

**COUNTY OF  
PRINCE GEORGE, VIRGINIA**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2006**



**COUNTY OF PRINCE GEORGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2006**

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Prepared By: \_\_\_\_\_

Prince George County Finance Department



**COUNTY OF PRINCE GEORGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**COUNTY OF PRINCE GEORGE, VIRGINIA**

**PRINCIPAL OFFICIALS ON JUNE 30, 2006**

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**Board of Supervisors**

Joseph A. Leming, M.D., Chairperson  
William A. Robertson, Jr., Vice-Chairperson

Robert E. Forehand, Jr.

Henry D. Parker, Jr.

Jerry J. Skalsky

**County School Board**

Robert E. Cox, Jr., Chairperson  
Kenneth W. Parr, Vice-Chairperson

Cynthia L. Blanks

Hugh G. Mumford

Peter V. Iaricci, Sr.

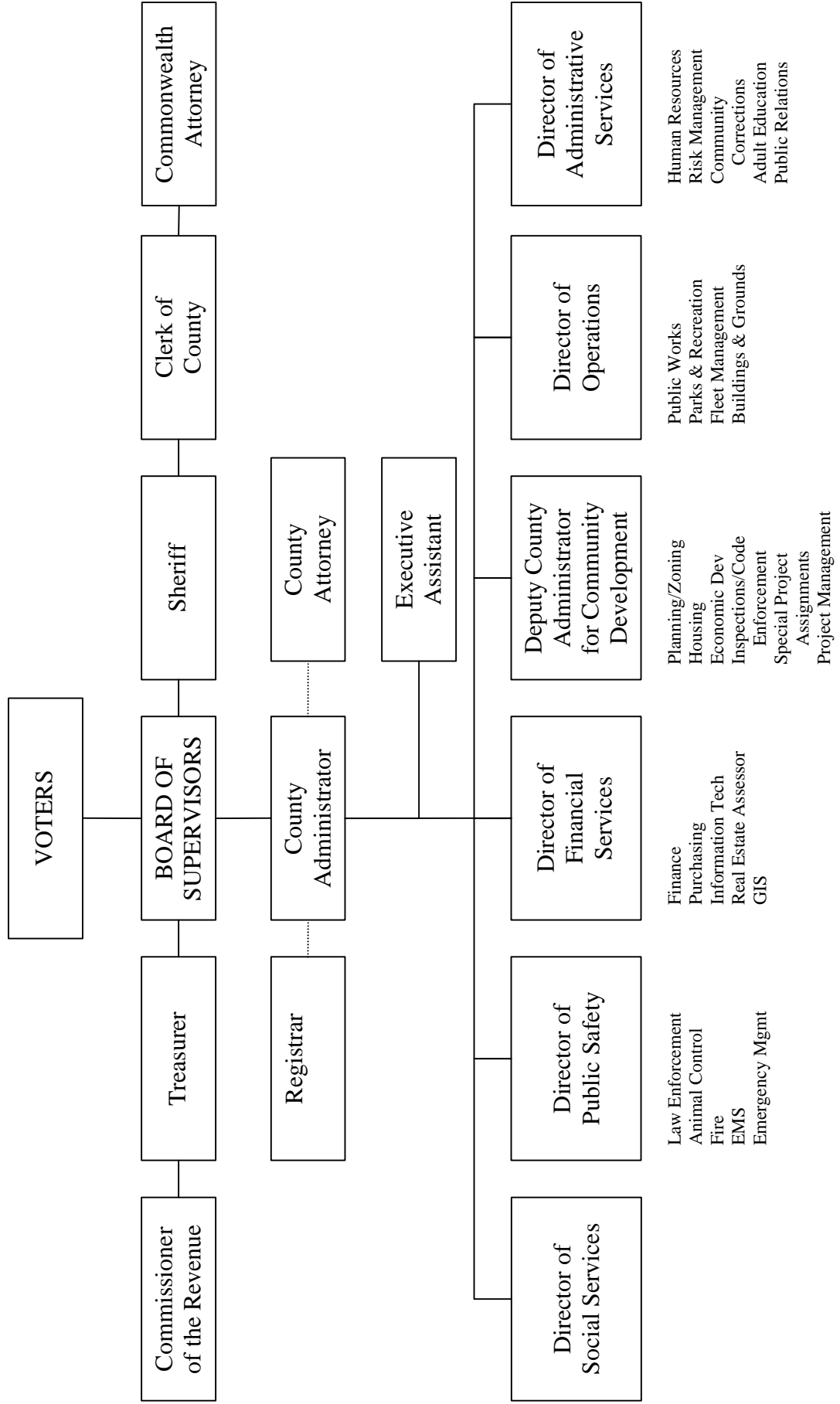
**Other Officials**

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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 Attorney .....	Jay C. Paul
Commissioner of the Revenue.....	Virginia 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, Virginia  
Table of Organization**



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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Prince George  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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# COUNTY OF PRINCE GEORGE, VIRGINIA



Brenda G. Garton  
County Administrator

Phone: (804) 722-8600  
Facsimile: (804) 732-3604

## BOARD OF SUPERVISORS

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

December 12, 2006

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, 2006. This report was prepared by the County's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

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.

## The Reporting Entity and its Services

The County of Prince George's Comprehensive Annual Financial Report includes all funds and account groups of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include police protection, social services, recreation and cultural activities, and community development. Additionally, the County operates a water and wastewater utility system. Fire protection and emergency medical services are largely provided by volunteers who receive financial and administrative support from the County.

For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified one discrete component unit. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements for the Riverside Regional Jail, the Appomattox Regional Library System, and Rowanty Vocational Technical School are not included in the County report. Boards separate from, and independent of, the Board of Supervisors administer these organizations.

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 36,900 people (2005 Weldon Cooper Center Provisional Population 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.

Major industries located in Prince George County include: warehousing and distribution centers, hotels and tourism, manufacturing, packaging, and logistics automation. Prince George's strategic location on or near several east coast transportation arteries also contributes to the proliferation of distribution centers located in the County. Interstates 95 and 295 run through Prince George, as well as Route 460, a primary arterial from the Virginia Beach area.

Fort Lee Army Base is the County's largest employer and has a huge impact on the local economy. Fort Lee contributes over \$860 million a year to Prince George County and the Tri-Cities area economies, with a direct tax impact of \$57 million. Currently, approximately 8,000 permanent personnel are assigned to the base, and that number is expected to increase to approximately 11,700 personnel by 2011 with the recent actions endorsed by the Base Realignment and Closure Commission Report (BRAC). According to the detailed estimated provided by the Garrison at Fort Lee, the installation will gain 6,060 military assignments (including trainees), 1,832 civilian positions and 291 contractors. These realignments will result in Fort Lee experiencing the largest military personnel gain of any installation in the Commonwealth of Virginia. Additionally, this expansion is expected to result in an additional 4,425 indirect non-governmental base support and service industry jobs in the surrounding region, bringing the net gain to approximately 12,000 jobs.



## The Reporting Entity and its Services (Continued)

Based on available economic data, the local economy has remained strong. The local unemployment rate was 3.8% for September 2006, as compared to 4.4% for September 2005. The state and national unemployment rates for September 2006 were 3.1% and 4.6% respectively.

### Major Initiatives in Fiscal Year 2006

Following the vision and strategic priorities of the Prince George County Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and departments have implemented and continued a number of specific programs and projects designed to enhance the levels of service provided to County residents while maintaining an effective and efficient government. A brief description of selected initiatives during Fiscal Year 2006 is as follows:

#### *Completion of the Radio Communications System Project*

The County completed a project to completely replace the current Emergency 911 system, including the purchase of new radio equipment, installation and enhancement of emergency communications towers and equipment, and construction of a new Emergency Communications and Emergency Operations Center. This \$7.7 million project, financed through a bank-qualified general obligation note issued in January 2004, replaced an obsolete radio communications system that did not provide radio coverage in all parts of the County. The new Emergency Communications Center provides adequate space for Emergency-911 operations, which were formerly housed in the Bland Police Building. A November 2006 regional emergency management exercise provided the County an opportunity to fully test the functionality of the system.

#### *Construction of the new School Board Administration Building*

In the FY2006 budget, the Board of Supervisors approved \$2.6 million for the construction of a new School Board Administration Building to be located on the site of the existing building. This project began in the fall of 2005 and continued through the fiscal year, with occupation of the building occurring in late November 2006. This project was financed completely with cash, the bulk of which included funds left over from the former school construction fund. From Fiscal Year 2004 forward, all county capital projects, including schools, were included in a joint capital projects fund.

#### *Planning and purchasing for future economic development*

Several parcels had been purchased from the County in Crosspointe Centre Business Park, the County's primary business/ industrial park, and the County quickly realized that without significant planning and investment in infrastructure, the existing inventory of parcels ready for development was quickly dwindling. During FY2006, the County hired a consultant to develop a master plan for the park, which outlined the conceptual build out of the park and the necessary infrastructure improvements to make the park ready for business investment. The County issued \$2.3 million of debt in FY2006 for the purchase of a large tract of land centrally located in Crosspointe Centre. This debt was structured as a ten year interest only note, prepayable with proceeds from the sale of subdivided parcels of that parent tract.

## Major Initiatives in Fiscal Year 2006 (Continued)

### *Modernization of the County's Fire Equipment*

The County has five volunteer fire companies, one of which has a separately equipped sub-station. The first-run engines out of these fire stations were quickly becoming obsolete, ranging in age from 12 to 20 years old. County staff and the volunteers studied the available options for replacement of these engines, and brought forward a proposal including the replacement of the first-run engines at each of the six stations. This proposal included the use of \$790,000 in fire and EMS apparatus fund reserves that had been accumulated and debt financing of the \$1.8 million balance. The Board approved the proposal in the spring of 2006 during the budget deliberations, and the debt was issued just prior to the close of the fiscal year. The engines themselves were ordered at that time and are expected to be delivered in spring 2007.

### *Information Technology Enhancements*

The County realized several benefits from investment in Information Technology during Fiscal Year 2006. The Department increased in size from two full time staff members to five full time staff members, resulting in a much faster turnaround in the backlog of information technology requests. The County's separated its Information Technology network from the school system with the completion of a fiber optic network reconfiguration project, creating an independent network that County staff could access directly and increasing the overall capacity to both entities. The County upgraded and consolidated several outdated servers with a new sever infrastructure, making the operation of the County's network much more efficient and reliable. As of the end of the fiscal year, the Information Technology was preparing to implement several upgrades to the County's website, making a number of County services more available to the public.

## Sections of the Report

Fiscal year 2006 was the fourth year in which the County was required to present financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34. GASB 34 dramatically changed the structure of 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.

## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Prince George for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the second year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the cooperation and dedication of the staff of the Prince George County Finance Department and the accounting firm of Robinson Farmer Cox Associates. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Prince George County's finances.

Respectfully submitted,



Brenda G. Garton  
County Administrator



Sheila S. Minor, CPA  
Director of Finance

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditor's Report

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**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, 2006, 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, 2006, 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 22, 2006, 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, supporting schedule 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, supporting schedule 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.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
September 22, 2006

## 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, 2006. 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 \$27,449,126 on June 30, 2006, compared to \$24,551,325 total net assets on June 30, 2005. Total net assets represent the amount by which the County's assets exceeded its liabilities. Net assets increased \$2,897,801 during FY2006.
- The total net assets from Business-type activities (Utilities Fund) were \$17,584,027 on June 30, 2006, compared to \$16,952,005 total net assets on June 30, 2005. Net assets increased \$632,022 during FY2006.
- The total net assets of the Component Unit School Board on June 30, 2006 were \$14,849,523, compared to \$11,676,199 on June 30, 2005. Net assets increased \$3,173,324 during FY2006.

Fiscal year 2006 marked a period of strong growth for Prince George County, and all indications are that the County will enjoy strong economic growth and fiscal stability for many years to come. The County's financial position strengthened during the course of Fiscal Year 2006, with an 11.8% increase in total net assets. The increase in net assets during FY2006 was led by a thirteen percent (13%) increase in real property assessments. The housing market in the County has remained strong despite weakening at the national level due to several factors, the most significant of which is the announcement of significant expansions at Fort Lee Army Base located in the County.

Of the asset classes within the governmental activities of the County, cash and cash equivalents had a strong increase due to unbudgeted growth in real property tax revenue. Real property taxes are the County's largest single source of revenue. Taxes receivable decreased slightly from June 30, 2005 to June 30, 2006. For tax year 2005, the Prince George County Board of Supervisors elected to begin biannual collections of real property taxes, with collection dates of June 5 and December 5 each year. Previously, real property had been collected annually on December 5. County staff believes that the larger than normal level of taxes receivable on June 30, 2005 was due to this new tax collection date. The County's radio communication system, which was under construction at the close of FY2005, was completed during FY2006 and is reflected in the increase in machinery and equipment and buildings in the governmental activities column.

The modest 3.7% increase in net assets from business-type activities was the result of a twenty-one percent increase in the revenue from connection fees and a significant decline in the amount of interest expense incurred by the fund. The reduction in interest expense is attributable to a large pre-payment the County made on outstanding enterprise debt during fiscal year 2005.

The net assets of the Component Unit School Board increased \$3.1 million due to the amount of capital assets recorded in the School Board's financial statements. The County incurs debt on behalf of the School Board, as School Boards in Virginia do not have the capacity to issue their own debt. The County retains a proportional share of the School Board's capital assets secured by debt on the County's Statement of Net Assets, and as the obligations are paid off the capital assets are transferred to the School Board's statements. In fiscal year 2006, the County received an interest rate subsidy grant from the Commonwealth's Literary Loan Fund of approximately \$1.75 million, which contributed to the increase in the School Board's net assets during FY2006.

## FINANCIAL HIGHLIGHTS: (CONTINUED)

### Fund Financial Statements- Governmental Funds (Modified Accrual Basis)

- The General Fund had an unreserved undesignated fund balance of \$14,681,925 at the conclusion of FY2006, compared to \$9,890,093 at the end of FY2005.
- Designations of \$93,393 and \$146,488 represent fund balances in the Revenue Maximization and Housing Funds, respectively.
- The County Capital Projects fund had \$6,042,481 in fund balances reserved for construction at fiscal year end, representing amounts reserved for completion of the School Board Administration Office, Fire & EMS apparatus fund, and reserves for undesignated projects.
- Other governmental funds include the Meals Tax/Economic Development fund, the E911/Emergency Dispatch Fund, the Asset Forfeiture Fund and the Tourism Fund. Fund balances in each of these funds are \$842,720, \$52,393, \$49,541 and \$269,342, respectively.

### Fund Financial Statements- Enterprise Funds (Full Accrual Basis)

- In the Utilities Fund, operating revenues exceeded operating expenses by \$132,474 in FY2006, compared to a \$42,328 deficit of revenues during FY2005.
- Operating revenues increased 5.7%, from \$3.1 million in FY2005 to \$3.3 million in FY2006. Operating expenses for the Utilities Fund remained stable from FY2005 to FY2006 at just under \$3.2 million.

## 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 2006 fiscal year and at the status of those financial resources at June 30, 2006, 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 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 following table is a comparative summary of Prince George County's net assets as of June 30, 2006:

**County of Prince George, Virginia**  
**Schedule of Assets, Liabilities and Net Assets**  
**Governmental and Business-Type Activities**  
**For the Years Ended June 30, 2006 and 2005**

	<b>Governmental</b>		<b>Business-type</b>		<b>Totals</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Current and other assets	\$ 24,225,292	\$ 22,370,435	\$ 1,808,070	\$ 1,091,601	\$ 26,033,362	\$ 23,462,036
Capital assets	68,188,526	68,300,794	19,050,227	19,487,359	87,238,753	87,788,153
Total assets	<u>\$ 92,413,818</u>	<u>\$ 90,671,229</u>	<u>\$ 20,858,297</u>	<u>\$ 20,578,960</u>	<u>\$ 113,272,115</u>	<u>\$ 111,250,189</u>
Long-term liabilities						
outstanding	\$ 59,152,744	\$ 60,297,650	\$ 2,605,968	\$ 2,904,077	\$ 61,758,712	\$ 63,201,727
Current liabilities	5,811,948	5,822,254	668,302	722,878	6,480,250	6,545,132
Total liabilities	<u>\$ 64,964,692</u>	<u>\$ 66,119,904</u>	<u>\$ 3,274,270</u>	<u>\$ 3,626,955</u>	<u>\$ 68,238,962</u>	<u>\$ 69,746,859</u>
Net assets:						
Invested in capital assets,						
net of related debt	\$ 6,898,198	\$ 6,218,165	\$ 16,190,499	\$ 16,239,992	\$ 23,088,697	\$ 22,458,157
Unrestricted	20,550,928	18,333,160	1,393,528	712,013	21,944,456	19,045,173
Total net assets	<u>\$ 27,449,126</u>	<u>\$ 24,551,325</u>	<u>\$ 17,584,027</u>	<u>\$ 16,952,005</u>	<u>\$ 45,033,153</u>	<u>\$ 41,503,330</u>

Approximately 51% of the County's primary government net assets are invested in capital assets net of related debt, compared with 54% at June 30, 2005. 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.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

### 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 the fiscal years covering July 1, 2004 through June 30, 2006 follows:

**County of Prince George, Virginia**  
**Changes in Net Assets**  
**Governmental and Business-Type Activities**  
**For the Years Ended June 30, 2006 and 2005**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,034,640	\$ 1,432,824	\$ 3,972,998	\$ 3,664,823	\$ 6,007,638	\$ 5,097,647
Operating grants and contributions	5,062,436	4,899,540	-	-	5,062,436	4,899,540
Capital grants and contributions	1,948,596	69,715	-	-	1,948,596	69,715
General revenues:						
General property taxes	22,488,889	26,560,949	-	-	22,488,889	26,560,949
Other local taxes	6,175,296	5,544,585	-	-	6,175,296	5,544,585
Use of money and property	974,010	614,725	59,529	31,067	1,033,539	645,792
C/VA non-categorical aid	3,914,301	3,482,409	-	-	3,914,301	3,482,409
Other general revenues	151,132	222,188	26,350	31,611	177,482	253,799
Total revenues	<u>\$ 42,749,300</u>	<u>\$ 42,826,935</u>	<u>\$ 4,058,877</u>	<u>\$ 3,727,501</u>	<u>\$ 46,808,177</u>	<u>\$ 46,554,436</u>
Expenses:						
General government administration	\$ 3,646,174	\$ 3,356,184	\$ -	\$ -	\$ 3,646,174	\$ 3,356,184
Judicial administration	1,664,985	1,559,938	-	-	1,664,985	1,559,938
Public safety	9,282,848	8,219,961	-	-	9,282,848	8,219,961
Public works	2,009,006	1,812,987	-	-	2,009,006	1,812,987
Health and welfare	2,784,708	2,579,140	-	-	2,784,708	2,579,140
Education	15,458,698	10,315,023	-	-	15,458,698	10,315,023
Parks, recreation, and cultural	823,136	854,883	-	-	823,136	854,883
Community development	1,573,969	851,895	-	-	1,573,969	851,895
Interest and other fiscal charges	2,617,150	3,219,339	-	-	2,617,150	3,219,339
Water and sewer	-	-	3,417,680	3,659,594	3,417,680	3,659,594
Total expenses	<u>\$ 39,860,674</u>	<u>\$ 32,769,350</u>	<u>\$ 3,417,680</u>	<u>\$ 3,659,594</u>	<u>\$ 43,278,354</u>	<u>\$ 36,428,944</u>
Increase in net assets before transfers	\$ 2,888,626	\$ 10,057,585	\$ 641,197	\$ 67,907	\$ 3,529,823	\$ 10,125,492
Transfers	9,175	(1,482,453)	(9,175)	1,482,453	-	-
Increase in net assets	\$ 2,897,801	\$ 8,575,132	\$ 632,022	\$ 1,550,360	\$ 3,529,823	\$ 10,125,492
Net assets, beginning	<u>24,551,325</u>	<u>15,976,193</u>	<u>16,952,005</u>	<u>15,401,645</u>	<u>41,503,330</u>	<u>31,377,838</u>
Net assets, ending	<u>\$ 27,449,126</u>	<u>\$ 24,551,325</u>	<u>\$ 17,584,027</u>	<u>\$ 16,952,005</u>	<u>\$ 45,033,153</u>	<u>\$ 41,503,330</u>

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

Comparative analysis of the revenues and expenses of each type of activity show the following significant changes between the two fiscal years:

### Governmental Activities Revenue

- A 42% increase in charges for services revenue, largely the result of EMS transport fee collections. EMS Transport fees were implemented during FY2005, and FY2006 was the first full year of revenue collections. The increase in revenue was \$291,480, or 225%.
- A \$1.8 million jump in capital grants and contributions for education, resulting from a \$1.75 million interest rate subsidy grant from the Virginia Literary Loan Fund.
- A year over year decrease in general property tax revenue. In FY2005, the County switched to biannual real property tax collections, adding a collection date in FY2005 where one half of the calendar year 2006 levy was collected. This was a one-time revenue resulting from the change in collection date. Overall, real property assessments have been increasing by over 10% annually over the last three years.
- A 58.5% increase in use of money and property. The County began twice a year billing for real property taxes in calendar year 2005. This change has resulted in a smoother cash flow, as the largest source of revenue to the County is now collected on a semi-annual basis. This, coupled with rising interest rates and greater than expected revenues, resulted in the collection of significantly more interest on investment revenue. Actual collections of \$704,594 were \$376,274, or 114% higher than the previous year.

