,555</u>	\$ <u>17,992</u>	\$ <u>18,685</u>	\$ <u>12,862</u>
Group Insurance Fund:				
Assets:				
Cash	\$ <u>15,031</u>	\$ <u>-</u>	\$ <u>3,687</u>	\$ <u>11,344</u>
Liabilities:				
Amounts held for hospital insurance	\$ <u>15,031</u>	\$ <u>-</u>	\$ <u>3,687</u>	\$ <u>11,344</u>
Performance Bond Fund:				
Assets:				
Cash	\$ <u>318,694</u>	\$ <u>-</u>	\$ <u>24,494</u>	\$ <u>294,200</u>
Liabilities:				
Amounts held for others	\$ <u>318,694</u>	\$ <u>-</u>	\$ <u>24,494</u>	\$ <u>294,200</u>
Totals-All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ <u>347,280</u>	\$ <u>17,992</u>	\$ <u>46,866</u>	\$ <u>318,406</u>
Total assets	\$ <u>347,280</u>	\$ <u>17,992</u>	\$ <u>46,866</u>	\$ <u>318,406</u>
Liabilities:				
Amounts held for others	\$ 318,694	\$ -	\$ 24,494	\$ 294,200
Amounts held for social service clients	13,555	17,992	18,685	12,862
Amounts held for hospital insurance	15,031	-	3,687	11,344
Total liabilities	\$ <u>347,280</u>	\$ <u>17,992</u>	\$ <u>46,866</u>	\$ <u>318,406</u>

**DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD**

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County of Prince George, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2004

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 109,402	\$ 109,402
Receivables (net of allowance for uncollectibles):			
Accounts receivable	147,577	-	147,577
Due from other governmental units	1,210,728	39,926	1,250,654
Total assets	<u>\$ 1,358,305</u>	<u>\$ 149,328</u>	<u>\$ 1,507,633</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 318,096	\$ 11,402	\$ 329,498
Reconciled overdraft payable	237,906	8,905	246,811
Due to other governmental units	802,103	296	802,399
Total liabilities	<u>\$ 1,358,105</u>	<u>\$ 20,603</u>	<u>\$ 1,378,708</u>
Unreserved:			
Undesignated	\$ 200	\$ 128,725	\$ 128,925
Total fund balances	<u>\$ 200</u>	<u>\$ 128,725</u>	<u>\$ 128,925</u>
Total liabilities and fund balances	<u>\$ 1,358,305</u>	<u>\$ 149,328</u>	<u>\$ 1,507,633</u>

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above	128,925
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,597,565
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Net assets of governmental activities	<u>\$ 11,726,490</u>
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County of Prince George, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2004

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ -	\$ 1,207	\$ 1,207
Charges for services	90,371	1,264,477	1,354,848
Miscellaneous	46,394	10,670	57,064
Recovered costs	346,138	-	346,138
Intergovernmental revenues:			
Local government	10,558,489	-	10,558,489
Commonwealth	26,286,751	248,466	26,535,217
Federal	3,910,299	961,459	4,871,758
Total revenues	<u>\$ 41,238,442</u>	<u>\$ 2,486,279</u>	<u>\$ 43,724,721</u>
EXPENDITURES			
Current:			
Education	\$ 41,238,442	\$ 2,466,903	\$ 43,705,345
Total expenditures	<u>\$ 41,238,442</u>	<u>\$ 2,466,903</u>	<u>\$ 43,705,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 19,376</u>	<u>\$ 19,376</u>
Net change in fund balances	\$ -	\$ 19,376	\$ 19,376
Fund balances - beginning	200	109,349	109,549
Fund balances - ending	<u>\$ 200</u>	<u>\$ 128,725</u>	<u>\$ 128,925</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ 19,376

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. 6,788,368

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (680)

Change in net assets of governmental activities \$ 6,807,064

County of Prince George, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2004

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 64,000	\$ 64,000	\$ 90,371	\$ 26,371
Miscellaneous	22,000	22,000	46,394	24,394
Recovered costs	316,000	316,000	346,138	30,138
Intergovernmental revenues:				
Local government	11,271,541	11,271,541	10,558,489	(713,052)
Commonwealth	25,526,841	25,574,308	26,286,751	712,443
Federal	3,721,407	3,971,816	3,910,299	(61,517)
Total revenues	\$ 40,921,789	\$ 41,219,665	\$ 41,238,442	\$ 18,777
EXPENDITURES				
Current:				
Education	\$ 41,044,789	\$ 41,445,030	\$ 41,238,442	\$ 206,588
Total expenditures	\$ 41,044,789	\$ 41,445,030	\$ 41,238,442	\$ 206,588
Excess (deficiency) of revenues over (under) expenditures	\$ (123,000)	\$ (225,365)	\$ -	\$ 225,365
Net change in fund balances	\$ (123,000)	\$ (225,365)	\$ -	\$ 225,365
Fund balances - beginning	123,000	225,365	200	(225,165)
Fund balances - ending	\$ -	\$ -	\$ 200	\$ 200

County of Prince George, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2004

	School Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 4,000	\$ 4,000	\$ 1,207	\$ (2,793)
Charges for services	1,451,904	1,451,904	1,264,477	(187,427)
Intergovernmental revenues:				
Local government	20,331	20,331	-	(20,331)
Commonwealth	257,740	257,740	248,466	(9,274)
Federal	968,441	968,441	961,459	(6,982)
Total revenues	<u>2,702,416</u>	<u>2,713,086</u>	<u>2,486,279</u>	<u>(226,807)</u>
EXPENDITURES				
Current:				
Education	\$2,812,416	\$2,859,874	\$2,466,903	\$ 392,971
Total expenditures	<u>\$2,812,416</u>	<u>\$2,859,874</u>	<u>\$2,466,903</u>	<u>\$ 392,971</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (110,000)	\$ (146,788)	\$ 19,376	\$ 166,164
Net change in fund balances	\$ (110,000)	\$ (146,788)	\$ 19,376	\$ 166,164
Fund balances - beginning	110,000	146,788	109,349	(37,439)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,725</u>	<u>\$ 128,725</u>

