

COUNTY OF  
PRINCE GEORGE, VIRGINIA



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2007



**COUNTY OF PRINCE GEORGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2007**

---

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

Prince George County Finance Department



**COUNTY OF PRINCE GEORGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Title Page	i
Table of Contents	iii-vi
Principal Officials	vii
Organizational Chart	ix
Certificate of Achievement	xi
Letter of Transmittal	xiii-xvii
 <b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-12
<b><u>Basic Financial Statements</u></b>	
<b>Government-wide Financial Statements:</b>	
Exhibit 1      Statement of Net Assets	17
Exhibit 2      Statement of Activities	18-19
<b>Fund Financial Statements:</b>	
Exhibit 3      Balance Sheet–Governmental Funds	22
Exhibit 4      Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	23
Exhibit 5      Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	24
Exhibit 6      Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Exhibit 7      Statement of Net Assets–Proprietary Funds	26
Exhibit 8      Statement of Revenues, Expenses and Changes in Net Assets–Proprietary Funds	27

**COUNTY OF PRINCE GEORGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**TABLE OF CONTENTS (CONTINUED)**

	<u>Page</u>
<b>FINANCIAL SECTION: (CONTINUED)</b>	
<b><u>Basic Financial Statements</u></b>	
<b>Fund Financial Statements:</b>	
Exhibit 9      Statement of Cash Flows—Proprietary Funds	28
Exhibit 10     Statement of Net Assets—Fiduciary Fund	29
Exhibit 11     Statement of Changes in Fiduciary Net Assets—Pension Trust Fund	30
<b>Notes to Financial Statements</b>	31-58
<b><u>Required Supplementary Information:</u></b>	
Exhibit 12     Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	61-64
Exhibit 13     Schedule of Funding Progress for the Virginia Retirement System and Length of Service Awards Pension Program	65
<b><u>Other Supplementary Information:</u></b>	
Exhibit 14     Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—County Capital Projects Fund	68
Exhibit 15     Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Debt Service Fund	69
Exhibit 16     Combining Balance Sheet—Nonmajor Governmental Funds	70
Exhibit 17     Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds	71
Exhibit 18     Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual—Nonmajor Governmental Funds	72-73
Exhibit 19     Combining Balance Sheet—Agency Funds	74
Exhibit 20     Statement of Changes in Assets and Liabilities—Agency Funds	75

**COUNTY OF PRINCE GEORGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**TABLE OF CONTENTS (CONTINUED)**

	<u>Page</u>
<b>FINANCIAL SECTION: (CONTINUED)</b>	
<b><u>Other Supplementary Information:</u></b>	
<b>Discretely Presented Component Unit—School Board:</b>	
Exhibit 21     Combining Balance Sheet	76
Exhibit 22     Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	77
Exhibit 23     Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual	78
Exhibit 24     Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Fund	79
<b><u>Supporting Schedule:</u></b>	
Schedule 1     Schedule of Revenues—Budget and Actual—Governmental Funds and Discretely Presented Component Unit-School Board	83-89
<b>STATISTICAL SECTION:</b>	
<b><u>Statistical Tables:</u></b>	
Table 1     Net Assets by Component	93
Table 2     Changes in Net Assets	94-95
Table 3     Fund Balance Governmental Funds	96-97
Table 4     Changes in Fund Balances—Governmental Funds	99
Table 5     General Governmental Tax Revenues by Source	100-101
Table 6     Assessed Value and Actual Value of Taxable Property and Tax Rates	102-103
Table 7     Principal Property Taxpayers	104
Table 8     Property Tax Levies and Collections	105

**COUNTY OF PRINCE GEORGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**TABLE OF CONTENTS (CONTINUED)**

---

	<u>Page</u>
<b>STATISTICAL SECTION:</b>	
<b><u>Statistical Tables:</u></b>	
Table 9 Ratios of Outstanding Debt by Type	106
Table 10 Ratios of General Bonded Debt by Type	107
Table 11 Computation of Legal Debt Margin	108
Table 12 Demographic and Economic Statistics	109
Table 13 Principal Employers	110
Table 14 County Government Employees	111
Table 15 Operating Indicators by Function/Program	112
 <b>COMPLIANCE SECTION:</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	113-114
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	115-116
Schedule of Expenditures of Federal Awards	117-118
Notes to Schedule of Expenditures of Federal Awards	119
Schedule of Findings and Questioned Costs	120