### Governmental Activities Expenses

- Education expenses on the Statement of Changes in Net Assets increased nearly 50% due to several factors. The first is the transfer of approximately \$3.82 million of jointly owned assets to the School Board's Statement of Net Assets. As outstanding debt on school facilities is paid down, the related assets are transferred from the County's financial statements to the School Board. A substantially higher amount of capital assets was transferred during FY2006 due to the refinancing of outstanding Bond Anticipation Notes with Virginia Public School Authority Bonds and a grant from the State Literary Fund Loan Program. Education expenses were also increased by capital expenses related to the construction of the School Board Administration Building (\$1.2 million).
- Community Development expenses were impacted by capital investments as well. The County spent \$612,643 on economic development capital projects, including preliminary expenses for the acquisition of land and the extension of a road in the Crosspointe Centre Business Park.

### Business-type Activities

- The Utilities Fund had a good year with a steady increase (8.4%) in charges for service revenue. Of this figure, the program experienced a significant increase in connection/ capacity fees of 21.7% between FY2005 and FY2006.
- Expenses in the Utilities fund were level between FY2005 and FY2006 with the exception of interest expense, which decreased from \$352,073 in FY2005 to \$118,497 in FY2006. This is attributable to a \$1.4 million prepayment of outstanding utilities debt during FY2005.

## 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 in 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, 2006, was \$14,681,925. This amount represents 20.8% of General Fund and School Operating expenditures (including normal debt service, net of general fund transfer to schools). The Board of Supervisors has committed to maintaining an unreserved general fund balance of at least 15% of General Fund and School Operating expenditures (net of transfer), and has met that target for the fiscal year ending June 30, 2006.

### 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 2006 was no exception, with general fund expenditures \$1.8 million below the adopted budget and \$2.3 million below the budget as amended.

The County's budget was amended during FY2006 for grants and unanticipated state revenue. The County was awarded Department of Homeland Security grants of approximately \$125,000 and \$79,000 for the purchase of a public safety boat and mobile data terminals for the police department. The Commonwealth's Compensation Board approved the addition of two positions in the Commonwealth's Attorney's office. Another significant budget amendment was the carry forward of unspent appropriations from Fiscal Year 2005 for encumbrances and other commitments.

The County undertook several budgetary initiatives in Fiscal Year 2006. Core County services, such as Police, Fire & EMS, Planning, Information Technology, and Human Resources received additional positions in Fiscal Year 2006. At the end of the fiscal year, the County issued \$4,175,200 in general obligation debt for the purchase of a 300 acre parcel centrally located in the County's Crosspointe Centre Business Park and six fire engines to equip each of the County's five fire companies (one of which has a sub-station). The amount of money set aside in the fire apparatus fund was increased by \$150,000 to \$250,000 in the adopted Fiscal Year 2006 budget, and the accumulated funds were used for a cash down payment on the purchase of the six new fire apparatus.

Fiscal year 2006 also included the appropriation and expenditure of funds for a number of planning initiatives. The County contracted a vendor for an update of the County's Comprehensive Plan Subdivision and Zoning Ordinances. The Board of Supervisors also set aside funds for revisions and recalculation of the County's maximum cash proffer amount, and the resulting study (which was adopted by the Board of Supervisors) recommended the maximum cash proffer be increased from \$3,544 to \$12,585. During Fiscal Year 2006, the County also retained the services of a Federal Lobbyist/ Consulting Firm to assist the County in securing Federal assistance for County initiatives. These planning initiatives will help the County prepare for the large scale growth anticipated with the upcoming expansion of Fort Lee.

During FY2005, Prince George County pre-paid \$4.8 million of outstanding principal on two general obligation bond issues. The County utilized one-time revenue from a change in the real property tax collection date for this purpose, thereby reducing future annual debt service payments. This prepayment is reflected in the County's debt service fund as both principal retirement and a transfer to the utilities fund (an enterprise fund) of \$1.5 million. The County believes that the development of the County's water and wastewater infrastructure is a significant growth management tool, and the reduction of the debt held by the utilities fund will allow for expansion of this infrastructure to meet anticipated demand.

## **FUND FINANCIAL STATEMENTS (CONTINUED)**

### General Fund Budgetary Highlights (continued)

On the revenue side, actual collections in the general fund for FY2006 were \$2,591,010 more than the final budget. Real property taxes came in \$1,507,291 higher than the final budget, largely due to increases in assessments from the strong real estate market. Personal property tax collections were \$593,757, or 15.7%, above budget due to conservative budget estimates. In prior years, personal property growth had been impacted downward by changes in the National Automobile Dealers Association (NADA) values, upon which personal property is assessed. Taxes on recordation and wills were also significantly above expectations, nearly doubling the budgeted figures. Staff was conservative in the budgeting of these estimates as well, expecting interest rates to go moderate and the number of home refinancings to dwindle and reduce recordation tax revenue.

The County began twice a year billing for real property taxes in calendar year 2005. This change has resulted in a smoother cash flow, as the largest source of revenue to the County is now collected on a semi-annual basis. This, coupled with rising interest rates and greater than expected revenues, resulted in the collection of interest on investment revenue. Actual collections of \$704,594 exceeded over four times the budgeted amount of \$160,000.

The areas of the budget in which revenues fell short of expectations included fines and forfeitures, recovered costs, and state and federal revenues. Recovered costs and state and federal revenues are often provided for expenditure programs on a reimbursement basis, and so budgetary estimates are developed assuming the maximum expenditure and recovery. In years such as FY2006 when expenditures for reimbursement-based programs, such as the Indoor Plumbing Rehabilitation (IPR) Grant and public assistance, are less than budgeted, then the revenues for these programs are proportionally less than budgeted as well.

### County Capital Projects Funds

The County had several active capital projects during FY2006. The Radio Communications System Project, budgeted at \$7.7 million, was made operational in the spring of 2006. This modern communications system completely replaces the obsolete emergency communications infrastructure upon which the County formerly relied. The project included the construction of several communications towers, a new Emergency Communications Center/ Emergency Operations Center, and the related radio communications equipment to make the system operational.

The County also began and is nearing completion of a new School Board Administration Office located on the County complex. This \$2.6 million project is completely cash funded through operating dollars and construction reserves from prior years. The new office building was occupied in November 2006.

Renovations at the former Burrowsville Elementary School to make it a community center and library were nearly complete at the end of Fiscal Year 2006. The Burrowsville Library opened in the building in Spring 2006.

Crosspointe Centre Business Park, the County's major industrial park, saw the influx of several new businesses during Fiscal Year 2006. Due to this increase in activity, the County entered into a partnership with the Commonwealth and a private developer to extend an existing road within the park. This project was completed in November 2006.

### Proprietary Fund

The County's only proprietary fund is the Utilities Fund. Through this fund, the County provides water and wastewater services to approximately 3,600 customers. During FY2006, the utilities department continued funding a water main replacement program, with the objective of repairing and replacing undersized or deteriorating facilities in various parts of the County. The Utilities fund collected \$696,327 in connection charges during FY2006, compared with \$572,281 in FY2005.

## 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 portions of these capital assets free of related debt are reported as jointly owned assets under the component unit School Board (see Note 6).

The following table summarizes the County's capital assets, net of depreciation, as of June 30, 2006. The County's total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totaled \$87.2 million.

**County of Prince George, Virginia**  
**Capital Assets (net of Depreciation)**  
**Governmental and Business-Type Activities**  
**For the Year Ended June 30, 2006**

	<b>Governmental Activities 2006</b>	<b>Business-type Activities 2006</b>
Land	\$ 5,298,986	\$ 101,371
Buildings and improvements	67,352,856	-
Utility plant	-	27,612,281
Equipment	16,157,182	225,833
Construction in progress	-	160,331
<b>Total</b>	<b>\$ 88,809,024</b>	<b>\$ 28,099,816</b>
Less accumulated depreciation	20,620,498	9,049,589
<b>Net capital assets</b>	<b>\$ 68,188,526</b>	<b>\$ 19,050,227</b>

At the end of fiscal year 2006, the County had total outstanding debt of \$64.15 million. The impact of a County decision to prepay debt in Fiscal Year 2005 is clearly shown when this figure is compared to the \$73.7 million of outstanding debt at the end of FY2004. Of the \$64.15 million of outstanding debt at June 30, 2006, \$26.7 million is for general government purposes. The County also had \$34.6 million in outstanding debt on behalf of the School Board. The Utilities Fund has outstanding debt of \$2.9 million. The County issued debt in FY2006 for the purchase of property to expand Crosspointe Centre Business Park (\$2,355,800) and for the purchase of six fire engines to fully equip the County's volunteer fire companies (\$1,819,400).

Prince George County had \$9.9 million in outstanding bond anticipation notes as of June 30, 2005. The County had two projects listed on the state Literary Fund Loan waiting list at that time. South and Harrison Elementary Schools were ranked ninth and tenth in priority order on that list. The FY2006 state budget included sufficient funds to offer an interest rate subsidy program for projects on the Literary Fund Loan waiting list, and in November 2005, the County refinanced those bond anticipation notes with the Virginia Public School Authority. Under this program, the state provides a grant for a portion of the principal, thus reducing the annual debt service for local participants. The County's outstanding principal on this obligation as of December 2005 is \$7.8 million. The financial statements reflect a premium on bonds of \$424,912 to be amortized over the life of this obligation, and a state revenue of \$1,753,215 in literary fund grants.

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 September 2006 was 3.8%, which was higher than the state unemployment rate of 3.1%, but well below the national rate of 4.6% for the same period. Generally, the County's unemployment rate has tracked slightly above the state average. The state average figures are heavily influenced by the tight labor market in the Washington D.C. metropolitan area.

In May 2005, the Department of Defense released the Base Realignment and Closure (BRAC) Commission Report, which included recommendations to expand current and bring new military units to US Army Base Fort Lee, which is located in Prince George County. The BRAC recommendations became law on November 9, 2005, and during the first half of calendar year 2006 details of the recommended transfers were released.

Specific plans for the expansion of Fort Lee include the relocation of the Ordnance Center & School, Ordnance Munitions & Electronics Maintenance School, Transportation Center & School, Air Force Transportation Training, and Logistics University units from various locations on the east coast to Fort Lee. Other units consolidating at Fort Lee include the Defense Contract Management Agency, Defense Commissary Agency, and Air Force Culinary Training Units, among others. All told, the annual supported population of Fort Lee will increase from 36,914 military, civilian, and contractor personnel in 2005 to an estimated 80,047 military, civilian, and contractor personnel in 2012. These figures do not include impacts to the local economy due to trailing spouses, off-base support services, off-base contractors, etc.

Prince George County continues to plan for and develop a strong commercial and industrial base to balance the anticipated increase in area population. In October 2006, Goya Foods opened a new 109,000 square-foot warehouse and distribution center in the County's Crosspointe Centre Business Park. This \$5.1 million investment will ultimately employ approximately 50 – 60 employees. Also during FY2006, the County completed a master plan for Crosspointe Centre, including phased infrastructure improvements and conceptual layouts for park properties. This plan will serve as a catalyst for future economic development in the County.

In Spring 2005 The Board of Supervisors approved a rezoning application for a new Norfolk Southern Intermodal transportation facility in Prince George County. This facility will greatly enhance the County's standing as a prime location for distribution and warehousing ventures. The Intermodal facility is adjacent to the Crosspointe Centre Business Park.

The FY2007 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. Initiatives in the FY2007 budget include funds to begin construction of a new animal shelter facility, funds for land acquisition and architectural and engineering work on a new elementary school, and part time solid waste collection sites in Carson and Burrowsville, the more remote areas of the County. All of these initiatives, totaling over \$2.5 million, were undertaken without the issuance of new debt.

It is the continued mission of the County to provide the most cost-efficient services to the taxpayers of Prince George County, and to make Prince George "the best place to live, learn, work and raise a family".

## **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, telephone (804) 722-8710.

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## **Basic Financial Statements**

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## **Government-wide Financial Statements**

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Statement of Net Assets  
June 30, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 21,822,476	\$ 1,911,891	\$ 23,734,367	\$ 3,976,262
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,061,265	-	1,061,265	-
Accounts receivable	319,529	290,394	609,923	207,279
Internal balances	394,215	(394,215)	-	-
Due from other governmental units	627,807	-	627,807	1,588,788
Total current assets	\$ 24,225,292	\$ 1,808,070	\$ 26,033,362	\$ 5,772,329
Noncurrent Assets				
Capital assets (net of accumulated depreciation)				
Land	\$ 5,298,986	\$ 101,371	\$ 5,400,357	\$ 561,706
Buildings	52,243,967	-	52,243,967	12,350,420
Machinery and equipment	10,645,573	161,313	10,806,886	2,057,166
Utility plant in service	-	18,627,212	18,627,212	-
Construction in progress	-	160,331	160,331	-
Total capital assets	\$ 68,188,526	\$ 19,050,227	\$ 87,238,753	\$ 14,969,292
Total assets	\$ 92,413,818	\$ 20,858,297	\$ 113,272,115	\$ 20,741,621
<b>LIABILITIES</b>				
Accounts payable	\$ 803,110	\$ 274,145	\$ 1,077,255	\$ 372,825
Accrued liabilities	-	-	-	5,178,175
Customers' deposits	-	65,505	65,505	-
Accrued interest payable	1,179,378	21,716	1,201,094	-
Unearned revenue	583,122	-	583,122	29,970
Current portion of long-term obligations	3,246,338	306,936	3,553,274	31,128
Total current liabilities	\$ 5,811,948	\$ 668,302	\$ 6,480,250	\$ 5,612,098
Noncurrent liabilities:				
Due in more than one year	59,152,744	2,605,968	61,758,712	280,000
Total liabilities	\$ 64,964,692	\$ 3,274,270	\$ 68,238,962	\$ 5,892,098
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 6,898,198	\$ 16,190,499	\$ 23,088,697	\$ 14,969,292
Unrestricted (deficit)	20,550,928	1,393,528	21,944,456	(119,769)
Total net assets	\$ 27,449,126	\$ 17,584,027	\$ 45,033,153	\$ 14,849,523
Total Liabilities and Net Assets	\$ 92,413,818	\$ 20,858,297	\$ 113,272,115	\$ 20,741,621

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

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Statement of Activities  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 3,646,174	\$ 126,652	\$ 310,473	\$ -
Judicial administration	1,664,985	378,717	578,422	-
Public safety	9,282,848	1,207,031	2,179,263	-
Public works	2,009,006	203,998	13,593	-
Health and welfare	2,784,708	-	1,560,410	-
Education	15,458,698	-	-	1,948,596
Parks, recreation, and cultural	823,136	113,637	-	-
Community development	1,573,969	4,605	420,275	-
Interest on long-term debt	2,617,150	-	-	-
Total governmental activities	<u>\$ 39,860,674</u>	<u>\$ 2,034,640</u>	<u>\$ 5,062,436</u>	<u>\$ 1,948,596</u>
Business-type activities:				
Public Utilities	\$ 3,417,680	\$ 3,972,998	\$ -	\$ -
Total business-type activities	<u>\$ 3,417,680</u>	<u>\$ 3,972,998</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 43,278,354</u>	<u>\$ 6,007,638</u>	<u>\$ 5,062,436</u>	<u>\$ 1,948,596</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 50,012,413	\$ 1,539,429	\$ 37,248,607	\$ -
Total component units	<u>\$ 50,012,413</u>	<u>\$ 1,539,429</u>	<u>\$ 37,248,607</u>	<u>\$ -</u>

General revenues:  
 General property taxes  
 Consumer utility taxes  
 Local sales and use taxes  
 Motor vehicle license taxes  
 Business license taxes  
 Other local taxes  
 Unrestricted revenues from use of money and property  
 Miscellaneous  
 County contribution to School Board, unrestricted  
 Grants and contributions not restricted to specific programs  
 Transfers  
 Total general revenues and transfers  
 Change in net assets  
 Net assets - beginning of year  
 Net assets - end of year

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

Exhibit 2

<b>Net (Expense) Revenue and Changes in Net Assets</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>School Board</b>
\$ (3,209,049)	\$ -	\$ (3,209,049)	\$ -
(707,846)	-	(707,846)	-
(5,896,554)	-	(5,896,554)	-
(1,791,415)	-	(1,791,415)	-
(1,224,298)	-	(1,224,298)	-
(13,510,102)	-	(13,510,102)	-
(709,499)	-	(709,499)	-
(1,149,089)	-	(1,149,089)	-
(2,617,150)	-	(2,617,150)	-
<u>\$ (30,815,002)</u>	<u>\$ -</u>	<u>\$ (30,815,002)</u>	<u>\$ -</u>
\$ -	\$ 555,318	\$ 555,318	\$ -
\$ -	\$ 555,318	\$ 555,318	\$ -
<u>\$ (30,815,002)</u>	<u>\$ 555,318</u>	<u>\$ (30,259,684)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (11,224,377)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,224,377)</u>
\$ 22,488,889	\$ -	\$ 22,488,889	\$ -
1,462,557	-	1,462,557	-
1,091,419	-	1,091,419	-
681,175	-	681,175	-
633,172	-	633,172	-
2,306,973	-	2,306,973	-
974,010	59,529	1,033,539	14,867
151,132	26,350	177,482	22,526
-	-	-	14,360,308
3,914,301	-	3,914,301	-
9,175	(9,175)	-	-
<u>\$ 33,712,803</u>	<u>\$ 76,704</u>	<u>\$ 33,789,507</u>	<u>\$ 14,397,701</u>
\$ 2,897,801	\$ 632,022	\$ 3,529,823	\$ 3,173,324
24,551,325	16,952,005	41,503,330	11,676,199
<u>\$ 27,449,126</u>	<u>\$ 17,584,027</u>	<u>\$ 45,033,153</u>	<u>\$ 14,849,523</u>