SUPPORTING SCHEDULES

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County of Prince George, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,046,900	\$ 13,046,900	\$ 13,026,414	\$ (20,486)
Real and personal public service corporation taxes	630,000	630,000	681,882	51,882
Personal property taxes	3,636,578	3,636,578	3,451,477	(185,101)
Mobile home taxes	80,470	80,470	82,960	2,490
Machinery and tools taxes	302,200	302,200	281,212	(20,988)
Penalties	110,500	110,500	93,722	(16,778)
Interest	59,000	59,000	74,694	15,694
Total general property taxes	<u>\$ 17,865,648</u>	<u>\$ 17,865,648</u>	<u>\$ 17,692,361</u>	<u>\$ (173,287)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,098,900	\$ 1,098,900	\$ 1,110,034	\$ 11,134
Consumers' utility taxes	997,118	997,118	980,227	(16,891)
Consumption tax	-	-	8,381	8,381
Cable franchise taxes	63,000	63,000	51,490	(11,510)
Business license taxes	544,000	544,000	603,667	59,667
Motor vehicle licenses	531,700	531,700	543,514	11,814
Bank stock taxes	65,000	65,000	66,236	1,236
Taxes on recordation and wills	180,000	180,000	213,753	33,753
Rental tax	5,000	5,000	4,844	(156)
Transient occupancy taxes	200,000	200,000	172,729	(27,271)
Taxicab licenses	5,000	5,000	-	(5,000)
Total other local taxes	<u>\$ 3,689,718</u>	<u>\$ 3,689,718</u>	<u>\$ 3,754,875</u>	<u>\$ 65,157</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,672	\$ (328)
Transfer fees	1,000	1,000	1,000	-
Permits and other licenses	489,050	489,050	396,623	(92,427)
Total permits, privilege fees, and regulatory licenses	<u>\$ 500,050</u>	<u>\$ 500,050</u>	<u>\$ 407,295</u>	<u>\$ (92,755)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 303,800	\$ 303,800	\$ 265,058	\$ (38,742)
Total fines and forfeitures	<u>\$ 303,800</u>	<u>\$ 303,800</u>	<u>\$ 265,058</u>	<u>\$ (38,742)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 300,000	\$ 323,972	\$ 112,304	\$ (211,668)
Revenue from use of property	125,000	125,000	149,763	24,763
Total revenue from use of money and property	<u>\$ 425,000</u>	<u>\$ 448,972</u>	<u>\$ 262,067</u>	<u>\$ (186,905)</u>
Charges for services:				
Sheriff's fees	\$ 2,000	\$ 2,000	\$ 1,142	\$ (858)
Court costs	35,000	35,000	24,575	(10,425)
Charges for Commonwealth's Attorney	600	600	821	221
Courthouse security fees	60,000	60,000	58,870	(1,130)
Excess fees of clerk	15,000	15,000	33,567	18,567
Law library fees	5,000	5,000	5,160	160
Charges for correction and detention	14,800	26,795	25,171	(1,624)
Charges for other protection	6,000	6,000	5,237	(763)
Charges for sanitation and waste removal	230,150	230,150	143,617	(86,533)
Charges for county garage	120,000	145,000	137,996	(7,004)
Charges for community development	1,800	1,800	1,203	(597)
Charges for parks and recreation	93,000	93,000	62,682	(30,318)
Total charges for services	<u>\$ 583,350</u>	<u>\$ 620,345</u>	<u>\$ 500,041</u>	<u>\$ (120,304)</u>

County of Prince George, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 47,600	\$ 225,374	\$ 293,860	\$ 68,486
Total miscellaneous revenue	\$ 47,600	\$ 225,374	\$ 293,860	\$ 68,486
Recovered costs:				
Fiscal agent fees-Rowanty	\$ 17,000	\$ 17,000	\$ 18,200	\$ 1,200
Fiscal agent fees-adult education	20,331	20,331	16,665	(3,666)
Accounting services	78,552	78,552	10,000	(68,552)
Circuit court	30,130	30,130	36,946	6,816
Clerk of the circuit court	18,000	18,000	19,666	1,666
Police security	5,000	5,000	8,818	3,818
EMS transports	250,000	250,000	-	(250,000)
VPI phone reimbursements	400	400	113	(287)
Loan recovery-IPR	134,784	134,784	31,699	(103,085)
Riverside regional jail	-	-	7,920	7,920
Drug court	-	-	1,102	1,102
VHDA admin fee	68,570	68,570	51,652	(16,918)
Other recovered costs	19,748	19,748	14,676	(5,072)
Total recovered costs	\$ 642,515	\$ 642,515	\$ 217,457	\$ (425,058)
Total revenue from local sources	\$ 24,057,681	\$ 24,296,422	\$ 23,393,014	\$ (903,408)
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 19,420	\$ 19,420	\$ 50,515	\$ 31,095
Wine taxes	20,356	20,356	31,312	10,956
Mobile home titling tax	30,000	30,000	28,108	(1,892)
Rolling stock tax	35,499	35,499	39,043	3,544
State recordation tax	109,851	109,851	68,601	(41,250)
Auto rental tax	9,000	9,000	7,753	(1,247)
Personal property tax relief funds	3,365,097	3,365,097	3,420,937	55,840
Total noncategorical aid	\$ 3,589,223	\$ 3,589,223	\$ 3,646,269	\$ 57,046
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 171,975	\$ 171,975	\$ 172,489	\$ 514
Sheriff	401,779	401,779	400,852	(927)
Commissioner of revenue	93,231	93,231	94,292	1,061
Treasurer	103,983	103,983	105,521	1,538
Medical examiner	210	210	210	-
Registrar/electoral board	40,000	40,000	40,944	944
Police department	787,474	787,474	785,248	(2,226)
Clerk of the circuit court	192,491	192,491	206,494	14,003
Total shared expenses	\$ 1,791,143	\$ 1,791,143	\$ 1,806,050	\$ 14,907
Other categorical aid:				
Public assistance and welfare administration	\$ 396,194	\$ 396,194	\$ 365,667	\$ (30,527)
Comprehensive services	307,398	307,398	146,699	(160,699)
Community policing	-	-	125	125
Emergency medical services	12,800	12,800	13,834	1,034
Litter control	6,700	6,700	6,196	(504)
Fire programs	43,800	43,800	54,625	10,825