**COUNTY OF PRINCE GEORGE, VIRGINIA**

**PRINCIPAL OFFICIALS ON JUNE 30, 2007**

---

**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**

---

Kenneth W. Parr, Chairperson  
Peter V. Iaricci, Sr., Vice-Chairperson

Cynthia L. Blanks

Hugh G. Mumford

Robert E. Cox, Jr..

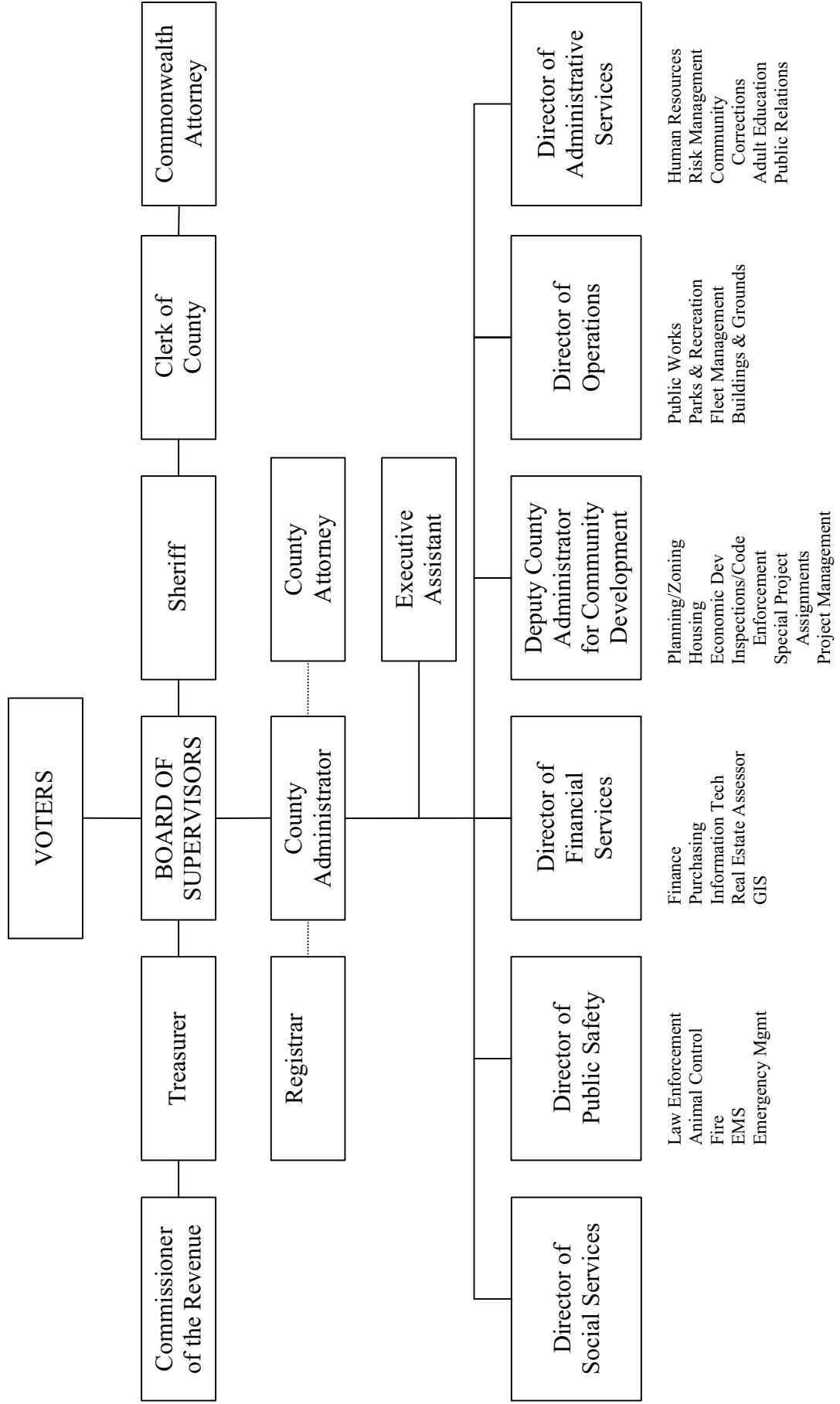
**Other Officials**

---

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



**Prince George County, Virginia  
Table of Organization**





# 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, 2006

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



# 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 11, 2007

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, 2007. 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, Inc. (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 36,500 people (2006 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.

Based on available economic data, the local economy has remained strong. The local unemployment rate was 2.9% for September 2007, as compared to 3.8% for September 2006. The state and national unemployment rates for September 2007 were 2.8% and 4.7% respectively.

### Major Initiatives in Fiscal Year 2007

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 2007 is as follows:

#### *Completion 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 with demolition of the existing building and continued until occupation of the building in late November 2006. This project was financed completely with current assets, 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. In July 2007, the County again issued debt under the same terms, this time in the amount of \$1.7 million, for the purchase of an approximately 160 acre parcel adjacent to Crosspointe Centre. The purchase of these parcels bring additional land under County control that can be used as an incentive for large economic development projects in the future.

### *Utilities Infrastructure in the Route 301 Corridor*

The County borrowed \$1.8 million in December 2006 to finance a water tank and water lines along the Route 301 corridor near Exit 45 off of Interstate 95. This area encompasses a number of hotels, restaurants, and a gas station, representing a majority of the County's tourism industry. Future development of this area required the provision of public water, as the existing hotels and businesses had maximized the potential use of private wells. The debt will be serviced by a portion of the County's local lodging taxes earmarked for tourism uses.