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## **Fund Financial Statements**

Balance Sheet  
 Governmental Funds  
 June 30, 2006

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,693,211	\$ 6,994,222	\$ 1,135,043	\$ 21,822,476
Receivables (net of allowance for uncollectibles):				
Taxes receivable	968,400	-	92,865	1,061,265
Accounts receivable	318,912	-	617	319,529
Due from other funds	394,215	-	-	394,215
Due from other governmental units	540,070	87,737	-	627,807
Total assets	<u>\$ 15,914,808</u>	<u>\$ 7,081,959</u>	<u>\$ 1,228,525</u>	<u>\$ 24,225,292</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 319,725	\$ 468,856	\$ 14,529	\$ 803,110
Deferred revenue	673,277	570,622	-	1,243,899
Total liabilities	<u>\$ 993,002</u>	<u>\$ 1,039,478</u>	<u>\$ 14,529</u>	<u>\$ 2,047,009</u>
Fund balances:				
Reserved for:				
Capital projects	\$ -	\$ 6,042,481	\$ -	\$ 6,042,481
Unreserved, designated for:				
Revenue Maximization	93,393	-	-	93,393
Housing	146,488	-	-	146,488
E-911	-	-	52,393	52,393
Reported in:				
General fund	14,681,925	-	-	14,681,925
Special revenue funds	-	-	1,161,603	1,161,603
Total fund balances	<u>\$ 14,921,806</u>	<u>\$ 6,042,481</u>	<u>\$ 1,213,996</u>	<u>\$ 22,178,283</u>
Total liabilities and fund balances	<u>\$ 15,914,808</u>	<u>\$ 7,081,959</u>	<u>\$ 1,228,525</u>	<u>\$ 24,225,292</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Assets  
 June 30, 2006

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 22,178,283
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	68,188,526
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,179,378)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	660,777
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Details supporting this amount are as follows:	
Accrued compensated absences	(1,108,754)
County general obligation bonds and notes	(26,663,045)
School Board state literary fund loans	(1,035,000)
School Board general obligation bonds	(33,167,371)
School Board premium on bonds payable	<u>(424,912)</u>
Net assets of governmental activities	<u>\$ 27,449,126</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2006

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 22,617,327	\$ -	\$ -	\$ -	22,617,327
Other local taxes	4,915,842	-	-	1,259,454	6,175,296
Permits, privilege fees, and regulatory licenses	706,915	-	-	-	706,915
Fines and forfeitures	287,716	-	-	10,011	297,727
Revenue from the use of money and property	833,890	-	140,120	-	974,010
Charges for services	1,029,998	-	-	-	1,029,998
Miscellaneous	43,857	105,645	-	1,630	151,132
Recovered costs	270,772	-	-	-	270,772
Intergovernmental revenues:					
Commonwealth	7,597,278	87,737	1,948,596	111,999	9,745,610
Federal	1,179,723	-	-	-	1,179,723
Total revenues	<u>\$ 39,483,318</u>	<u>\$ 193,382</u>	<u>\$ 2,088,716</u>	<u>\$ 1,383,094</u>	<u>\$ 43,148,510</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 3,405,619	\$ 14,467	\$ -	\$ -	3,420,086
Judicial administration	1,524,110	-	-	-	1,524,110
Public safety	7,810,549	5,428,624	-	668,316	13,907,489
Public works	1,584,135	452,464	-	-	2,036,599
Health and welfare	2,726,733	-	-	-	2,726,733
Education	10,561,403	1,160,478	-	-	11,721,881
Parks, recreation, and cultural	866,007	1,124	-	-	867,131
Community development	682,876	612,643	-	334,817	1,630,336
Debt service:					
Principal retirement	-	-	2,673,711	542,576	3,216,287
Interest and other fiscal charges	-	-	2,304,136	122,957	2,427,093
Total expenditures	<u>\$ 29,161,432</u>	<u>\$ 7,669,800</u>	<u>\$ 4,977,847</u>	<u>\$ 1,668,666</u>	<u>\$ 43,477,745</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,321,886</u>	<u>\$ (7,476,418)</u>	<u>\$ (2,889,131)</u>	<u>\$ (285,572)</u>	<u>\$ (329,235)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 750,728	\$ 4,606,142	\$ 140,134	\$ 5,497,004
Proceeds from debt issued	-	4,175,200	7,760,053	-	11,935,253
Premium on bonds	-	-	424,912	-	424,912
Retirement of bond anticipation note	-	-	(9,938,180)	-	(9,938,180)
Sale of property	-	-	-	423,099	423,099
Transfers (out)	(5,400,766)	-	-	(87,063)	(5,487,829)
Total other financing sources (uses)	<u>\$ (5,400,766)</u>	<u>\$ 4,925,928</u>	<u>\$ 2,852,927</u>	<u>\$ 476,170</u>	<u>\$ 2,854,259</u>
Net change in fund balances	\$ 4,921,120	\$ (2,550,490)	\$ (36,204)	\$ 190,598	\$ 2,525,024
Fund balances - beginning	10,000,686	8,592,971	36,204	1,023,398	19,653,259
Fund balances - ending	<u>\$ 14,921,806</u>	<u>\$ 6,042,481</u>	<u>\$ -</u>	<u>\$ 1,213,996</u>	<u>\$ 22,178,283</u>

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

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, 2006

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

Net change in fund balances - total governmental funds	\$ 2,525,024
<p>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. Details are as follows:</p>	
Depreciation expense	(2,903,824)
Capital asset additions	7,360,253
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.</p>	
	(745,805)
<p>Transfer of joint tenancy assets from Primary Government to the Component Unit.</p>	
	(3,822,893)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in deferred property taxes.</p>	
	(128,438)
<p>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.</p>	
<p>Details supporting these changes are as follows:</p>	
Issuance of general obligation bonds and notes	(11,935,253)
Premium on bonds payable	(424,912)
Retirement of County general obligation bonds	1,696,072
Retirement of School Board general obligation bonds	11,341,394
Retirement of School Board literary fund loans	115,000
<p>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.</p>	
<p>Details supporting these changes are as follows:</p>	
Change in accrued interest payable	(188,056)
Change in accrued compensated absences	9,239
	<u>9,239</u>
Change in net assets of governmental activities	<u>\$ 2,897,801</u>

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

Statement of Net Assets  
 Proprietary Funds  
 June 30, 2006

	<b>Enterprise Funds</b>
	<b>Water and Sewer</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,911,891
Accounts receivable, net of allowances for uncollectibles	290,394
Total current assets	<u>\$ 2,202,285</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 101,371
Utility plant in service	27,612,281
Machinery and equipment	225,833
Construction in progress	160,331
Less accumulated depreciation	<u>(9,049,589)</u>
Total capital assets	<u>\$ 19,050,227</u>
Total noncurrent assets	<u>\$ 19,050,227</u>
 Total assets	 <u><u>\$ 21,252,512</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 274,145
Customers' deposits	65,505
Accrued interest payable	21,716
Due to other funds	394,215
Bonds payable - current portion	<u>306,936</u>
Total current liabilities	<u>\$ 1,062,517</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	<u>\$ 2,605,968</u>
Total noncurrent liabilities	<u>\$ 2,605,968</u>
Total liabilities	<u>\$ 3,668,485</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 16,190,499
Unrestricted	<u>1,393,528</u>
Total net assets	<u>\$ 17,584,027</u>
 Total liabilities and net assets	 <u><u>\$ 21,252,512</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2006

	<u>Enterprise Funds</u>
	<u>Water and Sewer</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 1,129,992
Sewer revenues	2,098,880
Penalty/reconnection charges	47,799
Miscellaneous	26,350
Total operating revenues	<u>\$ 3,303,021</u>
<b>OPERATING EXPENSES</b>	
Water	\$ 443,857
Administration	576,602
Other supplies and expenses	1,540,864
Depreciation	609,224
Total operating expenses	<u>\$ 3,170,547</u>
Operating income (loss)	<u>\$ 132,474</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 16,079
Connection/capacity fees	696,327
Rental income	43,450
Petersburg line payments	(128,636)
Interest expense	(118,497)
Total nonoperating revenues	<u>\$ 508,723</u>
Income before contributions and transfers	<u>\$ 641,197</u>
Transfers (out)	<u>\$ (9,175)</u>
Change in net assets	\$ 632,022
Total net assets - beginning	<u>16,952,005</u>
Total net assets - ending	<u><u>\$ 17,584,027</u></u>

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

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2006

	<u>Enterprise Funds</u>
	<u>Water and Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 3,257,637
Payments for operating activities	(1,942,659)
Payments to employees	<u>(572,701)</u>
Net cash provided operating activities	<u>\$ 742,277</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	<u>\$ (60,757)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Additions to utility plant	\$ (172,092)
Connection/capacity charges	696,327
Principal payments on bonds	(387,639)
Petersburg line payments	(128,636)
Interest payments	<u>(136,724)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (128,764)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 16,079
Rental income	<u>43,450</u>
Net cash provided by investing activities	<u>\$ 59,529</u>
Net increase in cash and cash equivalents	\$ 612,285
Cash and cash equivalents - beginning - including restricted	\$ 1,299,606
Cash and cash equivalents - ending - including restricted	<u>\$ 1,911,891</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	<u>\$ 132,474</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	\$ 609,224
(Increase) in accounts receivable	(52,602)
Increase in accounts payable	42,062
Increase in accrued leave	3,901
Increase customer deposits	<u>7,218</u>
Total adjustments	<u>\$ 609,803</u>
Net cash provided by operating activities	<u>\$ 742,277</u>

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



Statement of Net Assets  
 Fiduciary Funds  
 At June 30, 2006

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ <u>193,101</u>	\$ <u>1,328,835</u>
Total assets	\$ <u><u>193,101</u></u>	\$ <u><u>1,328,835</u></u>
<b>LIABILITIES</b>		
Amounts held for others	\$ <u>-</u>	\$ <u>1,328,835</u>
Total liabilities	\$ <u>-</u>	\$ <u>1,328,835</u>
<b>NET ASSETS</b>		
Held in trust for benefits	\$ <u>193,101</u>	\$ <u>-</u>
Total net assets	\$ <u>193,101</u>	\$ <u>-</u>
Total liabilities and net assets	\$ <u><u>193,101</u></u>	\$ <u><u>1,328,835</u></u>

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

Statement of Changes in Fiduciary Net Assets  
 Pension Trust Fund  
 Year Ended June 30, 2006

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**Additions:**

Employer contributions	\$ 145,000
Miscellaneous revenue	77,318
Interest income	<u>614</u>
 Total additions	 \$ <u>222,932</u>

**Deductions:**

Members' benefits	\$ 43,260
Insurance	<u>17,849</u>
 Total deductions	 \$ <u>61,109</u>

Change in net assets	\$ 161,823
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<b>Net assets - beginning of year</b>	<u>31,278</u>
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<b>Net assets - end of year</b>	<u><u>\$ 193,101</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006

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## **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 requirements and a 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. The 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.

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.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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.

#### B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2006.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

#### B. Individual Component Unit Disclosures: (Continued)

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, 2006.

#### C. Other Related Organizations

##### Included in the County's Comprehensive Annual Financial Report

None

##### Excluded in the County's Comprehensive Annual Financial Report

##### Joint Ventures

##### South Central Wastewater Authority

The South Central Wastewater Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase wastewater treatment services from the Authority at prescribed rates and capacity levels. The County's expenditures for wastewater treatment services for the year ended June 30, 2006 were \$445,556. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 900 Magazine Road, Petersburg, Virginia 23803.

##### Riverside Regional Jail Authority

The Riverside Regional Jail Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint one member to the seven member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with its service agreement with the Authority. The County's expenditures for confinement services for the year ended June 30, 2006 were \$1,099,381. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 1000 River Road, Hopewell, Virginia 23860.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

#### C. Other Related Organizations: (Continued)

Excluded in the County's Comprehensive Annual Financial Report: (Continued)

##### Appomattox River Water Authority

The Appomattox River Water Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity is required to purchase water in accordance with its service agreement with the Authority. The County's expenses for water purchased for the year ended June 30, 2006 were \$229,507. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 21300 Chesdin Road, Petersburg, Virginia 23860.

##### Appomattox Regional Library:

The County is a participant with the County of Dinwiddie and the City of Hopewell in a joint venture to operate the Appomattox Regional Library (the Library). The Library is governed by an 11-member board composed of five appointees from Hopewell three each from Dinwiddie and Prince George. Each locality is obligated by contract to fund a percentage of the Library's approved budget. In accordance with the joint venture agreement, the County remitted \$255,091 to the Library for fiscal 2006. Financial statements for the Library can be obtained at its administrative offices at 245 East Cawson Street, Hopewell, Virginia 23860. The participants have no ongoing financial responsibilities to or equity interest in the Library.

##### Jointly Governed Organizations

The County participates with the eight other localities in District 19 Community Services Board. The County also participates with five other localities in Virginia's Gateway Region, a regional economic development organization. The County provided funding of \$80,659 and \$30,479 respectively, during fiscal 2006 to these entities. The County also participates with six other localities in the Crater Youth Care Commission.

#### 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.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

#### **D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)**

The government-wide financial statements and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus. 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.

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.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

#### **D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)**

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.

##### **1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The County reports the following governmental funds.

General 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 Fund – The Capital Projects Fund account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects Fund is considered a major governmental fund.

Debt Service Fund – The Debt Service Fund Accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The debt service fund is considered a major governmental fund.

Special Revenue Funds: The 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. The County Special Revenue Funds are considered a non-major governmental fund and consist of the Economic Development Fund, the E-911 Fund, Asset Forfeiture Fund and Tourism Fund.

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.



**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

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

1. Governmental Funds: (Continued)

The County reports the following non-major governmental funds:

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 accrual basis of accounting to recognize receivables and payables. Fiduciary funds are not included in the government-wide financial statements. Agency funds include the Special Welfare Fund, Fringe Benefit Fund and the Performance Bond Fund.

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 \$154,614 at June 30, 2006 is comprised of property taxes in the amount of \$96,903 and utility accounts of \$57,711.

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	June 5/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, 2006 (Continued)

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## **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.

<u>Assets</u>	<u>Years</u>
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, 2006 (Continued)

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### **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, 2006 (Continued)

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**NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING: (CONTINUED)**

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2006.

**NOTE 3—DEPOSITS AND INVESTMENTS:**

Deposits

All cash of the County is maintained in accounts collateralized in accordance with Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia 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), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments):

The County's investments at June 30, 2006 were held by the County or in the County's name by the County's custodial banks; except \$21,578,610 of the Virginia Local Government Investment Pool where the underlying securities were uninsured and held by the investment's counterparty.

Credit Risk of Debt Securities:

The County's rated debt investments as of June 30, 2006 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using Standard & Poor's rating scale.

<b><u>Locality's Rated Debt Investments' Values</u></b>	
	<b><u>Fair Quality Rating</u></b>
Rated Debt Investments	<u>AAAm</u>
Local Government Investment Pool	\$ 21,578,610
STI Classic Funds	<u>5,004,247</u>
Total	<u>\$ 26,582,857</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)**

External Investment Pools:

The fair value of the positions in the external investment pools (Local Government Investment Pool) are the same as the value of the pool shares. As these pools are not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury.

**NOTE 4—DUE TO/FROM OTHER GOVERNMENTS:**

At June 30, 2006, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 207,386	\$ -
Welfare	28,193	-
Comprehensive services	17,646	
VHDA	11,115	-
Constitutional officer reimbursements	110,438	-
Recordation tax	30,294	-
Rolling stock tax	35,736	-
State sales tax	-	947,546
Personal property tax relief	10,324	-
Industrial access funds	87,737	-
Other funds	8,822	86,431
Federal Government:		
School fund grants	-	516,131
School food	-	38,680
Welfare	80,116	-
Total due from other governments	<u>\$ 627,807</u>	<u>\$ 1,588,788</u>

**NOTE 5—INTER-FUND RECEIVABLES AND PAYABLES:**

The following interfund receivable and payable was the result of an advance provided from the general fund to the utilities fund at the inception of the fund.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government:		
General Fund	\$ 394,215	\$ -
Water and Sewer Fund	-	394,215
Total	<u>\$ 394,215</u>	<u>\$ 394,215</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**NOTE 6—CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2006:

**Primary Government:**

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,899,198	\$ 145,593	\$ 745,805	\$ 5,298,986
Construction in progress	<u>4,238,725</u>	<u>3,277,236</u>	<u>7,515,961</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 10,137,923</u>	<u>\$ 3,422,829</u>	<u>\$ 8,261,766</u>	<u>\$ 5,298,986</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 22,025,027	\$ 1,477,795	\$ -	\$ 23,502,822
Machinery and equipment	7,382,545	8,815,112	40,475	16,157,182
Jointly owned assets	<u>47,337,300</u>	<u>1,160,478</u>	<u>4,647,744</u>	<u>43,850,034</u>
Total capital assets being depreciated	<u>\$ 76,744,872</u>	<u>\$ 11,453,385</u>	<u>\$ 4,688,219</u>	<u>\$ 83,510,038</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 4,866,674	\$ 594,552	\$ -	\$ 5,461,226
Equipment	4,276,739	1,234,870	-	5,511,609
Jointly owned assets	<u>9,438,588</u>	<u>1,074,402</u>	<u>865,327</u>	<u>9,647,663</u>
Total accumulated depreciation	<u>\$ 18,582,001</u>	<u>\$ 2,903,824</u>	<u>\$ 865,327</u>	<u>\$ 20,620,498</u>
Total capital assets being depreciated, net	<u>\$ 58,162,871</u>	<u>\$ 8,549,561</u>	<u>\$ 3,822,892</u>	<u>\$ 62,889,540</u>
Governmental activities capital assets, net	<u><u>\$ 68,300,794</u></u>	<u><u>\$ 11,972,390</u></u>	<u><u>\$ 12,084,658</u></u>	<u><u>\$ 68,188,526</u></u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**NOTE 6—CAPITAL ASSETS: (CONTINUED)**

**Primary Government: (continued)**

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 101,371	\$ -	\$ -	\$ 101,371
Construction in progress	<u>32,252</u>	<u>142,448</u>	<u>14,369</u>	<u>160,331</u>
 Total capital assets not being depreciated	 \$ <u>133,623</u>	 \$ <u>142,448</u>	 \$ <u>14,369</u>	 \$ <u>261,702</u>
Capital assets being depreciated:				
Utility Plant	\$ 27,597,912	\$ 14,369	\$ -	\$ 27,612,281
Vehicles and equipment	<u>196,189</u>	<u>29,644</u>	<u>-</u>	<u>225,833</u>
 Total capital assets being depreciated	 \$ <u>27,794,101</u>	 \$ <u>44,013</u>	 \$ <u>-</u>	 \$ <u>27,838,114</u>
Less accumulated depreciation for:				
Utility Plant	\$ 8,380,787	\$ 604,282	\$ -	\$ 8,985,069
Vehicles and equipment	<u>59,578</u>	<u>4,942</u>	<u>-</u>	<u>64,520</u>
 Total accumulated depreciation	 \$ <u>8,440,365</u>	 \$ <u>609,224</u>	 \$ <u>-</u>	 \$ <u>9,049,589</u>
 Total capital assets being depreciated, net	 \$ <u>19,353,736</u>	 \$ <u>(565,211)</u>	 \$ <u>-</u>	 \$ <u>18,788,525</u>
 Business-type activities capital assets, net	 \$ <u>19,487,359</u>	 \$ <u>(422,763)</u>	 \$ <u>14,369</u>	 \$ <u>19,050,227</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**NOTE 6—CAPITAL ASSETS: (CONTINUED)**

**Discretely Presented Component Unit—School Board:**

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Capital assets, not being depreciated:				
Land	\$ 592,009	\$ -	\$ 30,303	\$ 561,706
Total capital assets not being depreciated	\$ 592,009	\$ -	\$ 30,303	\$ 561,706
Capital assets being depreciated:				
Buildings and improvements	\$ 11,186,431	\$ 4,647,744	\$ -	\$ 15,834,175
Equipment	5,438,849	343,554	68,941	5,713,462
Total capital assets being depreciated	\$ 16,625,280	\$ 4,991,298	\$ 68,941	\$ 21,547,637
Less accumulated depreciation for:				
Buildings and improvements	\$ 2,230,463	\$ 1,253,292	\$ -	\$ 3,483,755
Equipment	3,275,848	449,389	68,941	3,656,296
Total accumulated depreciation	\$ 5,506,311	\$ 1,702,681	\$ 68,941	\$ 7,140,051
Total capital assets being depreciated, net	\$ 11,118,969	\$ 3,288,617	\$ -	\$ 14,407,586
School Board capital assets, net	<u>\$ 11,710,978</u>	<u>\$ 3,288,617</u>	<u>\$ 30,303</u>	<u>\$ 14,969,292</u>



**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**NOTE 6—CAPITAL ASSETS: (CONTINUED)**

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

Governmental activities:

General government	\$	312,943
Judicial administration		197,703
Public safety		1,184,643
Public works		44,793
Health and welfare		47,846
Education		1,074,402
Parks, recreation and cultural		28,827
Community development		<u>12,669</u>
Total Governmental activities	\$	<u><u>2,903,826</u></u>
Business-type activities	\$	<u><u>609,224</u></u>
Component Unit School Board	\$	<u><u>837,355</u></u>

**NOTE 7—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2006, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 5,400,766
Proprietary funds	-	9,175
County capital projects fund	750,728	-
Debt Service Fund	4,606,142	-
Special Revenue Fund	-	-
Non-major Fund	<u>140,134</u>	<u>87,063</u>
Total	\$ <u><u>5,497,004</u></u>	\$ <u><u>5,497,004</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting 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 the other funds in accordance with budgeting authorization.