County of Prince George, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Community corrections	\$ 499,297	\$ 480,131	\$ 480,131	\$ -
Victim-witness grant	55,602	55,602	48,093	(7,509)
Juvenile confinement	73,755	73,755	64,767	(8,988)
Disability services board	14,800	14,800	11,100	(3,700)
School resource officer	30,761	30,761	30,761	-
Pesticide recycling	-	-	1,850	1,850
Disaster relief	-	188,080	203,637	15,557
Indoor plumbing grant	-	108,488	55,133	(53,355)
Animal sterilization	-	319	319	-
Total other categorical aid	<u>\$ 1,441,107</u>	<u>\$ 1,718,828</u>	<u>\$ 1,482,937</u>	<u>\$ (235,891)</u>
Total categorical aid	<u>\$ 3,232,250</u>	<u>\$ 3,509,971</u>	<u>\$ 3,288,987</u>	<u>\$ (220,984)</u>
Total revenue from the Commonwealth	<u>\$ 6,821,473</u>	<u>\$ 7,099,194</u>	<u>\$ 6,935,256</u>	<u>\$ (163,938)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 27,000</u>	<u>\$ 27,000</u>	<u>\$ 26,057</u>	<u>\$ (943)</u>
Categorical aid:				
Public assistance and welfare administration	\$ 1,204,673	\$ 1,204,673	\$ 950,099	\$ (254,574)
Ground transportation safety	-	34,500	34,434	(66)
Drug grant	33,372	33,372	17,660	(15,712)
USDA grants	-	727	727	-
Emergency management and response	22,360	27,560	11,180	(16,380)
Disaster relief	-	801,815	823,204	21,389
Indoor plumbing grant	-	220,262	107,420	(112,842)
Community development block grant	-	-	3,910	3,910
Local law enforcement block grant	-	3,863	1,528	(2,335)
Total categorical aid	<u>\$ 1,260,405</u>	<u>\$ 2,326,772</u>	<u>\$ 1,950,162</u>	<u>\$ (376,610)</u>
Total revenue from the federal government	<u>\$ 1,287,405</u>	<u>\$ 2,353,772</u>	<u>\$ 1,976,219</u>	<u>\$ (377,553)</u>
Total General Fund	<u>\$ 32,166,559</u>	<u>\$ 33,749,388</u>	<u>\$ 32,304,489</u>	<u>\$ (1,444,899)</u>
Special Revenue Fund:				
County Special Revenue Fund				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 461,000	\$ 461,000	\$ 469,151	\$ 8,151
Meals tax	453,660	453,660	522,280	68,620
Total other local taxes	<u>\$ 914,660</u>	<u>\$ 914,660</u>	<u>\$ 991,431</u>	<u>\$ 76,771</u>
Revenue from use of money and property:				
Revenue from the use of property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,750</u>	<u>\$ 4,750</u>
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,750</u>	<u>\$ 4,750</u>
Miscellaneous revenue:				
Miscellaneous	<u>\$ -</u>	<u>\$ 12,132</u>	<u>\$ 12,153</u>	<u>\$ 21</u>
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 12,132</u>	<u>\$ 12,153</u>	<u>\$ 21</u>
Total revenue from local sources	<u>\$ 914,660</u>	<u>\$ 926,792</u>	<u>\$ 1,008,334</u>	<u>\$ 81,542</u>

County of Prince George, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund: (Continued)				
County Special Revenue Fund (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ 12,400	\$ 10,788	\$ (1,612)
Wireless grant	62,600	137,600	128,365	(9,235)
Total categorical aid	\$ 62,600	\$ 150,000	\$ 139,153	\$ (10,847)
Total revenue from the Commonwealth	\$ 62,600	\$ 150,000	\$ 139,153	\$ (10,847)
Total County Special Revenue Fund	\$ 977,260	\$ 1,076,792	\$ 1,147,487	\$ 70,695
Capital Projects Fund:				
County Capital Projects Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 125,000	\$ 125,000	\$ 82,016	\$ (42,984)
Total revenue from local sources	\$ 125,000	\$ 125,000	\$ 82,016	\$ (42,984)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince George School Board	\$ -	\$ -	\$ 243,778	\$ 243,778
Total revenues from local governments	\$ -	\$ -	\$ 243,778	\$ 243,778
Revenue from the Commonwealth:				
Categorical aid:				
School construction funds	\$ -	\$ -	\$ 193,942	\$ 193,942
Va recreation trail grant	100,000	100,000	3,465	(96,535)
Total categorical aid	\$ 100,000	\$ 100,000	\$ 197,407	\$ 97,407
Total revenue from the Commonwealth	\$ 100,000	\$ 100,000	\$ 197,407	\$ 341,185
Total County Capital Projects Fund	\$ 225,000	\$ 225,000	\$ 523,201	\$ 298,201
Total Primary Government	\$ 33,368,819	\$ 35,051,180	\$ 33,975,177	\$ (1,076,003)
Discretely Presented Component Unit - School Board:				
School Operating Fund				
Revenue from local sources:				
Charges for services:				
Charges for education	\$ 64,000	\$ 64,000	\$ 90,371	\$ 26,371
Total charges for services	\$ 64,000	\$ 64,000	\$ 90,371	\$ 26,371
Miscellaneous revenue:				
Miscellaneous	\$ 22,000	\$ 22,000	\$ 46,394	\$ 24,394
Recovered costs:				
Tuition from other localities	\$ 316,000	\$ 316,000	\$ 346,138	\$ 30,138
Total recovered costs	\$ 316,000	\$ 316,000	\$ 346,138	\$ 30,138
Total revenue from local sources	\$ 402,000	\$ 402,000	\$ 482,903	\$ 80,903

County of Prince George, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 5 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund (Continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince George	\$ 11,271,541	\$ 11,271,541	\$ 10,558,489	\$ (713,052)
Total revenues from local governments	\$ 11,271,541	\$ 11,271,541	\$ 10,558,489	\$ (713,052)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,914,936	\$ 3,914,936	\$ 4,066,363	\$ 151,427
Basic school aid	15,573,502	15,573,502	15,949,411	375,909
Remedial summer education	84,898	84,898	148,769	63,871
Regular foster care	23,355	23,355	13,088	(10,267)
GED funding	7,859	7,859	7,859	-
Gifted and talented	156,728	156,728	160,693	3,965
Remedial education	200,263	200,263	205,330	5,067
Special education	1,438,590	1,438,590	1,256,820	(181,770)
Textbook payment	328,084	328,084	336,383	8,299
Hospitals, detention homes and clinics	-	-	199,084	199,084
Vocational education	258,616	258,616	287,291	28,675
School fringes	1,181,609	1,181,609	1,217,307	35,698
Mentor teacher program	-	-	1,760	1,760
State lottery payments	976,197	976,197	1,000,982	24,785
Early reading intervention	56,208	56,208	43,516	(12,692)
Salary supplement	178,496	178,496	183,011	4,515
At risk-four year olds	169,000	169,000	187,914	18,914
At risk payments	164,308	164,308	168,462	4,154
Remediation assistance	82,484	82,484	84,767	2,283
Primary class size	342,123	342,123	321,986	(20,137)
Technology	258,000	258,000	258,000	-
Standards of Learning algebra readiness	35,350	35,350	26,084	(9,266)
Jail program funds	47,587	95,054	113,723	18,669
Student achievement grant	38,386	38,386	38,386	-
English as a second language	-	-	9,762	9,762
Other state funds	10,262	10,262	-	(10,262)
Total categorical aid	\$ 25,526,841	\$ 25,574,308	\$ 26,286,751	\$ 712,443
Revenue from the federal government:				
Categorical aid:				
JROTC	\$ 56,000	\$ 56,000	\$ 57,770	\$ 1,770
Title I	460,818	599,704	638,103	38,399
Title VI-B	692,277	692,277	539,944	(152,333)
Vocational education	62,000	91,486	86,715	(4,771)
Eisenhower math and science	-	-	1,222	1,222
Drug free schools	24,234	24,234	22,467	(1,767)
Title VI	28,536	28,536	26,353	(2,183)
Title II Part A	-	197,283	185,109	(12,174)
Technology NCLB	-	16,130	16,858	728
Impact aid	2,266,166	2,266,166	2,286,690	20,524
Schools to work	-	-	48,587	48,587
Title IV	131,376	-	-	-
Class size reduction	-	-	481	481
Total categorical aid	\$ 3,721,407	\$ 3,971,816	\$ 3,910,299	\$ (61,517)
Total School Operating Fund	\$ 40,921,789	\$ 41,219,665	\$ 41,238,442	\$ 18,777