### *Bond Rating Upgrade*

In June 2007, Moody's Investor Services, Inc., upgraded their rating of Prince George County general obligation debt from A2 to A1. Moody's is currently the only agency rating Prince George County general obligation bonds. According to Moody's report, the upgrade "reflects the County's growing tax base... that is expected to benefit from BRAC related growth at Fort Lee, satisfactory demographic profile, an improved financial position and manageable debt burden.

### Sections of the Report

Fiscal year 2007 was the fifth 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, 2006. This was the third 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

This Page Intentionally Left Blank

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

---

## Independent Auditors' Report

---

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, 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, 2007, 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, 2007, 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 December 13, 2007, 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 important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and Schedule of Funding Progress 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  
December 13, 2007

## **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, 2007. 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 assets of the County exceeded its liabilities at June 30, 2007 by \$49,572,326 (net assets). Of this amount, \$24,338,226 is unrestricted and may be used to meet the County's future obligations. The School Board's net assets were \$17,581,281, all of which are restricted in use. The School Board shows a negative unrestricted net asset for a portion of the organization's compensated absences payable. Compensated absences will be paid as required out of appropriations or the unrestricted net assets of the general fund, if necessary.
- The government's net assets increased by \$4,539,171 and the School Board's net assets increased by \$2,731,758 during fiscal year 2007.
- The County's total net assets from Governmental Activities were \$31,761,497 on June 30, 2007, compared to \$27,449,126 total net assets on June 30, 2006. Total net assets represent the amount by which the County's assets exceeded its liabilities. Net assets increased \$4,312,371 during FY2007.
- The total net assets from Business-type activities (Utilities Fund) were \$17,810,829 on June 30, 2007, compared to \$17,584,028 total net assets on June 30, 2006. Net assets increased \$226,801 during FY2007.
- The total net assets of the Component Unit School Board on June 30, 2007 were \$17,581,281, compared to \$14,849,523 on June 30, 2006. Net assets increased \$2,731,758 during FY2007.