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**NOTE 8—LONG-TERM OBLIGATIONS:**

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

**Primary Government:**

	<b>Amounts Payable at July 1, 2005</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts Payable at June 30, 2006</b>	<b>Amounts Due Within One Year</b>
Governmental Obligations:					
Incurred by County					
Compensated absences payable	\$ 1,117,993	\$ 264,815	\$ 274,054	\$ 1,108,754	\$ 110,875
General obligation bonds	<u>24,183,917</u>	<u>4,175,200</u>	<u>1,696,072</u>	<u>26,663,045</u>	<u>1,268,409</u>
Total incurred by County	<u>\$ 25,301,910</u>	<u>\$ 4,440,015</u>	<u>\$ 1,970,126</u>	<u>\$ 27,771,799</u>	<u>\$ 1,379,284</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 1,150,000	-	\$ 115,000	\$ 1,035,000	\$ 115,000
General Obligation Bonds	36,748,712	7,760,053	11,341,394	33,167,371	1,752,054
Premium on Bonds Payable	<u>-</u>	<u>424,912</u>	<u>-</u>	<u>424,912</u>	<u>-</u>
Total incurred by School Board	<u>\$ 37,898,712</u>	<u>\$ 8,184,965</u>	<u>\$ 11,456,394</u>	<u>\$ 34,627,283</u>	<u>\$ 1,867,054</u>
Total Governmental Obligations	<u>\$ 63,200,622</u>	<u>\$ 12,624,980</u>	<u>\$ 13,426,520</u>	<u>\$ 62,399,082</u>	<u>\$ 3,246,338</u>

The general fund revenues are used to liquidate compensated absences.

	<b>Amounts Payable at July 1, 2005</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts Payable at June 30, 2006</b>	<b>Amounts Due Within One Year</b>
Enterprise Obligations:					
Compensated absences	\$ 49,275	\$ 4,927	\$ 1,026	\$ 53,176	\$ 5,318
General obligation bonds	<u>3,247,367</u>	<u>-</u>	<u>387,638</u>	<u>2,859,729</u>	<u>301,618</u>
Total Enterprise Obligations	<u>\$ 3,296,642</u>	<u>\$ 4,927</u>	<u>\$ 388,664</u>	<u>\$ 2,912,905</u>	<u>\$ 306,936</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

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

<u>Year Ending</u> <u>June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,696,072	\$ 907,765
2008	1,268,409	961,930
2009	1,324,153	983,579
2010	1,366,564	933,678
2011	3,840,238	874,879
2012	1,818,576	722,112
2013	1,887,261	651,078
2014	1,969,429	574,695
2015	2,048,941	493,381
2016	1,341,351	427,027
2017	1,392,329	376,371
2018	3,766,079	273,726
2019	1,238,683	175,006
2020	1,284,954	128,992
2021	499,504	81,257
2022	518,685	62,076
2023	538,603	42,159
2024	<u>559,286</u>	<u>21,478</u>
Total	\$ 28,359,117	\$ 8,691,189
	<u>(1,696,072)</u>	<u>(907,765)</u>
	<u>\$ 26,663,045</u>	<u>\$ 7,783,424</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

Annual requirements to amortize school obligations are as follows:

Year Ending June 30,	School Obligations			
	State Literary Fund Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2007	\$ 115,000	\$ 20,700	\$ 1,752,054	\$ 1,741,708
2008	115,000	18,400	1,835,496	1,577,801
2009	115,000	16,100	1,909,526	1,476,722
2010	115,000	13,800	1,986,104	1,369,867
2011	115,000	11,500	2,069,204	1,258,620
2012	115,000	9,200	2,151,657	1,146,984
2013	115,000	6,900	2,237,458	1,035,943
2014	115,000	4,600	2,323,800	920,835
2015	115,000	2,300	2,417,541	799,653
2016	-	-	2,518,712	672,543
2017	-	-	2,621,554	540,003
2018	-	-	2,726,154	401,936
2019	-	-	1,383,434	296,272
2020	-	-	1,428,269	224,574
2021	-	-	1,479,663	150,421
2022	-	-	440,165	101,466
2023	-	-	453,002	78,690
2024	-	-	465,318	56,436
2025	-	-	477,666	34,151
2026	-	-	490,594	11,284
Total	\$ <u>1,035,000</u>	\$ <u>103,500</u>	\$ <u>33,167,371</u>	\$ <u>13,895,909</u>

Year Ending June 30,	Enterprise Obligations	
	General Obligation Bonds	
	Principal	Interest
2007	\$ 301,618	\$ 119,426
2008	223,295	108,254
2009	229,750	98,792
2010	295,156	87,890
2011	310,432	75,450
2012	322,773	61,982
2013	338,818	47,513
2014	354,503	32,046
2015	204,332	19,936
2016	213,188	11,397
2017	32,231	2,489
2018	33,633	1,088
Total	\$ <u>2,859,729</u>	\$ <u>666,263</u>

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

#### **Primary Government: (Continued)**

#### **General Obligations—Incurred by the County:**

\$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.	\$ 771,000
\$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%	2,005,288
\$660,273 General Obligation Note Series 2001 issued November 1, 2001 interest payable in varying annual installments through June 15, 2015, interest at 4.15%	318,537
\$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%	280,251
\$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	3,465,000
\$8,000,000 General Obligation Note 2003B series issued January 24, 2003 due in varying annual installments through February 1, 2023, interest payable semiannually	7,153,838
\$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%	8,493,931
\$2,355,800 General Obligation Public Facilities Note Series 2006A issued June 27, 2006 due on August 1, 2016, interest payable semi-annually at 4.25%	2,355,800
\$1,819,400 General Obligation Public Safety Facilities Note Series 2006B issued June 27, 2006 due in varying annual installments through August 1, 2016, interest payable semi-annually at 3.98%	<u>1,819,400</u>
Total General Obligation Bonds	\$ <u>26,663,045</u>
Compensated absences	\$ <u>1,108,754</u>
Total incurred by the County	\$ <u>27,771,799</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

**General Obligations—Incurred by the School Board:**

State Literary Fund Loans:

Premium on bond	\$ <u>424,912</u>
\$500,000, issued May 26, 1995, due in annual installments of \$25,000 through July 1, 2015, interest payable annually at 2%	\$ 225,000
\$1,000,000 issued May 26, 1995, due in annual installments of \$50,000 through July 1, 2015, interest payable annually at 2%	450,000
\$800,000, issued May 26, 1995, due in annual installments of \$40,000 through July 1, 2015, interest payable annually at 2%	<u>360,000</u>
Total State Literary Fund Loans	\$ <u>1,035,000</u>

General Obligation Bonds:

\$3,843,528 issued June, 1998 due in semiannual installments of varying amounts and interest rates through January, 2018.	\$ 2,525,475
\$14,540,000 issued June, 1998 due in semiannual installments of varying amounts and interest rates through July, 2017	10,495,000
\$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%	8,196,843
\$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%	4,190,000
\$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semi-annually at 4.06%	<u>7,760,053</u>
Total General Obligation Bonds	\$ <u>33,167,371</u>
Total Incurred by School Board	\$ <u>34,627,283</u>
Total Governmental Long-term Obligations	\$ <u><u>62,399,082</u></u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

**General Obligations—Incurred by Enterprise Fund:**

General Obligation Bonds:

\$457,000 Water and Sewer Improvement bonds, dated March 13, 1999, interest at 4.3% through 2036	\$	322,844
\$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%		877,810
\$902,022 General Obligation Note Series 2001, issued November 1, 2001, due in varying annual installments through June 15, 2016, interest at 4.15%		650,075
\$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		514,000
\$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>495,000</u>
Total General Obligation Bonds	\$	2,859,729
Compensated Absences		<u>53,176</u>
Total Incurred by Enterprise Fund	\$	<u><u>2,912,905</u></u>

**Debt Defeasance**

On August 1, 2005 and August 1, 2006 the County of Prince George, Virginia refunded \$1,985,000 of General Obligation Public Improvement and Refunding Bonds, Series of 1993 and \$3,200,000 of General Obligation Public Improvement and Refunding Bonds Series 1996B. As a result the 1993 and 1996 bonds maturing annually on August 1, 2014 to August 1, 2026 are considered to be defeased in substance and the liability for those bonds has been removed from the financial statements. At June 30, 2006 the defeased bonds had balances outstanding of \$5,185,000.

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Component Unit School Board:**

The following is a summary of long-term obligations for the fiscal year ending June 30, 2006:

	<u>Amounts Payable July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2006</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable	\$ 297,299	\$ 32,648	\$ 18,819	\$ 311,128	\$ 31,128
Total	<u>\$ 297,299</u>	<u>\$ 32,648</u>	<u>\$ 18,819</u>	<u>\$ 311,128</u>	<u>\$ 31,128</u>

**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 \$1,243,899 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$660,777 at June 30, 2006.

Prepaid Property Taxes – Property taxes due subsequent to June 30, 2006 but paid in advance by the taxpayers totaled \$49,246 at June 30, 2006.

Grants received but unexpended \$12,500.

Amount received for timber to be harvested subsequent to year end \$570,622.

**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.



**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**NOTE 10—CONTINGENT LIABILITIES: (CONTINUED)**

At June 30, 2006, the County had the following construction contracts outstanding:

	<u>Project</u>	<u>Contractor</u>	<u>Balance June 30, 2006</u>
Capital Projects Fund	Communication Towers	Site Master	\$ 161,344
	ECC & EOC Building	Brooks & Company	923,273
	Communication Towers	Radio Communications of Virginia	<u>1,878,857</u>
	Total		<u>\$ 2,963,474</u>

**NOTE 11—LITIGATION:**

At June 30, 2006, 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.

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.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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### **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) or 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 an 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 VRS 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 downloaded from the VRS website located at <http://www.varetire.org/PDF/2005AnnuRept.pdf> or obtained by writing the VRS at P.O. Box 2500, Richmond, VA 23218-2500.

##### 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 2006 were 11.25% and 6.5% of annual covered payroll, respectively.

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

**NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

Primary Government: (Continued)

B. Funding Policy: (Continued)

The School Board's professional employees contributed \$1,683,537, \$1,436,549, and \$824,623 to the teacher cost-sharing pool for the fiscal years ended June 30, 2006, 2005, and 2004 respectively. The School Board's current rate is 6.62% of annual covered payroll.

C. Annual Pension Cost

For fiscal 2006, the County's annual pension cost of \$944,319 was equal to the County's required and actuarial contributions. The required contributions were determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2006, the County School Board's annual pension cost for the Board's non-professional employees was \$247,154 which was equal to the Board's required and actuarial contributions. The required contributions were determined as a part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method.

	<u>County</u>	<u>Non-Professional School Board Employees</u>
Valuation date	June 30, 2005	June 30, 2005
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	21 years	21 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return <sup>1</sup>	7.50%	7.25%
Projected salary increases: <sup>1</sup>		
Non LEO Employees	3.50% to 5.73%	3.50% to 5.73%
LEO Employees	3.50% to 4.71%	3.50% to 4.71%
Cost-of-living adjustments	2.5%	2.5%

<sup>1</sup> Includes inflation at 2.5%

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (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, 2006	\$ 944,319	100%	\$ -
June 30, 2005	879,819	100%	-
June 30, 2004	619,095	100%	-
School Board:			
Non-Professional:			
June 30, 2006	\$ 247,154	100%	\$ -
June 30, 2005	228,484	100%	-
June 30, 2004	160,511	100%	-

**NOTE 14—LENGTH OF SERVICE AWARD PENSION PROGRAM:**

A. Plan Description and Provisions

On January 1, 2001 the Prince George County Board of Supervisors adopted the Length of Service Awards Program for the Prince George County Volunteer Fire Companies and Emergency Crew to recognize the service provided by the volunteers. The plan is a single employer, defined benefit pension plan which was open to any volunteer emergency service technician or volunteer firefighter who has earned a year of credited service. Participants vest after five years of service and earn a fixed dollar benefit based on years of service. No separate financial report is issued for the plan.

As of January 1, 2006 the program membership consisted of the following:

Eligible Members	106
Retirees and beneficiaries	24

B. Funding Policy

This plan is available to vested volunteer members with no covered payroll. Benefits amortize on a level dollar basis, and are recognized when due and payable in accordance with the terms of the plan. Members vest over a five year period. Benefits accrue at the rate of \$10 per month for each two years of active service. Since the County fully funds the plan, refunds are not paid. The plan does not provide for post-retirement increases. The contribution rate is determined using an entry age Normal-Frozen Initial Liability Cost Method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 5.5% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2006 (Continued)

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**NOTE 14—LENGTH OF SERVICE AWARD PENSION PROGRAM: (CONTINUED)**

B. Funding Policy: (Continued)

The contributions to the plan for the fiscal year ended June 30, 2006 totaled \$145,000. The program's funding provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At June 30, 2006 the plan had net assets available for benefits totaling \$824,984. Unfunded past service costs total \$249,748 and will be fully amortized in 5 years. The plan additions fund the cost of administering the plan.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
County:		
June 30, 2006	\$ 101,507	100%
June 30, 2005	103,602	100%
June 30, 2004	142,284	100%
June 30, 2003	153,374	100%

**NOTE 15—LANDFILL POSTCLOSURE CARE COSTS:**

The County closed its landfill prior to the date mandated by state and federal laws and regulations and is liable for post-closure monitoring for a period of at least ten years. Post-closure monitoring costs are believed to be minimal and will be paid for with general fund revenues.

**NOTE 16—SURETY BONDS:**

	<u>Amount</u>
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

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## **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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General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 20,519,556	\$ 20,519,556	\$ 22,617,327	\$ 2,097,771
Other local taxes	4,480,740	4,480,740	4,915,842	435,102
Permits, privilege fees, and regulatory licenses	601,423	601,423	706,915	105,492
Fines and forfeitures	363,800	363,800	287,716	(76,084)
Revenue from the use of money and property	281,500	281,750	833,890	552,140
Charges for services	978,530	983,690	1,029,998	46,308
Miscellaneous	11,600	25,841	43,857	18,016
Recovered costs	413,752	487,946	270,772	(217,174)
Intergovernmental revenues:				
Commonwealth	8,465,752	7,589,780	7,597,278	7,498
Federal	341,903	1,557,782	1,179,723	(378,059)
Total revenues	<u>\$ 36,458,556</u>	<u>\$ 36,892,308</u>	<u>\$ 39,483,318</u>	<u>\$ 2,591,010</u>
<b>EXPENDITURES</b>				
Current:				
General government administration:				
Legislative:				
Board of supervisors	\$ 257,240	\$ 336,840	\$ 316,916	\$ 19,924
General and financial administration:				
County administrator	\$ 436,832	\$ 399,682	\$ 391,462	\$ 8,220
Human resources	239,361	240,329	232,436	7,893
Legal services	147,705	147,705	141,320	6,385
Commissioner of revenue	384,376	354,376	339,688	14,688
Treasurer	399,583	392,583	385,122	7,461
Assessor	405,968	392,968	389,058	3,910
Finance	343,174	353,174	350,028	3,146
Information Technology	386,784	386,784	292,244	94,540
County garage	309,891	309,891	307,915	1,976
Other general and financial administration	98,329	98,329	94,200	4,129
Total general and financial administration	<u>\$ 3,152,003</u>	<u>\$ 3,075,821</u>	<u>\$ 2,923,473</u>	<u>\$ 152,348</u>
Board of elections:				
Electoral board and officials	\$ 32,140	\$ 35,226	\$ 35,186	\$ 40
Registrar	133,317	133,317	130,044	3,273
Total board of elections	<u>\$ 165,457</u>	<u>\$ 168,543</u>	<u>\$ 165,230</u>	<u>\$ 3,313</u>
Total general government administration	<u>\$ 3,574,700</u>	<u>\$ 3,581,204</u>	<u>\$ 3,405,619</u>	<u>\$ 175,585</u>
Judicial administration:				
Courts:				
Circuit court	\$ 75,035	\$ 79,245	\$ 73,792	\$ 5,453
General district court	35,916	35,916	25,634	10,282
Magistrate	1,325	1,325	691	634
Sheriff	742,527	693,527	648,326	45,201