County of Prince George, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 6 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Special Revenue Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 4,000	\$ 4,000	\$ 1,207	\$ (2,793)
Charges for services:				
Cafeteria sales	\$ 1,260,000	\$ 1,260,000	\$ 1,148,077	\$ (111,923)
Charges for adult education	191,904	191,904	116,400	(75,504)
Total charges for services	<u>\$ 1,451,904</u>	<u>\$ 1,451,904</u>	<u>\$ 1,264,477</u>	<u>\$ (187,427)</u>
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 10,670	\$ 10,670	\$ -
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ 10,670</u>	<u>\$ 10,670</u>	<u>\$ -</u>
Total revenue from local sources	<u>\$ 1,455,904</u>	<u>\$ 1,466,574</u>	<u>\$ 1,276,354</u>	<u>\$ (190,220)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince George	\$ 20,331	\$ 20,331	\$ -	\$ (20,331)
Total revenues from local governments	<u>\$ 20,331</u>	<u>\$ 20,331</u>	<u>\$ -</u>	<u>\$ (20,331)</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 24,000	\$ 24,000	\$ 22,900	\$ (1,100)
Adult education	233,740	233,740	225,566	(8,174)
Total categorical aid	<u>\$ 257,740</u>	<u>\$ 257,740</u>	<u>\$ 248,466</u>	<u>\$ (9,274)</u>
Total revenue from the Commonwealth	<u>\$ 257,740</u>	<u>\$ 257,740</u>	<u>\$ 248,466</u>	<u>\$ (9,274)</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 570,450	\$ 570,450	\$ 568,534	\$ (1,916)
Adult education	397,991	397,991	392,925	(5,066)
Total categorical aid	<u>\$ 968,441</u>	<u>\$ 968,441</u>	<u>\$ 961,459</u>	<u>\$ (6,982)</u>
Total revenue from the federal government	<u>\$ 968,441</u>	<u>\$ 968,441</u>	<u>\$ 961,459</u>	<u>\$ (6,982)</u>
Total School Special Revenue Fund	<u>\$ 2,702,416</u>	<u>\$ 2,713,086</u>	<u>\$ 2,486,279</u>	<u>\$ (226,807)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 43,624,205</u>	<u>\$ 43,932,751</u>	<u>\$ 43,724,721</u>	<u>\$ (208,030)</u>

County of Prince George, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 2
Page 1 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 193,686	\$ 228,686	\$ 217,763	\$ 10,923
General and financial administration:				
County administrator	\$ 283,894	\$ 283,894	\$ 275,575	\$ 8,319
Human resources	136,763	136,763	132,444	4,319
Legal services	-	82,062	76,552	5,510
Commissioner of revenue	292,329	292,329	284,255	8,074
Treasurer	320,523	320,523	305,197	15,326
Assessor	314,228	314,228	306,635	7,593
Finance/Information Technology	342,447	398,447	391,250	7,197
County garage	249,144	289,294	288,093	1,201
Other general and financial administration	289,638	1,323,420	1,221,164	102,256
Total general and financial administration	\$ 2,228,966	\$ 3,440,960	\$ 3,281,165	\$ 159,795
Board of elections:				
Electoral board and officials	\$ 156,466	\$ 156,466	\$ 154,456	\$ 2,010
Total general government administration	\$ 2,579,118	\$ 3,826,112	\$ 3,653,384	\$ 172,728
Judicial administration:				
Courts:				
Circuit court	\$ 62,561	\$ 62,561	\$ 58,148	\$ 4,413
General district court	28,400	28,400	27,687	713
Magistrate	1,975	1,975	760	1,215
Sheriff	663,406	663,406	625,804	37,602
Court services	233,570	267,168	194,823	72,345
Drug court	-	15,000	1,424	13,576
Law library	-	30,000	20	29,980
Victim witness	55,383	55,383	54,230	1,153
Clerk of Circuit Court	338,376	338,376	335,792	2,584
Total courts	\$ 1,383,671	\$ 1,462,269	\$ 1,298,688	\$ 163,581
Commonwealth's attorney:				
Commonwealth's attorney	\$ 333,721	\$ 283,502	\$ 271,443	\$ 12,059
Total commonwealth's attorney	\$ 333,721	\$ 283,502	\$ 271,443	\$ 12,059
Total judicial administration	\$ 1,717,392	\$ 1,745,771	\$ 1,570,131	\$ 175,640
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,129,387	\$ 3,351,656	\$ 3,272,400	\$ 79,256
Crater police academy	12,500	12,500	11,319	1,181
Total law enforcement and traffic control	\$ 3,141,887	\$ 3,364,156	\$ 3,283,719	\$ 80,437
Fire and rescue services:				
Volunteer fire departments	\$ 312,771	\$ 312,771	\$ 312,737	\$ 34
Volunteer emergency crew	103,217	103,217	103,217	-
LOSAP volunteers	180,000	180,000	180,000	-
Fire and rescue service	650,109	655,309	515,784	139,525
Total fire and rescue services	\$ 1,246,097	\$ 1,251,297	\$ 1,111,738	\$ 139,559