General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2006 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES: (Continued)</b>				
Judicial administration: (Continued)				
Courts: (Continued)				
Drug court	\$ 2,500	\$ 6,961	\$ 5,833	\$ 1,128
Law library	-	37,746	8,801	28,945
Victim witness	61,986	61,986	56,891	5,095
Clerk of Circuit Court	372,790	400,953	365,135	35,818
Total courts	\$ 1,292,079	\$ 1,317,659	\$ 1,185,103	\$ 132,556
Commonwealth's attorney:				
Commonwealth's attorney	\$ 281,103	\$ 351,103	\$ 339,007	\$ 12,096
Total judicial administration	\$ 1,573,182	\$ 1,668,762	\$ 1,524,110	\$ 144,652
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,725,102	\$ 3,607,602	\$ 3,442,849	\$ 164,753
Law enforcement grants	-	309,908	249,597	60,311
Crater police academy	22,552	22,552	22,552	-
Total law enforcement and traffic control	\$ 3,747,654	\$ 3,940,062	\$ 3,714,998	\$ 225,064
Fire and rescue services:				
Volunteer fire departments	\$ 198,250	\$ 198,250	\$ 147,852	\$ 50,398
Volunteer emergency crew	60,600	60,600	57,401	3,199
LOSAP volunteers	180,000	180,000	145,000	35,000
Fire and rescue service	1,042,813	1,054,063	996,745	57,318
Total fire and rescue services	\$ 1,481,663	\$ 1,492,913	\$ 1,346,998	\$ 145,915
Correction and detention:				
Confinement and care of prisoners	\$ 1,192,000	\$ 1,320,000	\$ 1,307,515	\$ 12,485
Juvenile probation	95,727	95,727	93,083	2,644
Court services	1,850	1,850	-	1,850
Video arraignment	6,000	6,000	4,321	1,679
Electronic monitoring	2,800	3,538	1,321	2,217
Community correction / probation	341,919	306,882	286,882	20,000
Pretrial program	218,741	205,675	205,669	6
Community corrections supplement	34,161	42,500	42,447	53
Local Community Corrections	-	58,376	49,774	8,602
Total correction and detention	\$ 1,893,198	\$ 2,040,548	\$ 1,991,012	\$ 49,536
Inspections:				
Building	\$ 632,126	\$ 638,801	\$ 544,617	\$ 94,184
Other protection:				
Animal control	\$ 188,670	\$ 213,170	\$ 212,924	\$ 246
Total other protection	\$ 188,670	\$ 213,170	\$ 212,924	\$ 246
Total public safety	\$ 7,943,311	\$ 8,325,494	\$ 7,810,549	\$ 514,945

General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2006 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES: (Continued)</b>				
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 423,265	\$ 399,784	\$ 322,113	\$ 77,671
Central Virginia Waste Management Authority	17,000	17,000	16,704	296
Total sanitation and waste removal	\$ 440,265	\$ 416,784	\$ 338,817	\$ 77,967
Maintenance of general buildings and grounds:				
General properties	\$ 1,288,731	\$ 1,288,731	\$ 1,217,632	\$ 71,099
Engineering	34,148	34,148	27,686	6,462
Total maintenance of general buildings and grounds	\$ 1,322,879	\$ 1,322,879	\$ 1,245,318	\$ 77,561
Total public works	\$ 1,763,144	\$ 1,739,663	\$ 1,584,135	\$ 155,528
Health and welfare:				
Health:				
Supplement of local health department	\$ 185,032	\$ 185,032	\$ 183,690	\$ 1,342
Mental health and mental retardation:				
District 19 CSB	\$ 80,659	\$ 80,659	\$ 80,659	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,965,208	\$ 1,995,108	\$ 1,746,359	\$ 248,749
Comprehensive services	500,000	501,295	432,133	69,162
Disability Services Board	14,800	15,800	15,797	3
Other social services	18,814	18,814	18,128	686
Housing assistance	169,012	235,911	231,327	4,584
Revenue maximization	67,452	67,452	18,640	48,812
Total welfare	\$ 2,735,286	\$ 2,834,380	\$ 2,462,384	\$ 371,996
Total health and welfare	3,000,977	3,100,071	2,726,733	373,338
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	\$ 10,893,429	\$ 10,893,429	\$ 10,537,415	\$ 356,014
Contribution to local colleges	23,988	23,988	23,988	-
Total education	\$ 10,917,417	\$ 10,917,417	\$ 10,561,403	\$ 356,014
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 644,284	\$ 648,284	\$ 610,916	\$ 37,368

General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2006 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES: (Continued)</b>				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to regional library	\$ 255,092	\$ 255,092	\$ 255,091	\$ 1
Total parks, recreation, and cultural	\$ 899,376	\$ 903,376	\$ 866,007	\$ 37,369
Community development:				
Planning and community development:				
Planning department	\$ 343,724	\$ 435,724	\$ 365,181	\$ 70,543
Zoning board	4,140	4,140	3,906	234
Planning district commission	21,481	21,481	21,481	-
Planning commission	15,880	15,880	15,846	34
Economic development incentives	40,000	40,000	-	40,000
Indoor plumbing and rehabilitation grant	306,451	349,281	105,431	243,850
Geographic information systems	68,460	68,460	66,967	1,493
Total planning and community development	\$ 800,136	\$ 934,966	\$ 578,812	\$ 356,154
Environmental management:				
Contribution to soil and water conservation district	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Litter control program	15,970	20,970	20,956	14
Resource conservation and development council	2,500	2,500	2,500	-
Total environmental management	\$ 24,470	\$ 29,470	\$ 29,456	\$ 14
Cooperative extension program:				
Extension office	\$ 66,212	\$ 76,087	\$ 74,608	\$ 1,479
Total community development	\$ 890,818	\$ 1,040,523	\$ 682,876	\$ 357,647
Nondepartmental:				
Contingencies	\$ 393,714	\$ 187,920	\$ -	\$ 187,920
Total nondepartmental	\$ 393,714	\$ 187,920	\$ -	\$ 187,920
Total expenditures	\$ 30,956,639	\$ 31,464,430	\$ 29,161,432	\$ 2,302,998
Excess (deficiency) of revenues over (under) expenditures	\$ 5,501,917	\$ 5,427,878	\$ 10,321,886	\$ 4,894,008
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 11,578	\$ 11,578	\$ -	\$ (11,578)
Transfers (out)	(5,542,255)	(5,690,745)	(5,400,766)	289,979
Total other financing sources and uses	\$ (5,530,677)	\$ (5,679,167)	\$ (5,400,766)	\$ 278,401
Net change in fund balances	\$ (28,760)	\$ (251,289)	\$ 4,921,120	\$ 5,172,409
Fund balances - beginning	28,760	251,289	10,000,686	9,749,397
Fund balances - ending	\$ -	\$ -	\$ 14,921,806	\$ 14,921,806

Schedule of Funding Progress Virginia Retirement System  
 Virginia Retirement System and Length of Service Awards Pension Program  
 Last Three Fiscal Years

**Virginia Retirement System**

**County**

<b>Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded (Excess Funded) Actuarial Accrued Liability</b>	<b>Funded Ratio (2) / (3)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as % of Payroll (4) / (6)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
6/30/2005	\$ 19,389,335	\$ 27,545,254	\$ 8,155,919	70.39%	\$ 7,873,363	103.59%
6/30/2004	18,278,279	23,435,248	5,156,969	77.99%	7,438,030	69.33%
6/30/2003	17,642,053	21,773,367	4,131,314	81.03%	7,045,072	58.64%

**School Board Non-professionals:**

<b>Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded (Excess Funded) Actuarial Accrued Liability</b>	<b>Funded Ratio (2) / (3)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as % of Payroll (4) / (6)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
6/30/2005	\$ 7,511,512	\$ 9,830,495	\$ 2,318,983	76.41%	\$ 3,511,665	66.04%
6/30/2004	7,160,969	8,166,146	1,005,177	87.69%	3,280,264	30.64%
6/30/2003	6,890,493	7,045,551	155,058	97.80%	2,725,349	5.69%

**Length of Service Awards Pension Program:**

<b>Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded (Excess Funded) Actuarial Accrued Liability</b>	<b>Funded Ratio (2) / (3)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
1/1/2005	\$ 790,989	\$ 1,836,956	\$ 1,045,967	43.06%
1/1/2004	493,920	1,785,747	1,291,827	27.66%
1/1/2003	300,944	1,808,394	1,507,450	16.64%

County Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 406,319	\$ 105,645	\$ (300,674)
Intergovernmental revenues:				
Commonwealth	-	587,350	87,737	(499,613)
Total revenues	\$ -	\$ 993,669	\$ 193,382	\$ (800,287)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ -	\$ 824,437	\$ 14,467	\$ 809,970
Public safety	-	5,739,945	5,428,624	311,321
Public works	-	757,986	452,464	305,522
Education	-	2,663,000	1,160,478	1,502,522
Parks, recreation, and cultural	-	477,060	1,124	475,936
Community development	-	3,406,489	612,643	2,793,846
Total expenditures	\$ -	\$ 13,868,917	\$ 7,669,800	\$ 6,199,117
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (12,875,248)	\$ (7,476,418)	\$ 5,398,830
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 750,728	\$ 750,728	\$ -
Proceeds from debt issued	-	4,163,900	4,175,200	11,300
Total other financing sources and uses	\$ -	\$ 4,914,628	\$ 4,925,928	\$ 11,300
Net change in fund balances	\$ -	\$ (7,960,620)	\$ (2,550,490)	\$ 5,410,130
Fund balances - beginning	-	7,960,620	8,592,971	632,351
Fund balances - ending	\$ -	\$ -	\$ 6,042,481	\$ 6,042,481

County Debt Service Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 30,000	\$ 30,000	\$ 140,120	\$ 110,120
Intergovernmental revenues:				
Commonwealth	196,014	1,949,229	1,948,596	(633)
Total revenues	<u>\$ 226,014</u>	<u>\$ 1,979,229</u>	<u>\$ 2,088,716</u>	<u>\$ 109,487</u>
<b>EXPENDITURES</b>				
Debt Service - School Obligations:				
Principal retirement	\$ 1,518,220	\$ 1,518,220	\$ 1,520,214	\$ (1,994)
Interest and other fiscal charges	1,612,940	1,612,940	1,505,074	107,866
Total debt service school obligations	<u>\$ 3,131,160</u>	<u>\$ 3,131,160</u>	<u>\$ 3,025,288</u>	<u>\$ 105,872</u>
Debt Service County Obligations:				
Principal retirement	\$ 1,200,005	\$ 1,200,005	\$ 1,153,497	\$ 46,508
Interest and other fiscal charges	744,258	744,258	799,062	(54,804)
Total debt service county obligations	<u>\$ 1,944,263</u>	<u>\$ 1,944,263</u>	<u>\$ 1,952,559</u>	<u>\$ (8,296)</u>
Total:				
Principal retirement	\$ 2,718,225	\$ 2,718,225	\$ 2,673,711	\$ 44,514
Interest and other fiscal charges	2,357,198	2,357,198	2,304,136	53,062
Total debt service obligations	<u>\$ 5,075,423</u>	<u>\$ 5,075,423</u>	<u>\$ 4,977,847</u>	<u>\$ 97,576</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,849,409)</u>	<u>\$ (3,096,194)</u>	<u>\$ (2,889,131)</u>	<u>\$ 207,063</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 4,849,409	\$ 4,849,409	\$ 4,606,142	\$ (243,267)
Premium on bonds issued	-	424,912	424,912	-
Retirement of bond anticipation note	(9,938,180)	(9,938,180)	(9,938,180)	-
Proceeds from debt issued	9,938,180	7,760,053	7,760,053	-
Total other financing sources and uses	<u>\$ 4,849,409</u>	<u>\$ 3,096,194</u>	<u>\$ 2,852,927</u>	<u>\$ (243,267)</u>
Net change in fund balances	\$ -	\$ -	\$ (36,204)	\$ (36,204)
Fund balances - beginning	-	-	36,204	36,204
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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## **Other Supplementary Information**

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2006

	<u>Economic Development Fund</u>	<u>E-911 Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Tourism Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 799,891	\$ 15,573	\$ 49,541	\$ 270,038	\$ 1,135,043
Receivables (net of allowance for uncollectibles):					
Taxes receivable	52,984	39,881	-	-	92,865
Accounts receivable	617	-	-	-	617
Total assets	<u>\$ 853,492</u>	<u>\$ 55,454</u>	<u>\$ 49,541</u>	<u>\$ 270,038</u>	<u>\$ 1,228,525</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 10,772	\$ 3,061	\$ -	\$ 696	\$ 14,529
Total liabilities	<u>\$ 10,772</u>	<u>\$ 3,061</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ 14,529</u>
Fund balances:					
Unreserved:					
Designated for subsequent expenditure	\$ 842,720	\$ 52,393	\$ 49,541	\$ 269,342	\$ 1,213,996
Total fund balances	<u>\$ 842,720</u>	<u>\$ 52,393</u>	<u>\$ 49,541</u>	<u>\$ 269,342</u>	<u>\$ 1,213,996</u>
Total liabilities and fund balances	<u>\$ 853,492</u>	<u>\$ 55,454</u>	<u>\$ 49,541</u>	<u>\$ 270,038</u>	<u>\$ 1,228,525</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Non-Major Governmental Funds  
 For the Year Ended June 30, 2006

	<u>Economic Development Fund</u>	<u>E-911 Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Tourism Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>REVENUES</b>					
Other local taxes	\$ 513,273	\$ 468,144	\$ -	\$ 278,037	\$ 1,259,454
Fines and forfeitures	10,011	-	-	-	10,011
Miscellaneous	-	-	1,630	-	1,630
Intergovernmental revenues:					
Commonwealth	50,000	33,262	28,737	-	111,999
Total revenues	<u>\$ 573,284</u>	<u>\$ 501,406</u>	<u>\$ 30,367</u>	<u>\$ 278,037</u>	<u>\$ 1,383,094</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	\$ -	\$ 662,977	\$ 5,339	\$ -	\$ 668,316
Community Development	326,122	-	-	8,695	334,817
Debt service:					
Principal retirement	542,576	-	-	-	542,576
Interest and other fiscal charges	122,957	-	-	-	122,957
Total expenditures	<u>\$ 991,655</u>	<u>\$ 662,977</u>	<u>\$ 5,339</u>	<u>\$ 8,695</u>	<u>\$ 1,668,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (418,371)</u>	<u>\$ (161,571)</u>	<u>\$ 25,028</u>	<u>\$ 269,342</u>	<u>\$ (285,572)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 140,134	\$ -	\$ -	\$ 140,134
Transfers (out)	(87,063)	-	-	-	(87,063)
Sale of property	423,099	-	-	-	423,099
Total other financing sources and uses	<u>\$ 336,036</u>	<u>\$ 140,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,170</u>
Net change in fund balances	\$ (82,335)	\$ (21,437)	\$ 25,028	\$ 269,342	\$ 190,598
Fund balances - beginning	925,055	73,830	24,513	-	1,023,398
Fund balances - ending	<u>\$ 842,720</u>	<u>\$ 52,393</u>	<u>\$ 49,541</u>	<u>\$ 269,342</u>	<u>\$ 1,213,996</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2006

	Economic Development Fund				E-911 Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
<b>REVENUES</b>								
Other local taxes	\$ 511,578	\$ 511,578	\$ 513,273	\$ 1,695	\$ 460,000	\$ 460,000	\$ 468,144	\$ 8,144
Fines and forfeitures	-	-	10,011	10,011	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Intergovernmental revenues:								
Commonwealth	50,000	50,000	50,000	-	55,000	55,000	33,262	(21,738)
Total revenues	\$ 561,578	\$ 561,578	\$ 573,284	\$ 11,706	\$ 515,000	\$ 515,000	\$ 501,406	\$ (13,594)
<b>EXPENDITURES</b>								
Current:								
Public Safety:								
Law enforcement and traffic control:								
Drug enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Protection:								
E911	-	-	-	-	701,846	744,500	662,977	81,523
Total public safety	\$ -	\$ -	\$ -	\$ -	\$ 701,846	\$ 744,500	\$ 662,977	\$ 81,523
Community Development:								
Planning and community development:								
Economic development director	\$ 180,223	\$ 230,223	\$ 219,116	\$ 11,107	\$ -	\$ -	\$ -	\$ -
Tourism initiatives	-	-	-	-	-	-	-	-
Economic development	179,300	170,125	107,006	63,119	-	-	-	-
Total community development	\$ 359,523	\$ 400,348	\$ 326,122	\$ 74,226	\$ -	\$ -	\$ -	\$ -
Debt service:								
Principal retirement	\$ 119,711	\$ 542,824	\$ 542,576	\$ 248	\$ -	\$ -	\$ -	\$ -
Interest and other fiscal charges	178,463	178,463	122,957	55,506	-	-	-	-
Total debt service	\$ 298,174	\$ 721,287	\$ 665,533	\$ 55,754	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ 657,697	\$ 1,121,635	\$ 991,655	\$ 129,980	\$ 701,846	\$ 744,500	\$ 662,977	\$ 81,523
Excess (deficiency) of revenues over (under) expenditures	\$ (96,119)	\$ (560,057)	\$ (418,371)	\$ 141,686	\$ (186,846)	\$ (229,500)	\$ (161,571)	\$ 67,929
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 186,846	\$ 186,846	\$ 140,134	\$ (46,712)
Transfers (out)	(143,578)	(230,641)	(87,063)	143,578	-	-	-	-
Sale of property	-	423,113	423,099	(14)	-	-	-	-
Total other financing sources and uses	\$ (143,578)	\$ 192,472	\$ 336,036	\$ 143,564	\$ 186,846	\$ 186,846	\$ 140,134	\$ (46,712)
Net change in fund balances	\$ (239,697)	\$ (367,585)	\$ (82,335)	\$ 285,250	\$ -	\$ (42,654)	\$ (21,437)	\$ 21,217
Fund balances - beginning	239,697	367,585	925,055	557,470	-	42,654	73,830	31,176
Fund balances - ending	\$ -	\$ -	\$ 842,720	\$ 842,720	\$ -	\$ -	\$ 52,393	\$ 52,393

Asset Forfeiture Fund				Tourism Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 278,037	\$ 253,037
-	-	-	-	-	-	-	-
-	380	1,630	1,250	-	-	-	-
-	23,580	28,737	5,157	-	-	-	-
\$ -	\$ 23,960	\$ 30,367	\$ 6,407	\$ -	\$ 25,000	\$ 278,037	\$ 253,037
\$ -	\$ 48,473	\$ 5,339	\$ 43,134	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ 48,473	\$ 5,339	\$ 43,134	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	25,000	8,695	16,305
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 8,695	\$ 16,305
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 48,473	\$ 5,339	\$ 43,134	\$ -	\$ 25,000	\$ 8,695	\$ 16,305
\$ -	\$ (24,513)	\$ 25,028	\$ 49,541	\$ -	\$ -	\$ 269,342	\$ 269,342
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (24,513)	\$ 25,028	\$ 49,541	\$ -	\$ -	\$ 269,342	\$ 269,342
-	24,513	24,513	-	-	-	-	-
\$ -	\$ -	\$ 49,541	\$ 49,541	\$ -	\$ -	\$ 269,342	\$ 269,342

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Combining Balance Sheet  
 Agency Funds  
 At June 30, 2006

	<b>Agency Funds</b>			
	<b>Special Welfare Fund</b>	<b>Fringe Benefits Fund</b>	<b>Performance Bond Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,157	\$ 1,056,238	\$ 267,440	\$ 1,328,835
Total assets	<u>\$ 5,157</u>	<u>\$ 1,056,238</u>	<u>\$ 267,440</u>	<u>\$ 1,328,835</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 5,157	\$ 1,056,238	\$ 267,440	\$ 1,328,835
Total liabilities	<u>\$ 5,157</u>	<u>\$ 1,056,238</u>	<u>\$ 267,440</u>	<u>\$ 1,328,835</u>

Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 Year Ended June 30, 2006

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash	\$ <u>6,772</u>	\$ <u>4,055</u>	\$ <u>5,670</u>	\$ <u>5,157</u>
Liabilities:				
Amounts held for others	\$ <u>6,772</u>	\$ <u>4,055</u>	\$ <u>5,670</u>	\$ <u>5,157</u>
Fringe Benefits Fund:				
Assets:				
Cash	\$ <u>11,275</u>	\$ <u>2,930,698</u>	\$ <u>1,885,735</u>	\$ <u>1,056,238</u>
Liabilities:				
Amounts held for others	\$ <u>11,275</u>	\$ <u>2,930,698</u>	\$ <u>1,885,735</u>	\$ <u>1,056,238</u>
Performance Bond Fund:				
Assets:				
Cash	\$ <u>285,038</u>	\$ <u>182,965</u>	\$ <u>200,563</u>	\$ <u>267,440</u>
Liabilities:				
Amounts held for others	\$ <u>285,038</u>	\$ <u>182,965</u>	\$ <u>200,563</u>	\$ <u>267,440</u>
Totals -- All agency funds				
Assets:				
Cash	\$ <u>303,085</u>	\$ <u>3,117,718</u>	\$ <u>2,091,968</u>	\$ <u>1,328,835</u>
Total assets	\$ <u>303,085</u>	\$ <u>3,117,718</u>	\$ <u>2,091,968</u>	\$ <u>1,328,835</u>
Liabilities:				
Amounts held for others	\$ <u>303,085</u>	\$ <u>3,117,718</u>	\$ <u>2,091,968</u>	\$ <u>1,328,835</u>
Total liabilities	\$ <u>303,085</u>	\$ <u>3,117,718</u>	\$ <u>2,091,968</u>	\$ <u>1,328,835</u>



Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2006

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,704,388	\$ 271,874	\$ 3,976,262
Receivables (net of allowance for uncollectibles):			
Accounts receivable	206,290	989	207,279
Due from other governmental units	1,468,677	120,111	1,588,788
Total assets	<u>\$ 5,379,355</u>	<u>\$ 392,974</u>	<u>\$ 5,772,329</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 347,244	\$ 25,581	\$ 372,825
Accrued liabilities	5,031,911	146,264	5,178,175
Deferred revenue	-	29,970	29,970
Total liabilities	<u>\$ 5,379,155</u>	<u>\$ 201,815</u>	<u>\$ 5,580,970</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ 191,159	\$ 191,159
Undesignated	200	-	200
Total fund balances	<u>\$ 200</u>	<u>\$ 191,159</u>	<u>\$ 191,359</u>
Total liabilities and fund balances	<u>\$ 5,379,355</u>	<u>\$ 392,974</u>	<u>\$ 5,772,329</u>

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

Total fund balances per above	\$ 191,359
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,969,292
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(311,128)
Net assets of governmental activities	<u>\$ 14,849,523</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2006

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 10,628	\$ 4,239	\$ 14,867
Charges for services	114,504	1,424,925	1,539,429
Miscellaneous	22,525	-	22,525
Recovered costs	511,515	-	511,515
Intergovernmental revenues:			
County contribution to school board	10,537,415	-	10,537,415
Commonwealth	31,088,550	446,966	31,535,516
Federal	4,814,266	898,825	5,713,091
Total revenues	<u>\$ 47,099,403</u>	<u>\$ 2,774,955</u>	<u>\$ 49,874,358</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 47,099,403	\$ 2,846,116	\$ 49,945,519
Total expenditures	<u>\$ 47,099,403</u>	<u>\$ 2,846,116</u>	<u>\$ 49,945,519</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (71,161)	\$ (71,161)
Net change in fund balances	\$ -	\$ (71,161)	\$ (71,161)
Fund balances - beginning	200	262,320	262,520
Fund balances - ending	<u>\$ 200</u>	<u>\$ 191,159</u>	<u>\$ 191,359</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 \$ (71,161)

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. Details are as follows:

Current year asset additions	343,554
Depreciation expense	(877,831)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (30,303)

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. This amount reflects the change in accrued leave (13,828)

Transfer of joint tenancy assets from Primary Government to the Component Unit. 3,822,893

Change in net assets of governmental activities \$ 3,173,324

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2006

	<b>School Operating Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 24,774	\$ 24,774	\$ 10,628	\$ (14,146)
Charges for services	85,000	85,000	114,504	29,504
Miscellaneous	41,720	54,320	22,525	(31,795)
Recovered costs	316,000	316,000	511,515	195,515
Intergovernmental revenues:				
County contribution to School Board	10,893,429	10,893,429	10,537,415	(356,014)
Commonwealth	31,916,773	31,916,773	31,088,550	(828,223)
Federal	4,670,996	4,694,204	4,814,266	120,062
Total revenues	<u>\$ 47,948,692</u>	<u>\$ 47,984,500</u>	<u>\$ 47,099,403</u>	<u>\$ (885,097)</u>
<b>EXPENDITURES</b>				
Current:				
Education				
Instruction	\$ 36,475,817	\$ 36,511,625	\$ 35,806,953	\$ 704,672
Attendance and health services	2,667,497	2,667,497	2,603,349	64,148
Pupil transportation	3,549,536	3,549,536	3,536,016	13,520
Operation and maintenance of school plant	4,918,821	4,918,821	4,818,723	100,098
Facilities	<u>337,021</u>	<u>337,021</u>	<u>334,362</u>	<u>2,659</u>
Total education	<u>\$ 47,948,692</u>	<u>\$ 47,984,500</u>	<u>\$ 47,099,403</u>	<u>\$ 885,097</u>
Total expenditures	<u>\$ 47,948,692</u>	<u>\$ 47,984,500</u>	<u>\$ 47,099,403</u>	<u>\$ 885,097</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>200</u>	<u>200</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 200</u></u>	<u><u>\$ 200</u></u>

Schedule 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, 2006

	<b>School Special Revenue Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 4,239	\$ 2,239
Charges for services	1,547,412	1,560,248	1,424,925	(135,323)
Intergovernmental revenues:				
Commonwealth	705,052	764,625	446,966	(317,659)
Federal	646,531	646,531	898,825	252,294
Total revenues	<u>\$ 2,900,995</u>	<u>\$ 2,973,404</u>	<u>\$ 2,774,955</u>	<u>\$ (198,449)</u>
<b>EXPENDITURES</b>				
Current:				
Education				
Instruction	\$ 884,194	\$ 971,270	\$ 818,581	\$ 152,689
School food services	<u>2,126,801</u>	<u>2,126,801</u>	<u>2,027,535</u>	<u>99,266</u>
Total expenditures	<u>\$ 3,010,995</u>	<u>\$ 3,098,071</u>	<u>\$ 2,846,116</u>	<u>\$ 251,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (110,000)</u>	<u>\$ (124,667)</u>	<u>\$ (71,161)</u>	<u>\$ 53,506</u>
Net change in fund balances	\$ (110,000)	\$ (124,667)	\$ (71,161)	\$ 53,506
Fund balances - beginning	<u>110,000</u>	<u>124,667</u>	<u>262,320</u>	<u>137,653</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 191,159</u></u>	<u><u>\$ 191,159</u></u>

**Supporting Schedule**

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2006

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 15,503,236	\$ 15,503,236	\$ 17,010,527	\$ 1,507,291
Real and personal public service corporation taxes	715,000	715,000	676,261	(38,739)
Personal property taxes	3,782,920	3,782,920	4,376,677	593,757
Mobile home taxes	-	-	83,736	83,736
Machinery and tools taxes	340,000	340,000	211,649	(128,351)
Penalties	121,100	121,100	172,339	51,239
Interest	57,300	57,300	86,138	28,838
Total general property taxes	<u>\$ 20,519,556</u>	<u>\$ 20,519,556</u>	<u>\$ 22,617,327</u>	<u>\$ 2,097,771</u>
Other local taxes:				
Local sales and use taxes	\$ 1,141,240	\$ 1,141,240	\$ 1,141,290	\$ 50
Consumers' utility taxes	1,600,000	1,600,000	1,534,247	(65,753)
Cable franchise taxes	36,000	36,000	43,103	7,103
Business license taxes	610,500	610,500	674,259	63,759
Motor vehicle licenses	650,000	650,000	708,033	58,033
Bank stock taxes	67,000	67,000	84,743	17,743
Taxes on recordation and wills	186,000	186,000	524,378	338,378
Rental tax	5,000	5,000	3,531	(1,469)
Transient occupancy taxes	185,000	185,000	200,358	15,358
Taxicab licenses	-	-	1,900	1,900
Total other local taxes	<u>\$ 4,480,740</u>	<u>\$ 4,480,740</u>	<u>\$ 4,915,842</u>	<u>\$ 435,102</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 16,275	\$ 16,275	\$ 12,791	\$ (3,484)
Transfer fees	500	500	1,128	628
Permits and other licenses	584,648	584,648	692,996	108,348
Total permits, privilege fees, and regulatory licenses	<u>\$ 601,423</u>	<u>\$ 601,423</u>	<u>\$ 706,915</u>	<u>\$ 105,492</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 363,800	\$ 363,800	\$ 287,716	\$ (76,084)
Total fines and forfeitures	<u>\$ 363,800</u>	<u>\$ 363,800</u>	<u>\$ 287,716</u>	<u>\$ (76,084)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 160,000	\$ 160,250	\$ 704,594	\$ 544,344
Revenue from use of property	121,500	121,500	129,296	7,796
Total revenue from use of money and property	<u>\$ 281,500</u>	<u>\$ 281,750</u>	<u>\$ 833,890</u>	<u>\$ 552,140</u>
Charges for services:				
Sheriff's fees	\$ 2,000	\$ 2,000	\$ 1,526	\$ (474)
Court costs	25,000	25,000	18,961	(6,039)
Charges for Commonwealth's Attorney	800	800	1,063	263
Courthouse security fees	58,840	64,000	51,212	(12,788)
Excess fees of clerk	16,000	16,000	53,816	37,816
Law library fees	-	-	6,022	6,022
Charges for other protection	44,690	44,690	27,720	(16,970)

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for sanitation and waste removal	\$ 220,500	\$ 220,500	\$ 203,998	\$ (16,502)
Charges for county garage	142,000	142,000	123,006	(18,994)
Charges for returned checks	2,000	2,000	3,646	1,646
EMS transports	375,000	375,000	420,786	45,786
Charges for community development	1,200	1,200	4,605	3,405
Charges for parks and recreation	90,500	90,500	113,637	23,137
Total charges for services	<u>\$ 978,530</u>	<u>\$ 983,690</u>	<u>\$ 1,029,998</u>	<u>\$ 46,308</u>
Miscellaneous revenue:				
Miscellaneous	\$ 11,600	\$ 25,841	\$ 43,857	\$ 18,016
Total miscellaneous revenue	<u>\$ 11,600</u>	<u>\$ 25,841</u>	<u>\$ 43,857</u>	<u>\$ 18,016</u>
Recovered costs:				
Fiscal agent fees-Rowanty	\$ 19,610	\$ 19,610	\$ 19,610	\$ -
Fiscal agent fees-adult education	20,000	20,000	14,328	(5,672)
Accounting services	10,000	10,000	12,126	2,126
RCC - fiscal agent fees	-	12,396	1,073	(11,323)
Circuit court	46,310	46,310	45,076	(1,234)
Clerk of the circuit court	18,000	18,000	9,176	(8,824)
Police security	7,000	7,000	5,718	(1,282)
Payments on utility loan	54,582	54,582	-	(54,582)
Loan recovery-IPR	59,750	102,580	33,707	(68,873)
Riverside regional jail	165,000	165,000	92,337	(72,663)
Drug court	2,500	5,500	10,482	4,982
Other recovered costs	11,000	26,968	27,139	171
Total recovered costs	<u>\$ 413,752</u>	<u>\$ 487,946</u>	<u>\$ 270,772</u>	<u>\$ (217,174)</u>
Total revenue from local sources	<u>\$ 27,650,901</u>	<u>\$ 27,744,746</u>	<u>\$ 30,706,317</u>	<u>\$ 2,961,571</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 19,500	\$ 19,500	\$ 19,419	\$ (81)
Wine taxes	21,000	21,000	20,354	(646)
Mobile home titling tax	30,000	30,000	11,442	(18,558)
Rolling stock tax	33,000	33,000	35,736	2,736
State recordation tax	70,000	70,000	89,024	19,024
Auto rental tax	6,000	6,000	9,451	3,451
Personal property tax relief funds	3,657,137	3,657,137	3,728,875	71,738
Total noncategorical aid	<u>\$ 3,836,637</u>	<u>\$ 3,836,637</u>	<u>\$ 3,914,301</u>	<u>\$ 77,664</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 190,086	\$ 260,086	\$ 258,885	\$ (1,201)
Sheriff	429,401	429,401	430,568	1,167
Commissioner of revenue	101,134	101,134	101,177	43
Treasurer	113,421	113,421	115,503	2,082
Medical examiner	245	245	120	(125)

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Registrar/electoral board	\$ 43,197	\$ 43,197	\$ 50,287	\$ 7,090
Police department	958,247	958,247	958,248	1
Clerk of the circuit court	230,479	258,642	240,105	(18,537)
Total shared expenses	<u>\$ 2,066,210</u>	<u>\$ 2,164,373</u>	<u>\$ 2,154,893</u>	<u>\$ (9,480)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 1,424,010	\$ 360,956	\$ 355,782	\$ (5,174)
Comprehensive services	304,288	321,223	228,292	(92,931)
Housing assistance	60,500	60,500	69,938	9,438
Two for life funds	20,000	20,000	23,745	3,745
Emergency services	25,000	-	-	-
Litter control	6,000	6,000	9,379	3,379
Fire programs	45,000	45,000	75,045	30,045
Community corrections	527,366	535,057	534,963	(94)
Victim-witness grant	61,986	61,986	50,695	(11,291)
Juvenile confinement	73,755	73,755	72,890	(865)
Disability services board	14,800	14,800	14,800	-
Indoor plumbing program	-	-	88,341	88,341
Pesticide recycling	-	1,875	1,844	(31)
Other state funds	200	87,618	2,370	(85,248)
Total other categorical aid	<u>\$ 2,562,905</u>	<u>\$ 1,588,770</u>	<u>\$ 1,528,084</u>	<u>\$ (60,686)</u>
Total categorical aid	<u>\$ 4,629,115</u>	<u>\$ 3,753,143</u>	<u>\$ 3,682,977</u>	<u>\$ (70,166)</u>
Total revenue from the Commonwealth	<u>\$ 8,465,752</u>	<u>\$ 7,589,780</u>	<u>\$ 7,597,278</u>	<u>\$ 7,498</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 43,506</u>	<u>\$ 17,506</u>
Categorical aid:				
Public assistance and welfare administration	\$ 67,452	\$ 1,043,543	\$ 961,536	\$ (82,007)
Ground transportation safety	-	-	24,254	24,254
Other DCJS grants	2,000	2,000	-	(2,000)
Emergency management and response	-	25,000	25,231	231
Homeland security grant	-	214,788	124,259	(90,529)
Home investment partnership program	246,451	246,451	-	(246,451)
Local law enforcement block grant	-	-	937	937
Total categorical aid	<u>\$ 315,903</u>	<u>\$ 1,531,782</u>	<u>\$ 1,136,217</u>	<u>\$ (395,565)</u>
Total revenue from the federal government	<u>\$ 341,903</u>	<u>\$ 1,557,782</u>	<u>\$ 1,179,723</u>	<u>\$ (378,059)</u>
Total General Fund	<u>\$ 36,458,556</u>	<u>\$ 36,892,308</u>	<u>\$ 39,483,318</u>	<u>\$ 2,591,010</u>



Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Special Revenue Funds:</b>				
<b>Economic Development Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ 511,578	\$ 511,578	\$ 513,273	\$ 1,695
Fines and forfeitures:				
Restitution	-	-	10,011	10,011
Total revenue from local sources	\$ 511,578	\$ 511,578	\$ 523,284	\$ 11,706
Revenue from the Commonwealth:				
Categorical aid:				
Governor's Opportunity Fund	50,000	50,000	50,000	-
Total Economic Development Fund	<u>\$ 561,578</u>	<u>\$ 561,578</u>	<u>\$ 573,284</u>	<u>\$ 11,706</u>
<b>E-911 Fund:</b>				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 460,000	\$ 460,000	\$ 468,144	\$ 8,144
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	55,000	55,000	33,262	(21,738)
Total E-911 Fund	<u>\$ 515,000</u>	<u>\$ 515,000</u>	<u>\$ 501,406</u>	<u>\$ (13,594)</u>
<b>Asset Forfeiture Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Gifts and donations	\$ -	\$ 380	\$ 1,630	\$ 1,250
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	-	23,580	28,737	5,157
Total Asset Forfeiture Fund	<u>\$ -</u>	<u>\$ 23,960</u>	<u>\$ 30,367</u>	<u>\$ 6,407</u>
<b>Tourism Fund:</b>				
Other local taxes:				
Lodging taxes	\$ -	\$ 25,000	\$ 278,037	\$ 253,037
Total Special Revenue Funds	<u>\$ 1,076,578</u>	<u>\$ 1,125,538</u>	<u>\$ 1,383,094</u>	<u>\$ 257,556</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund</b>				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous - contributions from developers	\$ -	\$ 406,319	\$ 105,645	\$ (300,674)
Total miscellaneous	<u>\$ -</u>	<u>\$ 406,319</u>	<u>\$ 105,645</u>	<u>\$ (300,674)</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 406,319</u>	<u>\$ 105,645</u>	<u>\$ (300,674)</u>

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Capital Projects Fund: (Continued)</b>				
<b>County Capital Projects Fund: (Continued)</b>				
Revenue from the Commonwealth:				
Categorical aid:				
Industrial access funds	\$ -	\$ 260,350	\$ 87,737	\$ (172,613)
Recreation access funds	-	314,500	-	(314,500)
Land and water conservation funds	-	12,500	-	(12,500)
Total revenue from the Commonwealth	\$ -	\$ 587,350	\$ 87,737	\$ (499,613)
Total Count Capital Projects Fund	\$ -	\$ 1,581,019	\$ 281,119	\$ (1,299,900)
<b>County Debt Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 30,000	\$ 48,000	\$ 140,120	\$ 92,120
Total revenue from use of money and property	\$ 30,000	\$ 48,000	\$ 140,120	\$ 92,120
Total revenue from local sources	\$ 30,000	\$ 48,000	\$ 140,120	\$ 92,120
Revenue from the Commonwealth:				
Categorical aid:				
State construction	\$ 196,014	\$ 196,014	\$ 195,381	\$ (633)
Literary grant funds	-	1,753,215	1,753,215	-
Total categorical aid	\$ 196,014	\$ 1,949,229	\$ 1,948,596	\$ (633)
Total revenue from the Commonwealth	\$ 196,014	\$ 1,949,229	\$ 1,948,596	\$ (633)
Total County Debt Service Fund	\$ 226,014	\$ 1,997,229	\$ 2,088,716	\$ 91,487
Total Primary Government	\$ 36,684,570	\$ 40,494,516	\$ 41,883,520	\$ 1,389,004
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 24,774	\$ 24,774	\$ 10,628	\$ (14,146)
Total revenue from use of money and property	\$ 24,774	\$ 24,774	\$ 10,628	\$ (14,146)
Charges for services:				
Charges for education	\$ 85,000	\$ 85,000	\$ 114,504	\$ 29,504
Total charges for services	\$ 85,000	\$ 85,000	\$ 114,504	\$ 29,504
Miscellaneous revenue:				
Miscellaneous	\$ 41,720	\$ 54,320	\$ 22,525	\$ (31,795)
Recovered costs:				
Tuition from other localities	\$ 316,000	\$ 316,000	\$ 511,515	\$ 195,515
Total recovered costs	\$ 316,000	\$ 316,000	\$ 511,515	\$ 195,515
Total revenue from local sources	\$ 467,494	\$ 480,094	\$ 659,172	\$ 179,078