County of Prince George, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 2
Page 2 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Confinement and care of prisoners	\$ 1,076,200	\$ 1,076,200	\$ 1,029,571	\$ 46,629
Juvenile confinement	95,727	95,727	95,727	-
Video arraignment	1,200	2,498	2,012	486
Electronic monitoring	2,000	4,456	3,044	1,412
Probation office	306,049	310,877	306,707	4,170
Total correction and detention	<u>\$ 1,481,176</u>	<u>\$ 1,489,758</u>	<u>\$ 1,437,061</u>	<u>\$ 52,697</u>
Inspections:				
Building	\$ 552,405	\$ 552,405	\$ 456,310	\$ 96,095
Total inspections	<u>\$ 552,405</u>	<u>\$ 552,405</u>	<u>\$ 456,310</u>	<u>\$ 96,095</u>
Other protection:				
Animal control	\$ 172,838	\$ 172,838	\$ 161,544	\$ 11,294
Emergency services	101,569	112,729	102,751	9,978
Total other protection	<u>\$ 274,407</u>	<u>\$ 285,567</u>	<u>\$ 264,295</u>	<u>\$ 21,272</u>
Total public safety	<u>\$ 6,695,972</u>	<u>\$ 6,943,183</u>	<u>\$ 6,553,123</u>	<u>\$ 390,060</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streets and highways	\$ 2,000	\$ 3,400	\$ 3,311	\$ 89
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 2,000</u>	<u>\$ 3,400</u>	<u>\$ 3,311</u>	<u>\$ 89</u>
Sanitation and waste removal:				
Refuse disposal	\$ 429,075	\$ 441,075	\$ 423,042	\$ 18,033
Central Virginia Waste Management Authority	16,000	16,000	15,863	137
Total sanitation and waste removal	<u>\$ 445,075</u>	<u>\$ 457,075</u>	<u>\$ 438,905</u>	<u>\$ 18,170</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,105,675	\$ 1,105,675	\$ 986,908	\$ 118,767
Engineering	27,835	27,835	15,992	11,843
Total maintenance of general buildings and grounds	<u>\$ 1,133,510</u>	<u>\$ 1,133,510</u>	<u>\$ 1,002,900</u>	<u>\$ 130,610</u>
Total public works	<u>\$ 1,580,585</u>	<u>\$ 1,593,985</u>	<u>\$ 1,445,116</u>	<u>\$ 148,869</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 172,390	\$ 172,390	\$ 167,159	\$ 5,231
Total health	<u>\$ 172,390</u>	<u>\$ 172,390</u>	<u>\$ 167,159</u>	<u>\$ 5,231</u>
Mental health and mental retardation:				
District 19 CSB	\$ 67,618	\$ 67,618	\$ 67,618	\$ -
Total mental health and mental retardation	<u>\$ 67,618</u>	<u>\$ 67,618</u>	<u>\$ 67,618</u>	<u>\$ -</u>

County of Prince George, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 2
Page 3 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Welfare:				
Public assistance and welfare administration	\$ 1,903,167	\$ 1,928,167	\$ 1,697,740	\$ 230,427
Comprehensive services	500,000	500,000	352,386	147,614
State and local hospitalization	5,745	5,745	3,736	2,009
Disability Services Board	14,800	14,800	14,677	123
Other social services	18,814	18,814	17,802	1,012
Housing assistance	144,301	144,301	142,615	1,686
Revenue maximization	67,452	175,725	29,620	146,105
Total welfare	<u>\$ 2,654,279</u>	<u>\$ 2,787,552</u>	<u>\$ 2,258,576</u>	<u>\$ 528,976</u>
Total health and welfare	<u>\$ 2,894,287</u>	<u>\$ 3,027,560</u>	<u>\$ 2,493,353</u>	<u>\$ 534,207</u>
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 11,291,872	\$ 11,291,872	\$ 10,558,489	\$ 733,383
Contribution to local colleges	22,302	22,302	22,302	-
Total education	<u>\$ 11,314,174</u>	<u>\$ 11,314,174</u>	<u>\$ 10,580,791</u>	<u>\$ 733,383</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 498,855	\$ 501,845	\$ 496,120	\$ 5,725
Total parks and recreation	<u>\$ 498,855</u>	<u>\$ 501,845</u>	<u>\$ 496,120</u>	<u>\$ 5,725</u>
Library:				
Contribution to regional library	\$ 232,702	\$ 232,702	\$ 232,702	\$ -
Total library	<u>\$ 232,702</u>	<u>\$ 232,702</u>	<u>\$ 232,702</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 731,557</u>	<u>\$ 734,547</u>	<u>\$ 728,822</u>	<u>\$ 5,725</u>
Community development:				
Planning and community development:				
Planning department	\$ 223,107	\$ 283,107	\$ 204,231	\$ 78,876
Zoning board	7,280	7,280	3,362	3,918
Central virginia film office	8,000	8,000	8,000	-
Planning district commission	21,481	21,481	21,481	-
Planning commission	14,380	14,380	14,196	184
GIS software/hardware	21,500	58,946	11,077	47,869
Total planning and community development	<u>\$ 295,748</u>	<u>\$ 393,194</u>	<u>\$ 262,347</u>	<u>\$ 130,847</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	14,500	14,500	10,779	3,721
Resource conservation and development council	2,000	2,000	2,000	-
Total environmental management	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ 18,779</u>	<u>\$ 3,721</u>
Cooperative extension program:				
Extension office	\$ 65,856	\$ 68,458	\$ 62,112	\$ 6,346
Total cooperative extension program	<u>\$ 65,856</u>	<u>\$ 68,458</u>	<u>\$ 62,112</u>	<u>\$ 6,346</u>
Total community development	<u>\$ 384,104</u>	<u>\$ 484,152</u>	<u>\$ 343,238</u>	<u>\$ 140,914</u>