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund (Continued)</b>				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince George	\$ 10,893,429	\$ 10,893,429	\$ 10,537,415	\$ (356,014)
Total revenues from local governments	<u>\$ 10,893,429</u>	<u>\$ 10,893,429</u>	<u>\$ 10,537,415</u>	<u>\$ (356,014)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,148,793	\$ 5,148,793	\$ 5,305,814	\$ 157,021
Basic school aid	18,565,022	18,565,022	17,683,182	(881,840)
Salary supplement	346,177	346,177	335,849	(10,328)
Remedial summer education	72,038	72,038	67,482	(4,556)
Regular foster care	20,389	20,389	29,711	9,322
GED funding	7,859	7,859	7,859	-
Gifted and talented	180,012	180,012	174,641	(5,371)
Remedial education	300,020	300,020	291,069	(8,951)
Enrollment loss	-	-	244,431	244,431
Special education	2,049,461	2,049,461	2,008,066	(41,395)
Textbook payment	291,342	291,342	282,650	(8,692)
Vocational education	352,426	352,426	357,297	4,871
School fringes	1,884,557	1,884,557	1,701,633	(182,924)
State lottery payments	1,131,951	1,131,951	1,078,835	(53,116)
Early reading intervention	70,064	70,064	72,011	1,947
At risk-four year olds	356,067	356,067	356,067	-
At risk payments	206,145	206,145	200,032	(6,113)
Primary class size	432,483	432,483	424,642	(7,841)
Technology	258,000	258,000	258,000	-
Standards of Learning algebra readiness	44,018	44,018	40,127	(3,891)
Jail program funds	174,088	174,088	142,589	(31,499)
Other state funds	25,861	25,861	26,563	702
Total categorical aid	<u>\$ 31,916,773</u>	<u>\$ 31,916,773</u>	<u>\$ 31,088,550</u>	<u>\$ (828,223)</u>
Revenue from the federal government:				
Categorical aid:				
JROTC	\$ 60,000	\$ 60,000	\$ 73,976	\$ 13,976
Title I	692,511	692,511	595,467	(97,044)
Title VI-B	963,876	963,876	960,302	(3,574)
Vocational education	83,478	83,478	80,694	(2,784)
Drug free schools	24,758	24,758	33,908	9,150
Title V	18,885	18,885	12,588	(6,297)
Title II Part A	193,400	193,400	195,383	1,983
Technology NCLB	19,088	19,088	18,683	(405)
Impact aid	2,615,000	2,615,000	2,840,503	225,503
Miscellaneous federal grants	-	23,208	2,762	(20,446)
Total categorical aid	<u>\$ 4,670,996</u>	<u>\$ 4,694,204</u>	<u>\$ 4,814,266</u>	<u>\$ 120,062</u>
<b>Total School Operating Fund</b>	<u><u>\$ 47,948,692</u></u>	<u><u>\$ 47,984,500</u></u>	<u><u>\$ 47,099,403</u></u>	<u><u>\$ (885,097)</u></u>

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2006 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Special Revenue Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,000	\$ 2,000	\$ 4,239	\$ 2,239
Charges for services:				
Cafeteria sales	\$ 1,345,000	\$ 1,345,000	\$ 1,331,963	\$ (13,037)
Charges for adult education	202,412	215,248	92,962	(122,286)
Total charges for services	<u>\$ 1,547,412</u>	<u>\$ 1,560,248</u>	<u>\$ 1,424,925</u>	<u>\$ (135,323)</u>
Total revenue from local sources	<u>\$ 1,549,412</u>	<u>\$ 1,562,248</u>	<u>\$ 1,429,164</u>	<u>\$ (133,084)</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 23,270	\$ 23,270	\$ 32,283	\$ 9,013
Adult education	681,782	741,355	414,683	(326,672)
Total categorical aid	<u>\$ 705,052</u>	<u>\$ 764,625</u>	<u>\$ 446,966</u>	<u>\$ (317,659)</u>
Total revenue from the Commonwealth	<u>\$ 705,052</u>	<u>\$ 764,625</u>	<u>\$ 446,966</u>	<u>\$ (317,659)</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 646,531	\$ 646,531	\$ 671,361	\$ 24,830
Adult education	-	-	227,464	227,464
Total categorical aid	<u>\$ 646,531</u>	<u>\$ 646,531</u>	<u>\$ 898,825</u>	<u>\$ 252,294</u>
Total revenue from the federal government	<u>\$ 646,531</u>	<u>\$ 646,531</u>	<u>\$ 898,825</u>	<u>\$ 252,294</u>
Total School Special Revenue Fund	<u><u>\$ 2,900,995</u></u>	<u><u>\$ 2,973,404</u></u>	<u><u>\$ 2,774,955</u></u>	<u><u>\$ (198,449)</u></u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 50,849,687</u></u>	<u><u>\$ 50,957,904</u></u>	<u><u>\$ 49,874,358</u></u>	<u><u>\$ (1,083,546)</u></u>

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### **Sources:**

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include

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Net Assets by Component  
 Last Four Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 3,855,253	\$ 8,740,448	\$ 6,218,165	\$ 6,898,198
Restricted	6,520,781	-	-	-
Unrestricted	14,679,476	9,853,377	18,333,160	20,550,928
Total Governmental Activities Net Assets	<u>\$ 25,055,510</u>	<u>\$ 18,593,825</u>	<u>\$ 24,551,325</u>	<u>\$ 27,449,126</u>
<b>Business-Type Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$ 12,294,252	\$ 12,311,417	\$ 16,239,992	\$ 16,190,499
Unrestricted	(327,938)	472,596	712,013	1,393,528
Total Business-Type Activities Net Assets	<u>\$ 11,966,314</u>	<u>\$ 12,784,013</u>	<u>\$ 16,952,005</u>	<u>\$ 17,584,027</u>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	\$ 16,149,505	\$ 21,051,865	\$ 22,458,157	\$ 23,088,697
Restricted	6,520,781	-	-	-
Unrestricted	14,351,538	10,325,973	19,045,173	21,944,456
Total Primary Government Activities Net Assets	<u>\$ 37,021,824</u>	<u>\$ 31,377,838</u>	<u>\$ 41,503,330</u>	<u>\$ 45,033,153</u>

Changes in Net Assets  
Last Four Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities				
General Government Administration	\$ 3,100,066	\$ 3,665,344	\$ 3,356,184	\$ 3,646,174
Judicial Administration	1,751,972	1,724,752	1,559,938	1,664,985
Public Safety	6,917,643	7,691,212	8,219,961	9,282,848
Public Works	1,604,338	1,311,353	1,812,987	2,009,006
Health and Welfare	2,407,623	2,558,779	2,579,140	2,784,708
Education	9,459,216	18,345,959	10,315,023	15,458,698
Parks, Recreation, and Cultural	693,964	766,038	854,883	823,136
Community Development	1,095,467	852,970	851,895	1,573,969
Interest on Long-Term Debt	2,758,412	2,734,163	3,219,339	2,617,150
<b>Total Governmental Activities Expenses</b>	<b>\$ 29,788,701</b>	<b>\$ 39,650,570</b>	<b>\$ 32,769,350</b>	<b>\$ 39,860,674</b>
Business-Type Activities				
Public Utilities	\$ 3,341,108	\$ 3,377,125	\$ 3,659,594	\$ 3,417,680
<b>Total Business-Type Activities Expenses</b>	<b>\$ 3,341,108</b>	<b>\$ 3,377,125</b>	<b>\$ 3,659,594</b>	<b>\$ 3,417,680</b>
<b>Total Primary Government Expenses</b>	<b>\$ 33,129,809</b>	<b>\$ 43,027,695</b>	<b>\$ 36,428,944</b>	<b>\$ 43,278,354</b>
<b>Program Revenues</b>				
Governmental Activities				
Charges for Services				
General Government Administration	\$ 126,658	\$ 137,996	\$ -	\$ 126,652
Judicial Administration	451,949	388,051	507,318	378,717
Public Safety	27,814	438,845	554,902	1,207,031
Public Works	124,698	143,617	309,048	203,998
Parks, Recreation, and Cultural	38,639	62,682	59,377	113,637
Community Development	963	1,203	2,179	4,605
Operating Grants and Contributions	4,956,069	3,572,252	4,899,540	5,062,436
Capital Grants and Contributions	193,288	441,185	69,715	1,948,596
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 5,920,078</b>	<b>\$ 5,185,831</b>	<b>\$ 6,402,079</b>	<b>\$ 9,045,672</b>
Business-Type Activities				
Charges for Services				
Public Utilities	\$ 3,089,670	\$ 3,485,827	\$ 3,664,823	\$ 3,972,998
<b>Total Business-Type Activities Program Revenues</b>	<b>\$ 3,089,670</b>	<b>\$ 3,485,827</b>	<b>\$ 3,664,823</b>	<b>\$ 3,972,998</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 18,019,496</b>	<b>\$ 17,343,316</b>	<b>\$ 20,133,804</b>	<b>\$ 26,037,340</b>



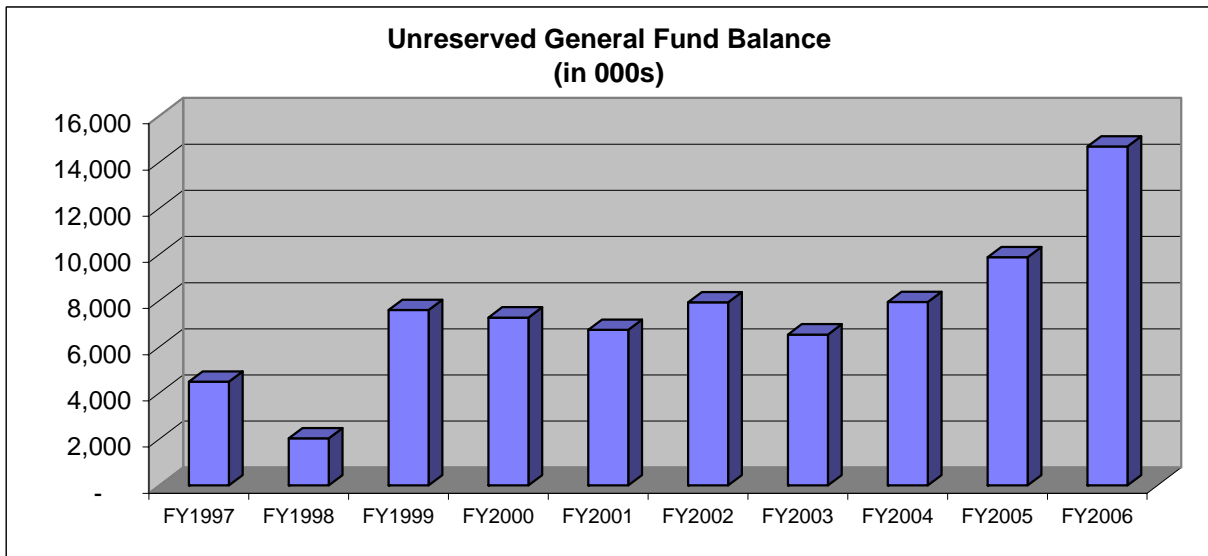
Changes in Net Assets  
Last Four Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Program Revenues: (Continued)</b>				
<b>Net (Expense)/ Revenue</b>				
Governmental Activities	\$ (23,868,623)	\$ (34,464,739)	\$ (26,367,271)	\$ (30,815,002)
Business-Type Activities	(251,438)	108,702	5,229	555,318
<b>Total Primary Government Net Expense</b>	<b>\$ (24,120,061)</b>	<b>\$ (34,356,037)</b>	<b>\$ (26,362,042)</b>	<b>\$ (30,259,684)</b>
<b>General Revenues and other Changes in Net Assets</b>				
Governmental Activities				
General Property Taxes	\$ 16,640,862	\$ 17,774,738	\$ 26,560,949	\$ 22,488,889
Other Local Taxes	5,049,032	4,746,306	5,544,585	6,175,296
Unrestricted Revenues from Use of Money and Property	499,634	348,833	614,725	974,010
Miscellaneous	154,243	306,013	222,188	151,132
Grants and contributions not restricted to specific programs	3,548,390	5,478,376	3,482,409	3,914,301
Gain on Disposal of Capital Assets	911,278	(4,651)	-	-
Transfers	-	(648,561)	(1,482,453)	9,175
<b>Total Governmental Activities</b>	<b>\$ 26,803,439</b>	<b>\$ 28,001,054</b>	<b>\$ 34,942,403</b>	<b>\$ 33,712,803</b>
Business-Type Activities				
Unrestricted Revenues from Use of Money and Property	\$ 23,540	\$ 34,458	\$ 31,067	\$ 59,529
Miscellaneous	64,616	25,978	31,611	26,350
Transfers	-	648,561	1,482,453	(9,175)
<b>Total Business-Type Activities</b>	<b>\$ 88,156</b>	<b>\$ 708,997</b>	<b>\$ 1,545,131</b>	<b>\$ 76,704</b>
<b>Total Primary Government</b>	<b>\$ 26,891,595</b>	<b>\$ 28,710,051</b>	<b>\$ 36,487,534</b>	<b>\$ 33,789,507</b>
<b>Change in Net Assets</b>				
Governmental Activities	\$ 2,934,816	\$ (6,463,685)	\$ 8,575,132	\$ 2,897,801
Business-Type Activities	(163,282)	817,699	1,550,360	632,022
<b>Total Primary Government Change in Net Assets</b>	<b>\$ 2,771,534</b>	<b>\$ (5,645,986)</b>	<b>\$ 10,125,492</b>	<b>\$ 3,529,823</b>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Fund Balance, Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

General Fund	Fiscal Year				
	1997	1998	1999	2000	2001
Reserved	\$ 497,379	\$ 497,379	\$ 497,379	\$ 497,379	\$ 522,269
Unreserved, Designated for Revenue Maximization	-	-	-	-	-
Unreserved, Designated for Economic Development	-	-	-	-	-
Unreserved, Designated for Capital Projects	1,644,060	5,413,602	617,476	1,010,101	-
Unreserved	4,492,366	2,039,360	7,596,250	7,273,494	6,739,524
<b>Total General Fund</b>	<b>\$ 6,633,805</b>	<b>\$ 7,950,341</b>	<b>\$ 8,711,105</b>	<b>\$ 8,780,974</b>	<b>\$ 7,261,793</b>
<b>All Other Governmental Funds</b>					
Reserved for capital projects	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in Debt Service Fund	-	-	-	-	-
Unreserved, reported in Special Revenue Funds	-	-	415,558	956,156	102,035
Unreserved, reported in Capital Projects Fund	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 415,558</b>	<b>\$ 956,156</b>	<b>\$ 102,035</b>
<b>Total Governmental Funds</b>	<b>\$ 6,633,805</b>	<b>\$ 7,950,341</b>	<b>\$ 9,126,663</b>	<b>\$ 9,737,130</b>	<b>\$ 7,363,828</b>



**Table 3**

Fiscal Year					
2002	2003	2004	2005	2006	
\$ 524,371	\$ -	\$ -	\$ -	\$ 146,488	
-	-	136,089	110,593	93,393	
-	-	-	-	-	
-	-	-	-	-	
<u>7,926,373</u>	<u>6,536,975</u>	<u>7,947,889</u>	<u>9,890,093</u>	<u>14,681,925</u>	
<u>\$ 8,450,744</u>	<u>\$ 6,536,975</u>	<u>\$ 8,083,978</u>	<u>\$ 10,000,686</u>	<u>\$ 14,921,806</u>	
\$ -	\$ 6,520,781	\$ 8,674,019	\$ 8,592,971	\$ 6,042,481	
-	-	-	36,204	-	
1,037,142	1,176,067	1,041,887	1,023,399	1,213,996	
-	8,464,529	2,085,349	-	-	
<u>\$ 1,037,142</u>	<u>\$ 16,161,377</u>	<u>\$ 11,801,255</u>	<u>\$ 9,652,574</u>	<u>\$ 7,256,477</u>	
<u>\$ 9,487,886</u>	<u>\$ 22,698,352</u>	<u>\$ 19,885,233</u>	<u>\$ 19,653,260</u>	<u>\$ 22,178,283</u>	

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Changes in Fund Balances, Governmental Funds  
 Last Four Fiscal Years  
 (modified accrual basis of accounting)

Revenues	Fiscal Year			
	2003	2004	2005	2006
General Property Taxes	\$ 16,782,867	\$ 17,692,361	\$ 26,083,566	\$ 22,617,327
Other Local Taxes	4,552,933	4,746,306	5,544,585	6,175,296
Permits, Privilege Fees, and Licenses	496,099	407,295	523,801	706,915
Fines and Forfeitures	311,994	265,058	375,931	297,727
Revenue from Use of Money and Property	499,634	348,833	614,725	974,010
Charges for Services	458,727	500,041	533,092	1,029,998
Miscellaneous	154,243	306,013	222,188	151,132
Recovered Costs	298,083	217,457	491,308	270,772
Intergovernmental Revenues:				
Local Government	-	243,778	-	-
Commonwealth	7,143,193	7,271,816	7,156,337	9,745,610
Federal	1,554,554	1,976,219	1,295,327	1,179,723
<b>Total Revenues</b>	<b>\$ 32,252,327</b>	<b>\$ 33,975,177</b>	<b>\$ 42,840,860</b>	<b>\$ 43,148,510</b>
<b>Expenditures</b>				
General Government Administration	\$ 2,392,619	\$ 3,653,384	\$ 2,995,994	\$ 3,405,619
Judicial Administration	1,667,166	1,570,131	1,422,426	1,524,110
Public Safety	6,811,424	7,294,996	7,933,359	8,478,865
Public Works	1,451,517	1,445,116	1,664,820	1,584,135
Health and Welfare	2,439,430	2,493,353	2,519,191	2,726,733
Education	9,525,982	10,580,791	8,781,909	10,561,403
Parks, Recreation, and Cultural	662,285	728,822	797,057	866,007
Community Development	685,989	681,710	896,444	1,017,693
Capital Projects	16,302,792	7,764,472	4,948,743	7,669,800
Debt Service:				
Principal Retirement	6,104,723	6,550,479	6,523,336	3,216,287
Interest and Other Fiscal Charges	2,705,235	2,884,011	3,107,101	2,427,093
<b>Total Expenditures</b>	<b>\$ 50,749,162</b>	<b>\$ 45,647,265</b>	<b>\$ 41,590,380</b>	<b>\$ 43,477,745</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (18,496,835)</b>	<b>\$ (11,672,088)</b>	<b>\$ 1,250,480</b>	<b>\$ (329,235)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 1,710,689	\$ 7,100,276	\$ 13,069,186	\$ 5,497,004
Transfers (out)	(1,710,689)	(7,748,837)	(14,551,639)	(5,487,829)
Proceeds of general obligation debt	22,827,500	9,500,000	-	11,935,253
Premium on Bonds	-	-	-	424,912
Retirement of bond anticipation notes	-	-	-	(9,938,180)
Sale of Capital Assets	1,116,832	7,529	-	423,099
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 23,944,332</b>	<b>\$ 8,858,968</b>	<b>\$ (1,482,453)</b>	<b>\$ 2,854,259</b>
<b>Net Change in Fund Balances</b>	<b>\$ 5,447,497</b>	<b>\$ (2,813,120)</b>	<b>\$ (231,973)</b>	<b>\$ 2,525,024</b>
Debt Service as a Percentage of Noncapital Expenditures	25.6%	24.9%	26.3%	15.8%

**COUNTY OF PRINCE GEORGE, VIRGINIA**

General Governmental Tax Revenues by Source  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Source	Fiscal Year				
	1997	1998	1999	2000	2001
Real Property Taxes	\$ 7,819,281	\$ 8,654,716	\$ 8,988,854	\$ 9,551,172	\$ 9,952,082
Real & Personal Public Service Corporation Taxes	448,420	501,693	507,427	543,085	564,057
Personal Property Taxes	4,474,833	4,743,637	7,437,348	5,084,295	3,293,273
Machinery & Tools Taxes	66,550	73,534	155,239	115,887	113,108
Penalties & Interest	240,499	206,315	207,921	206,625	180,345
Total, General Property Taxes	<u>\$ 13,049,583</u>	<u>\$ 14,179,895</u>	<u>\$ 17,296,789</u>	<u>\$ 15,501,064</u>	<u>\$ 14,102,865</u>
Local Sales and Use Taxes	\$ 729,657	\$ 833,335	\$ 888,810	\$ 948,400	\$ 1,016,375
Consumer Utility Taxes	816,986	821,480	852,033	922,188	940,357
Cable Franchise Taxes	44,201	53,050	60,164	63,380	62,903
Business License	420,737	470,967	510,228	453,260	480,965
Motor Vehicle Licenses	419,917	436,136	442,965	456,864	487,815
Bank Stock Taxes	59,362	64,390	79,440	63,165	74,328
Recordation Taxes	177,952	100,582	138,554	112,380	135,331
Rental Tax	10,668	9,885	4,720	6,165	6,741
Transient Occupancy Taxes	167,214	179,394	195,151	208,405	213,183
Taxicab licenses	-	-	3,400	-	5,200
E911 Taxes	83,197	87,150	94,234	287,841	320,786
Meals Taxes	-	-	226,762	491,718	522,645
Total, Other Local Taxes	<u>\$ 2,929,891</u>	<u>\$ 3,056,369</u>	<u>\$ 3,496,461</u>	<u>\$ 4,013,766</u>	<u>\$ 4,266,629</u>
<b>Total General Governmental Tax Revenues</b>	<b><u>\$ 15,979,474</u></b>	<b><u>\$ 17,236,264</u></b>	<b><u>\$ 20,793,250</u></b>	<b><u>\$ 19,514,830</u></b>	<b><u>\$ 18,369,494</u></b>

Table 5

		Fiscal Year				
		2002	2003	2004	2005	2006
\$	11,859,858	\$ 12,227,413	\$ 13,026,414	\$ 20,780,707	\$ 17,010,527	
	610,025	633,216	681,882	995,625	676,261	
	3,825,026	3,495,273	3,534,437	3,839,232	4,376,677	
	58,356	275,974	281,212	274,589	211,649	
	165,442	150,991	168,416	193,413	258,477	
\$	<u>16,518,707</u>	<u>16,782,867</u>	<u>17,692,361</u>	<u>26,083,566</u>	<u>22,533,591</u>	
\$	1,130,684	\$ 999,578	\$ 1,110,034	\$ 1,091,419	\$ 1,141,290	
	1,001,222	1,049,842	988,608	1,462,710	1,534,247	
	62,906	59,410	51,490	50,642	43,103	
	463,475	542,613	603,667	631,522	674,259	
	508,520	525,366	543,514	681,175	708,033	
	63,500	63,108	66,236	79,135	84,743	
	144,695	162,998	213,753	388,976	524,378	
	6,292	5,330	4,844	3,808	3,531	
	213,791	181,855	172,729	195,738	200,358	
	5,470	1,850	-	1,650	1,900	
	423,729	456,649	469,151	452,893	468,144	
	541,377	504,334	522,280	504,917	513,273	
\$	<u>4,565,661</u>	<u>4,552,933</u>	<u>4,746,306</u>	<u>5,544,585</u>	<u>5,897,259</u>	
<b>\$</b>	<b><u>21,084,368</u></b>	<b><u>21,335,800</u></b>	<b><u>22,438,667</u></b>	<b><u>31,628,151</u></b>	<b><u>28,430,850</u></b>	

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Assessed Value and Actual Value of Taxable Property and Tax Rates  
Last Ten Fiscal Years

<b>Fiscal Year Ended June 30,</b>	<b>Residential Property</b>	<b>Commercial/Industrial Property</b>	<b>Real Estate Totals</b>	<b>Personal Property</b>	<b>Machinery &amp; Tools</b>	<b>Total Taxable Assessed Value</b>	<b>Real Estate Direct Tax Rate</b>	<b>Personal Property Direct Tax Rate</b>
1997	\$ 695,871,831	\$ 112,467,930	\$ 808,339,761	\$ 98,769,909	\$ 5,000,162	\$ 912,109,832	0.95	4.00
1998	834,806,976	117,721,077	952,528,053	113,855,098	4,436,691	1,070,819,842	0.90	4.00
1999	871,382,163	121,444,906	992,827,069	217,160,494	7,834,543	1,217,822,106	0.90	4.00
2000	930,416,018	129,623,072	1,060,039,090	306,652,488	14,875,707	1,381,567,285	0.90	4.00
2001	963,479,340	140,886,418	1,104,365,758	157,653,474	17,858,127	1,279,877,359	0.90	4.00
2002	1,079,245,691	158,456,786	1,237,702,477	167,960,641	21,159,378	1,426,822,496	0.95	4.00
2003	1,130,897,654	156,769,459	1,287,667,113	172,692,969	18,149,925	1,478,510,007	0.95	4.00
2004	1,265,149,140	167,859,400	1,433,008,540	172,558,951	15,217,236	1,620,784,727	0.90	4.00
2005	2,022,653,496	303,609,911	2,326,263,407	194,513,246	18,389,743	2,539,166,396	0.90	4.00
2006	1,566,773,203	250,402,650	1,817,175,853	198,735,156	20,174,643	2,036,085,652	0.88	4.00

**Notes:** Property in the County is reassessed each year. Property is assessed at fair market value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

In 1999, the County split personal property collections between June 5 and December 5, 1999. Previously, all personal property had been due December 5 of the tax year.

FY2005 was the first year real estate was collected in semiannual installments. Assessed value includes all of calendar 2004 assessments and one-half of calendar 2005 assessments. FY2006 includes one-half of calendar 2005 and one-half of calendar year 2006 assessments.

The County of Prince George does not have any overlapping property tax rates.

Principal Property Tax Payers  
Current Year and Nine Years Prior

Taxpayer	2006			1997		
	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation
Save Rite Inc (Food Lion)	\$ 46,332,392	1	2.16%	\$ 35,955,850	1	3.36%
Ace Hardware Corp	31,804,846	2	1.48%	N/A		N/A
George D Zamias	15,149,500	3	0.70%	10,298,500	3	0.96%
Mardevco Credit Corp	10,590,900	4	0.49%	11,073,500	2	1.03%
PG Housing LLP	9,371,700	5	0.44%	N/A		N/A
Perdue Farms Inc	9,229,800	6	0.43%	N/A		N/A
Noland Properties Inc	8,775,519	7	0.41%	N/A		N/A
Summit Properties Partnership	8,393,200	8	0.39%	N/A		N/A
Metl-Span LTD	7,660,261	9	0.36%	N/A		N/A
BL Associates LLC	6,799,950	10	0.32%	N/A		N/A
Wachovia Bank NA Trustee	--	N/A	--	6,601,858	4	0.62%
C I Associates	--	N/A	--	4,397,525	5	0.41%
Oste Corp	--	N/A	--	3,890,925	6	0.36%
James River Corporation of VA	--	N/A	--	3,841,334	7	0.36%
Robert W. Daniel Jr.	--	N/A	--	3,750,083	8	
Tarmac Lonestar Inc Partnership	--	N/A	--	3,217,300	9	0.30%
				2,749,700	10	0.26%

(1) Includes real property, personal property, and machinery and tools

Property Tax Levies and Collections  
Last Six Fiscal Years

Real Property Taxes

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections as of June 30, 2006	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 10,025,939	\$ 9,853,226	98.28%	\$ 171,997	\$ 10,025,224	99.99%
2002	11,846,132	11,624,049	98.13%	221,665	11,845,715	100.00%
2003	12,239,564	12,037,498	98.35%	196,327	12,233,826	99.95%
2004	12,959,437	12,758,484	98.45%	186,307	12,944,792	99.89%
2005	21,068,284	20,144,886	95.62%	437,636	20,582,523	97.69%
2006	15,940,038	15,833,708	99.33%	-	15,833,709	99.33%

Personal Property Taxes

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections as of June 30, 2006	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 5,474,629	\$ 5,371,418	98.11%	\$ 79,893	\$ 5,451,312	99.57%
2002	7,016,817	6,480,915	92.36%	503,117	6,984,033	99.53%
2003	7,084,962	6,967,291	98.34%	114,465	7,081,758	99.95%
2004	7,339,489	7,047,727	96.02%	179,705	7,227,433	98.47%
2005	7,429,430	6,842,836	92.10%	403,256	7,246,092	97.53%
2006	8,558,875	8,224,086	96.09%	-	8,224,086	96.09%

Ratios of Outstanding Debt by Type  
Last Three Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds/ Notes			Virginia Public School Authority Bonds	Literary Fund Loans	General Obligation Bonds/ Notes			
	Supported by General Taxes	Supported by Dedicated Revenue	Capital Leases						
2004	\$ 35,443,854	\$ 3,627,110	\$ 103,631	\$ 28,166,377	\$ 1,265,000	\$ 4,969,709	\$ 73,575,681	8.61%	2,144
2005	31,070,921	3,051,176	-	26,810,532	1,150,000	3,247,367	65,329,996	7.11%	1,770
2006	21,394,890	5,268,155	-	33,167,371	1,035,000	2,859,729	63,725,145	6.93%	1,727

(1) Reference table 12

Ratios of General Bonded Debt by Type  
Last Three Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Percentage of Estimated Actual Value of Property	Per Capita
	General Obligation	Capital Leases	Virginia Public School Authority Bonds	Literary Fund Loans	Total		
2004	\$ 39,070,964	\$ 103,631	\$ 28,166,377	\$ 1,265,000	\$ 68,605,972	4.23%	\$ 1,999
2005	34,122,097	-	26,810,532	1,150,000	62,082,629	2.45%	1,682
2006	26,663,045	-	33,167,371	1,035,000	60,865,416	2.99%	1,649

The County of Prince George does not have any overlapping governmental or business activities debt.

Computation of Legal Debt Margin  
Last Three Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Net Assessed Value (real property)</b>	\$ 1,438,075,273	\$ 1,703,978,611	\$ 1,930,373,094
Debt Limit (10% of Real Property Assessed Value)	143,807,527	170,397,861	193,037,309
Debt Applicable to Limit	<u>73,729,931</u>	<u>65,329,996</u>	<u>59,549,946</u>
<b>Legal Debt Margin</b>	\$ <u><u>70,077,596</u></u>	\$ <u><u>105,067,865</u></u>	\$ <u><u>133,487,363</u></u>
Total net debt applicable to the limit as a percentage of debt limit	51.3%	38.3%	30.8%

\* The County of Prince George has no revenue bonds

Demographic and Economic Statistics  
Last Ten Years

<u>Year</u>	<u>Population</u>	<u>Student Enrollment</u>	<u>Per Capita Personal Income</u>	<u>Median Household Income</u>	<u>Median Age</u>	<u>Average Unemployment Rate</u>	<u>Educational Attainment: Bachelor's Degree or Higher</u>
1996	27,394 (c)	5,554 (d)	19,912 (f)	34,825 (c)	n/a	3.5% (e)	16.2% (c)
1997	27,394 (c)	5,587 (d)	20,623 (f)	34,825 (c)	n/a	3.0% (e)	16.2% (c)
1998	27,394 (c)	5,661 (d)	21,174 (f)	34,825 (c)	n/a	3.0% (e)	16.2% (c)
1999	27,394 (c)	5,771 (d)	21,555 (f)	49,877 (b)	n/a	2.8% (e)	16.2% (c)
2000	33,047 (b)	5,825 (d)	22,571 (f)	49,877 (b)	32.1 (b)	2.5% (e)	19.4% (a)
2001	33,882 (a)	5,839 (d)	22,879 (f)	49,877 (b)	32.1 (b)	3.5% (e)	19.4% (a)
2002	33,985 (a)	5,961 (d)	23,172 (f)	49,877 (b)	32.1 (b)	4.4% (e)	19.4% (a)
2003	34,262 (a)	6,089 (d)	23,602 (f)	49,877 (b)	32.1 (b)	4.8% (e)	19.4% (a)
2004	34,313 (a)	6,162 (d)	24,906 (f)	49,877 (b)	32.1 (b)	4.2% (e)	19.4% (a)
2005	36,900 (a)	6,039 (d)	N/A	49,877 (b)	32.1 (b)	4.4% (e)	19.4% (a)

(a) Annual Estimates of Population for Virginia & its Localities, April 1, 2000 to July 2005

(b) 2000 Federal Census

(c) 1990 Federal Census

(d) September Enrollment

(e) Virginia Employment Commission- LAUS Unit and Bureau of Labor Statistics

(f) US Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis

Principal Employers  
Current Year and Nine Years Ago

Employer	2005			1996		
	Approximate Number of Employees	Percentage of Total Principal Employment	Rank	Approximate Number of Employees	Percentage of Total Average Employment	Rank
U.S. Department of Defense	1000+	10.7%	1	1000+	12.6%	1
County of Prince George	1000+	10.7%	2	500-999	7.9%	2
Manpower International	500-999	6.7%	3			
Food Lion	500-999	6.7%	4	500-999	7.9%	3
U.S. Department of Justice	500-999	6.7%	5	250-499	3.9%	4
U.S. Army Non-Appropriated Funds Division	250-499	2.9%	6	250-499	3.9%	5
Standard Motor Products	250-499	2.9%	7	100-249	12.6%	11
Riverside Regional Jail	250-499	2.9%	8			
Perdue Products	250-499	2.9%	9			
Ace Hardware Corporation	250-499	2.9%	10			
U.S. Department of Army and Air Force				250-499	3.9%	6
Alrod Inc				100-249	1.8%	7
Computer Sciences Corp				100-249	1.8%	8
Home Health Care of the Peninsula Inc				100-249	1.8%	9
Desco Corp				100-249	1.8%	10
Total Employment, 2nd quarter 2005	11,229			9,541		

Source: Virginia Employment Commission. Specific employee counts are not available



County Government Employees  
Last Two Fiscal Years

Function/Program	Approved Full Time Positions as of June 30	
	2005	2006
<b>General Government Administration</b>		
County Administration	5	5
Human Resources	2	3
County Attorney	2	2
Commissioner of the Revenue	5	5
Treasurer	6	6
Real Estate Assessor	6	6
Finance	5	5
Information Technology	2	5
County Garage	4	4
Registrar	2	2
<b>Judicial Administration</b>		
Circuit Court	1	1
Commonwealth's Attorney	3	5
Sheriff	9	9
Victim Witness	1	1
Clerk of Circuit Court	5	5
<b>Public Safety</b>		
Police	51	54
Fire & EMS	10	11
VJCCCA	1	1
Community Corrections/ Pretrial	9	9
Building Inspections	8	9
Animal Control	3	3
Dispatch Center	13	14
<b>Public Works</b>		
General Properties	10	6
Engineering/Utilities	11	12
<b>Health and Welfare</b>		
Social Services	20	20
Housing Assistance	3	3
<b>Parks, Recreation &amp; Cultural</b>		
Parks and Recreation	6	6
<b>Community Development</b>		
Planning Department	4	6
Economic Development	2	1
GIS	0	1
Capital Projects	1	1
<b>Total</b>	<b>210</b>	<b>221</b>

Operating Indicators by Function/ Program  
Last Two Fiscal Years

	<u>2006</u>	<u>2005</u>
General Government Administration		
Real Property Parcels	12,961	12,705
Judicial Administration		
Civil Papers Served	8,656	12,519
Public Safety		
Physical Arrests	561	577
Traffic Violations	5,127	5,796
EMS calls for service	2,055	2,140
Fire calls for service	1,097	973
Single Family Resid. Building Permits	216	245
Commercial Building Permits	65	54
Public Works		
Miles of water line	68.5	62.2
Miles of sewer line	92.6	87.8
Number of utilities customers	3,901	3,776
Health and Welfare		
Request for Services (Social Services)	466	426
Food Stamp Applications	590	635
Parks, Recreation & Cultural		
Youth League Participants	2,112	1,750
Community Development		
Employment	13,986	13,767

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## 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*

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**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, 2006, which collectively comprise the County of Prince George, Virginia's basic financial statements and have issued our report thereon dated September 22, 2006. 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 22, 2006.

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.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
September 22, 2006

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

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**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, 2006. 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, 2006.

## **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.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
September 22, 2006

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

<b>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</b>	<b>Federal Catalog Number</b>	<b>Expenditures</b>
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 13,941
Temporary Assist to Needy Families (TANF)	93.558	114,894
Refugee and Entrant Assistance - Discretionary Grants	93.566	132
Low Income Home Energy Assistance	93.568	6,876
Payments to States for Child Care Assistance	93.575	110,672
Child Care and Development Fund	93.596	86,527
Statewide fraud program - free	93.000	12,291
Foster Care - Title IV-E	93.658	205,798
Adoption Assistance	93.659	27,404
Social Services Block Grant	93.667	135,678
Independent Living	93.674	2,360
Medical Assistance Program (Title XIX)	93.778	<u>111,474</u>
Total Department Health and Human Services		<u>\$ 828,047</u>
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
State homeland security grant program	97.004	\$ 124,259
Emergency management preparedness	97.042	<u>25,231</u>
Total U. S. Department of Homeland Security		<u>\$ 149,490</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 98,746
Department of Education:		
National school breakfast program	10.553	167,938
National school lunch program	10.555	503,423
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>133,489</u>
Total Department of Agriculture		<u>\$ 903,596</u>
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in Lieu of Taxes	15.226	<u>\$ 43,506</u>
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Local law enforcement block grant	16.592	<u>\$ 937</u>
Total Department of Justice		<u>\$ 937</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2006

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
Alcohol traffic safety incentive program	20.601	\$ 1,500
Traffic Safety and drunk driving protection	20.607	<u>22,754</u>
Total Department of Transportation		\$ <u>24,254</u>
Department of Education:		
Direct Payments:		
School assistance in federally affected areas	84.041	\$ 2,840,503
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	227,464
Title I: Educationally deprived children	84.010	595,467
Title VI-B: Handicapped state grants	84.027	960,302
Vocational Education: Basic grants to states	84.048	80,694
Drug free schools and communities	84.186	33,908
Title II, Part A	84.367	195,383
Title V: Improving school programs state block grant	84.298	12,588
Technology literacy challenge grant	84.318	18,683
State assessments and related activities	84.369	<u>2,762</u>
Total Department of Education		\$ <u>4,967,754</u>
Department of the Navy:		
Direct Payments:		
Junior ROTC	17.000	\$ <u>73,976</u>
Total Federal Assistance		\$ <u><u>6,991,560</u></u>



**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2006

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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	\$ 1,179,723
Total primary government	\$ <u>1,179,723</u>

Component Unit Public Schools:

School Operating Fund	\$ 4,814,266
School Special Revenue Fund	898,825
Total component unit public schools	\$ <u>5,713,091</u>

Total federal expenditures per basic financial statements	\$ <u>6,892,814</u>
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Non-cash expenditures - value of donated commodities	\$ <u>98,746</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>6,991,560</u></u>
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**COUNTY OF PRINCE GEORGE, VIRGINIA**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2006

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

    Material weaknesses identified? No

    Reportable conditions identified not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

    Material weaknesses identified? No

    Reportable conditions identified not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
84.027	Title VI-B: Handicapped state grants

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

Auditee qualified as low-risk auditee? Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings and questioned costs to report.