County of Prince George, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 2
Page 4 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Capital projects:				
Indoor plumbing and rehabilitation grant	\$ 534,784	\$ 1,358,293	\$ 234,253	\$ 1,124,040
VDOT revenue sharing	135,535	135,535	135,475	60
Police department impound lot	-	12,205	3,371	8,834
Total capital projects	<u>\$ 670,319</u>	<u>\$ 1,506,033</u>	<u>\$ 373,099</u>	<u>\$ 1,132,934</u>
Debt service:				
Principal retirement	\$ 1,173,409	\$ 4,031,615	\$ 1,166,760	\$ 2,864,855
Interest and other fiscal charges	620,560	620,560	622,892	(2,332)
Total debt service	<u>\$ 1,793,969</u>	<u>\$ 4,652,175</u>	<u>\$ 1,789,652</u>	<u>\$ 2,862,523</u>
Total General Fund	<u>\$ 30,361,477</u>	<u>\$ 35,827,692</u>	<u>\$ 29,530,709</u>	<u>\$ 6,296,983</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Public Safety:				
Law enforcement and traffic control:				
Drug enforcement	\$ -	\$ 58,406	\$ 31,940	\$ 26,466
Total law enforcement and traffic control	<u>\$ -</u>	<u>\$ 58,406</u>	<u>\$ 31,940</u>	<u>\$ 26,466</u>
Special Revenue Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Public Safety: (Continued)				
Other Protection:				
E911	\$ 622,690	\$ 843,596	\$ 709,933	\$ 133,663
Total public safety	<u>\$ 622,690</u>	<u>\$ 902,002</u>	<u>\$ 741,873</u>	<u>\$ 160,129</u>
Community Development:				
Planning and community development:				
Economic development	\$ 1,095,093	\$ 1,131,400	\$ 338,472	\$ 792,928
Total planning and community development	<u>\$ 1,095,093</u>	<u>\$ 1,131,400</u>	<u>\$ 338,472</u>	<u>\$ 792,928</u>
Total community development	<u>\$ 1,095,093</u>	<u>\$ 1,131,400</u>	<u>\$ 338,472</u>	<u>\$ 792,928</u>
Debt service:				
Principal retirement	\$ 72,726	\$ 74,851	\$ 72,501	\$ 2,350
Interest and other fiscal charges	141,174	145,300	135,072	10,228
Total debt service	<u>\$ 213,900</u>	<u>\$ 220,151</u>	<u>\$ 207,573</u>	<u>\$ 12,578</u>
Total County Special Revenue Fund	<u>\$ 1,931,683</u>	<u>\$ 2,253,553</u>	<u>\$ 1,287,918</u>	<u>\$ 965,635</u>

County of Prince George, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 2
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
County Capital Projects Fund:				
Capital projects expenditures:				
Riverside park	\$ 125,000	\$ 170,790	\$ 1,465	\$ 169,325
Fire/EMS vehicle replacement	65,000	65,000	-	65,000
County administration building	8,500,000	6,002,043	5,133,119	868,924
Communications project	6,000,000	7,700,000	41,728	7,658,272
Yancey property	-	4,500	4,334	166
County schools	3,860,000	2,701,500	2,210,727	490,773
Total capital projects	<u>\$ 18,550,000</u>	<u>\$ 16,643,833</u>	<u>\$ 7,391,373</u>	<u>\$ 9,252,460</u>
Debt service:				
Principal retirement	\$ 1,452,224	\$ 5,333,224	\$ 5,311,218	\$ 22,006
Interest and other fiscal charges	2,039,340	2,158,340	2,126,047	32,293
Total debt service	<u>\$ 3,491,564</u>	<u>\$ 7,491,564</u>	<u>\$ 7,437,265</u>	<u>\$ 54,299</u>
Total County Capital Projects Fund	<u>\$ 22,041,564</u>	<u>\$ 24,135,397</u>	<u>\$ 14,828,638</u>	<u>\$ 9,306,759</u>
Total Primary Government	<u>\$ 54,334,724</u>	<u>\$ 62,216,642</u>	<u>\$ 45,647,265</u>	<u>\$ 16,569,377</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 2,281,126	\$ 2,250,126	\$ 2,202,913	\$ 47,213
Instruction costs	30,654,562	31,040,238	30,750,622	289,616
Pupil transportation	3,158,078	3,382,433	3,342,532	39,901
Operation and maintenance of school plant	4,951,023	4,772,233	4,942,375	(170,142)
Total education	<u>\$ 41,044,789</u>	<u>\$ 41,445,030</u>	<u>\$ 41,238,442</u>	<u>\$ 206,588</u>
Total School Fund	<u>\$ 41,044,789</u>	<u>\$ 41,445,030</u>	<u>\$ 41,238,442</u>	<u>\$ 206,588</u>
School Special Revenue Fund				
Education:				
Instruction costs	\$ 843,966	\$ 880,754	\$ 734,551	\$ 146,203
School food services	1,968,450	1,979,120	1,732,352	246,768
Total School Special Revenue Fund	<u>\$ 2,812,416</u>	<u>\$ 2,859,874</u>	<u>\$ 2,466,903</u>	<u>\$ 392,971</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 43,857,205</u>	<u>\$ 44,304,904</u>	<u>\$ 43,705,345</u>	<u>\$ 599,559</u>

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STATISTICAL SECTION

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Table 1

County of Prince George, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Public Utilities	Total
2002-03	\$ 3,100,066	\$ 1,751,972	\$ 6,917,643	\$ 1,604,338	\$ 2,407,623	\$ 42,677,486	\$ 693,964	\$ 1,095,467	\$ 2,758,412	\$ 3,341,108	\$ 66,348,079
2003-04	3,665,344	1,724,752	7,691,212	1,311,353	2,558,779	44,358,309	766,038	852,970	2,734,163	3,377,125	69,040,045

(1) Information has only been available for two years.

(2) Excludes contribution from the primary government.

Table 2

County of Prince George, Virginia
Government-Wide Revenues
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					Total
	Charges for Services	(2) Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	
2002-03	\$ 5,615,410	\$ 44,955,128	\$ 193,288	\$ 16,640,862	\$ 4,552,933	\$ 524,983	\$ 306,642	\$ 3,548,390	\$ 76,337,636
2003-04	6,013,069	42,744,395	441,185	17,774,738	4,746,306	384,498	389,055	5,478,376	77,971,622

(1) Information has only been available for two years.

(2) Excludes contribution from the primary government.

Table 3

County of Prince George, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Debt Service	Total
1995	\$ 1,209,806	\$ 745,984	\$ 2,628,081	\$ 815,545	\$ 1,656,633	\$ 27,010,392	\$ 397,415	\$ 505,969	\$ 1,745,303	\$ 2,613,682	\$ 39,328,810
1996	1,497,689	1,305,074	2,829,313	890,383	1,539,193	27,659,870	424,013	490,554	3,575,465	5,875,432	46,086,986
1997	1,466,196	1,082,107	3,285,893	902,102	1,670,358	30,080,837	445,758	583,292	2,659,977	2,497,722	44,674,242
1998	1,678,242	789,259	4,296,292	965,412	1,986,612	31,072,162	491,435	374,725	14,610,196	24,966,170	81,230,505
1999	1,802,044	783,804	4,247,551	996,490	2,206,937	32,954,945	505,934	384,999	7,697,052	3,995,192	55,574,948
2000	1,943,946	961,048	5,080,380	1,092,127	2,364,174	35,136,045	554,102	415,986	9,436,530	4,173,537	61,157,875
2001	2,248,329	1,435,386	5,892,260	1,200,667	2,545,913	38,132,353	627,233	749,883	3,430,031	3,693,605	59,955,660
2002	2,197,944	1,621,462	6,251,098	1,321,140	2,503,529	39,510,804	667,368	488,446	4,239,238	9,672,120	68,473,149
2003	2,392,619	1,667,166	6,811,424	1,451,517	2,439,430	41,896,730	662,285	685,989	16,302,792	8,809,958	83,119,910
2004	3,653,384	1,570,131	7,294,996	1,445,116	2,493,353	43,727,647	728,822	681,710	7,764,472	9,434,490	78,794,121

(1) Includes General, Special Revenue, and Capital Projects funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 4

County of Prince George, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property			Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
1995	\$ 9,993,858	\$ 2,678,285	\$ 237,101	\$ 199,724	\$ 662,851	\$ 1,355,442	\$ 125,131	\$ 362,931	\$ 22,337,593	\$ 37,952,916		
1996	12,121,663	2,941,655	219,048	218,009	517,310	1,367,465	140,751	198,462	23,297,537	41,021,900		
1997	13,049,583	2,929,891	166,732	207,118	656,728	1,427,553	158,563	204,266	24,117,968	42,918,402		
1998	14,179,895	3,056,369	238,434	253,680	973,291	1,467,386	123,245	1,689,969	25,831,615	47,813,884		
1999	17,296,789	3,496,461	293,852	280,608	858,288	1,535,208	242,167	292,099	29,801,142	54,096,614		
2000	15,501,064	4,013,766	304,494	259,859	1,297,398	1,704,825	117,267	549,315	31,367,233	55,115,221		
2001	14,102,865	4,266,629	431,487	235,612	1,994,468	1,925,221	165,230	1,359,027	35,169,966	59,650,505		
2002	16,518,707	4,565,661	371,138	268,221	671,953	1,935,352	221,278	1,003,128	37,448,274	63,003,712		
2003	16,782,867	4,552,933	496,099	311,994	501,443	1,717,647	242,026	642,472	39,259,978	64,507,459		
2004	17,692,361	4,746,306	407,295	265,058	350,040	1,854,889	363,077	563,595	40,655,010	66,897,631		

(1) Includes General, Special Revenue, and Capital Projects funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 5

County of Prince George, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
1995	\$ 9,776,204	\$ 9,624,415	98.45%	\$ 188,618	\$ 9,813,033	100.38%	\$ 332,011	3.40%
1996	12,021,048	11,697,852	97.31%	222,361	11,920,213	99.16%	409,024	3.40%
1997	12,675,679	12,471,368	98.39%	337,716	12,809,084	101.05%	331,488	2.62%
1998	13,868,564	13,756,757	99.19%	198,758	13,955,515	100.63%	350,942	2.53%
1999 (2)	17,298,949	16,885,026	97.61%	180,245	17,065,271	98.65%	680,971	3.94%
2000 (3)	16,756,956	16,037,050	95.70%	244,398	16,281,448	97.16%	590,677	3.52%
2001 (4)	13,965,355	13,715,358	98.21%	2,301,665	16,017,023	114.69%	601,397	4.31%
2002 (5)	16,273,053	16,120,444	99.06%	232,821	16,353,265	100.49%	911,590	5.60%
2003 (6)	16,623,169	16,569,368	99.68%	62,508	16,631,876	100.05%	546,227	3.29%
2004(7)	17,492,428	17,441,612	99.71%	82,333	17,523,945	100.18%	488,815	2.79%

(1) Exclusive of penalties and interest.

(2) Includes 1998 and first half of 1999 PP.

(3) Includes 2000 and second half of 1999 PP. Tax levy net of \$2,048,996 due from the Commonwealth of Virginia under the Personal Property Tax Relief. These funds will not be available until FY2001.

(4) Includes 2000 RE levy and 2001 PP tax levy. Tax levy net of \$3,187,871 due from the Commonwealth of Virginia under the Personal Property Tax Relief. These funds will not be available until FY2002.

(5) Includes 2001 RE levy and 2002 PP tax levy. Tax levy net of \$3,295,396 due from the Commonwealth of Virginia under the Personal Property Tax Relief. These funds will not be available until FY2003.

(6) Includes 2002 RE levy and 2003 PP tax levy. Tax levy net of \$3,443,893 due from the Commonwealth of Virginia under the Personal Property Tax Relief. These funds will not be available until FY2004.

(6) Includes 2003 RE levy and 2004 PP tax levy. Tax levy net of \$3,350,240 due from the Commonwealth of Virginia under the Personal Property Tax Relief. These funds will not be available until FY2005.

Table 6

County of Prince George, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Utility	Total
1995	\$ 762,517,095	\$ 85,329,112	\$ 8,430,367	\$ 4,783,751	\$ 45,757,943	\$ 906,818,268
1996	792,203,998	98,769,909	8,647,825	5,000,162	50,767,305	955,389,199
1997	814,027,779	113,855,098	9,004,547	4,436,691	47,067,161	988,391,276
1998	980,350,206	120,509,319	9,870,554	4,855,952	55,721,517	1,171,307,548
1999 (1)	1,001,651,084	193,302,350	14,512,003	7,834,544	56,386,656	1,273,686,637
2000 (2)	1,063,695,201	210,001,313	14,750,759	14,875,707	60,255,841	1,363,578,820
2001	1,108,399,425	157,653,474	10,108,068	17,858,127	62,681,271	1,356,700,365
2002	1,250,356,902	167,960,641	10,470,209	21,159,378	64,212,137	1,514,159,267
2003	1,290,281,323	172,692,969	10,122,843	19,593,306	56,511,816	1,549,202,257
2004	1,438,075,273	172,558,951	9,714,944	15,217,236	75,682,416	1,711,248,820

(1) Includes 1998 and half year 1999 of Real Estate, Personal Property and Mobile Homes

(2) Includes 2000 and half year 1999 of Real Estate, Personal Property and Mobile Homes

Table 7

County of Prince George, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property		Mobile Homes		Machinery and Tools		Public Utility	
									Real	Personal
1995	\$	0.85	\$	3.50	\$	0.85	\$	1.50	\$ 0.85	\$ 3.50
1996		0.95		4.00		0.95		1.50	0.95	4.00
1997		0.95		4.00		0.95		1.50	0.95	4.00
1998		0.90		4.00		0.90		1.50	0.90	4.00
1999		0.90		4.00		0.90		1.50	0.90	4.00
2000		0.90		4.00		0.90		1.50	0.90	4.00
2001		0.90		4.00		0.90		1.50	0.90	4.00
2002		0.95		4.00		0.95		1.50	0.95	4.00
2003		0.95		4.00		0.95		1.50	0.95	4.00
2004		0.90		4.00		0.90		1.50	0.90	4.00

(1) Per \$100 of assessed value.

Table 8

County of Prince George, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Payable by the Enterprise Fund			
1995	27,439	\$ 906,818,268	\$ 16,213,350	-	\$ -	\$ 16,213,350	1.79%	591
1996	27,439	955,389,199	19,132,925	-	-	19,132,925	2.00%	697
1997	27,439	988,391,276	18,540,000	-	-	18,540,000	1.88%	676
1998	27,439	1,171,307,548	38,686,086	-	-	38,686,086	3.30%	1,410
1999 (4)	27,439	1,273,686,637	37,350,807	-	-	37,350,807	2.93%	1,361
2000 (5)	27,439	1,363,578,820	40,500,596	-	-	40,500,596	2.97%	1,476
2001	33,047	1,356,700,365	53,319,082	-	-	53,319,082	3.93%	1,613
2002	33,047	1,514,159,267	53,814,866	-	1,824,044	51,990,822	3.43%	1,573
2003	33,047	1,549,202,257	70,600,428	-	7,891,791	62,708,637	4.05%	1,898
2004	33,047	1,711,248,820	76,124,967	-	7,379,225	68,745,742	4.02%	2,080

(1) Tayloe Murphy Institute at the University of Virginia for 1990 census and Weldon Cooper Center for Public Service for 2000 census information

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

(4) Includes 1998 and half year 1999 of PP.

(5) Includes 2000 and half year 1999 of PP.

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

To The Honorable Members of the Board of Supervisors
County of Prince George
Prince George, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of and for the year ended June 30, 2004, which collectively comprise the County of Prince George, Virginia's basic financial statements and have issued our report thereon dated September 17, 2004. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Prince George, 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 an opinion 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Prince George, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the County of Prince George, Virginia, in a separate letter dated September 17, 2004.

This report is intended solely for the information and use of the Board of Supervisors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Tom Taylor", with a long horizontal flourish extending to the right.

Richmond, Virginia
September 17, 2004

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 the Board of Supervisors
County of Prince George
Prince George, Virginia

Compliance

We have audited the compliance of the County of Prince George, 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, 2004. The County of Prince George, 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 County of Prince George, Virginia's management. Our responsibility is to express an opinion on the County of Prince George, 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 County of Prince George, 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 County of Prince George, Virginia's compliance with those requirements.

In our opinion, the County of Prince George, 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, 2004.

Internal Control Over Compliance

The management of the County of Prince George, 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 County of Prince George, 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 Board of Supervisors, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "John F. C.", followed by a long horizontal line.

Richmond, Virginia
September 17, 2004

County of Prince George, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 13,523
Temporary Assist to Needy Families (TANF)	93.558	106,101
Refugee and Entrant Assistance - Discretionary Grants	93.566	248
Low Income Home Energy Assistance	93.568	21,372
Payments to States for Child Care Assistance	93.575	170,052
Child Care and Development Fund	93.596	51,677
Foster Care - Title IV-E	93.658	150,403
Adoption Assistance	93.659	70,053
Social Services Block Grant	93.667	125,168
Medical Assistance Program (Title XIX)	93.778	96,033
Total Department Health and Human Services		<u>\$ 804,630</u>
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Disaster relief assistance	97.036	\$ 823,204
Emergency management preparedness	97.042	11,180
Total U. S. Department of Homeland Security		<u>\$ 834,384</u>
Department of Agriculture:		
Direct Payments:		
USDA grants	10.xxx	<u>\$ 727</u>
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 87,302
Department of Education:		
National school lunch program	10.555	568,534
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	145,469
Total Department of Agriculture		<u>\$ 802,032</u>
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in Lieu of Taxes	15.226	<u>\$ 26,057</u>
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Drug control and system improvement grant	16.579	\$ 17,660
Local law enforcement block grant	16.592	1,528
Total Department of Justice		<u>\$ 19,188</u>

County of Prince George, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2004

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Labor:		
Pass Through Payments:		
Department of Education:		
School-to-work transition project	17.261	\$ 48,587
Total Department of Labor		<u>\$ 48,587</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	\$ 34,434
Total Department of Transportation		<u>\$ 34,434</u>
Department of Housing and Community Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community development block grant	14.228	\$ 3,910
Home investment partnership program	14.239	107,420
Total Department of Housing and Community Development		<u>\$ 111,330</u>
Department of Education:		
Direct Payments:		
School assistance in federally affected areas	84.041	\$ 2,286,690
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	392,925
Title I: Educationally deprived children	84.010	638,103
Title VI-B: Handicapped state grants	84.027	507,747
Vocational Education: Basic grants to states	84.048	86,715
Title VI-B: Handicapped preschool incentive grant	84.173	32,197
Drug free schools and communities	84.186	22,467
Title II, Part A	84.367	185,109
Eisenhower math and science education	84.281	1,222
Title VI: Improving school programs state block grant	84.298	26,353
Technology literacy challenge grant	84.318	16,858
Class size reduction	83.340	481
Total Department of Education		<u>\$ 4,196,867</u>
Department of the Navy:		
Direct Payments:		
Junior ROTC	12.xxx	\$ 57,770
Total Federal Assistance		<u><u>\$ 6,935,279</u></u>

County of Prince George, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2004

Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federally assisted programs of the County of Prince George, Virginia. The County's reporting entity is defined in note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,976,219
Total primary government	\$ 1,976,219

Component Unit Public Schools:

School Operating Fund	\$ 3,910,299
School Special Revenue Fund	961,459
Total component unit public schools	\$ 4,871,758

Total federal expenditures per basic financial statements	\$ 6,847,977
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Non-cash expenditures - value of donated commodities	\$ 87,302
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 6,935,279
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**County of Prince George, Virginia
Schedule of Findings and Questioned Costs
For the year ended June 30, 2004**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- a. Material weaknesses identified? yes X no
- b. Reportable conditions identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs unqualified

- A. Material weaknesses identified? yes X no
- B. Reportable conditions identified that are not considered to be material weaknesses? yes X no

Type of auditors' report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	National School Lunch Cluster
84.027/84.173	Title VI-B Cluster
84.010	Title I
84.041	Impact Aid
84.002	Adult Basic Education
97.036	Disaster Relief Assistance

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

Auditee qualified as low-risk auditee? yes X no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

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