The County enjoyed continued strong growth in fiscal year 2007, and all indications are that the County will enjoy strong economic growth and fiscal stability for several years to come. The County's overall financial position strengthened during the course of Fiscal Year 2007, with an 10.0% increase in total net assets. Fiscal Year 2007 was the second consecutive year that net assets increased more than 10%. The increase in net assets during FY2007 was led by a seventeen percent (17%) increase in real property assessments during calendar year 2006. Taxes on real property are the County's largest revenue source. This significant increase follows a thirteen (13%) increase of in real property assessed values during calendar year 2005. 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 upcoming expansion at Fort Lee Army Base located in the County.

## **FINANCIAL HIGHLIGHTS (CONTINUED)**

Of the asset classes within the governmental activities of the County, cash and cash equivalents had increased 6.5% due to strong revenue growth in local taxes and interest income coupled with conservative spending within current appropriations. Taxes and accounts receivable increased slightly from June 30, 2006 to June 30, 2007. Internal balances reflect an interfund loan from the general fund to the water and sewer enterprise fund.

The modest 1.3% increase in net assets from business-type activities was the result of a 23% increase in the revenue from water and sewer connection fees. The County has one enterprise fund for the provision of water and wastewater services to approximately 4,000 customers in the County. While the continued increases in connection fees correspond to new customers for the department, it is worth noting that these revenues are not sustainable in the long term. Operating fees from water and sewer rates and reconnection charges must be sufficient to cover the operating expenses of the fund. In Fiscal Year 2007, the Water and Sewer fund had an operating loss of \$240,042, which is approximately 7.4% of the fund's operating revenue.

The net assets of the Component Unit School Board increased \$2.7 million net of depreciation due to the payment of outstanding debt on school facilities and the completion of the School Administration Building. The County incurs debt on behalf of the School Board, as School Boards in the Commonwealth of 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 2007, the County paid down \$1.87 million in outstanding debt on school facilities.

Two major capital projects also contributed to the increase in school capital assets. The County completed construction of the cash-funded School Board Administration Building, increasing the net assets of the school system by \$1.5 million. The County also acquired land and commenced design work on a new elementary school with operating revenues in lieu of debt. As of the end of the fiscal year, \$914,578 had been spent on land acquisition and design.

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

- The General Fund had an unreserved undesignated fund balance of \$18,209,267 at the conclusion of FY2007, compared to \$14,681,925 at the end of FY2006.
- Designations of \$75,839 and \$140,959 represent fund balances in the Revenue Maximization and Housing Funds, respectively.
- The County Capital Projects fund had \$4,040,010 in fund balances reserved for construction and capital acquisition at fiscal year end. Projects for which these funds were designated include a financial system replacement, a new animal shelter, development of the Appomattox Riverside Regional Park, the relocation of a portion of Lamore Drive, and design of the new elementary school.
- 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 \$510,492, \$0, \$22,192 and \$409,974, respectively. The E911/Emergency Dispatch fund ceased to exist as of July 1, 2007 (the first day of Fiscal 2008), as the emergency dispatch function of the County will be accounted for in the County's General Fund. Due to legislative changes at the state level, localities in Virginia are no longer required to utilize a separate fund for the accounting and reporting of this function.



## **FINANCIAL HIGHLIGHTS (CONTINUED)**

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

- In the Utilities Fund, operating expenses exceeded operating revenues by \$240,042 in FY2007, compared to a \$132,474 surplus of revenues during FY2006.
- Operating revenues decreased slightly in 2007 (1.3%) remaining at \$3.3 million in FY2007 and FY2006. Operating expenses for the Utilities Fund increased from FY2006 to FY2007 by 10%, or from \$3.2 to \$3.5 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 2007 fiscal year and at the status of those financial resources at June 30, 2007, 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.

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

### **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, 2007:

**County of Prince George, Virginia**  
**Schedule of Assets, Liabilities and Net Assets**  
**Governmental and Business-Type Activities**  
**For the Years Ended June 30, 2007 and 2006**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Current and other assets	\$ 25,795,318	\$ 24,225,292	\$ 3,240,189	\$ 1,808,070	\$ 29,035,507	\$ 26,033,362
Capital assets	<u>67,689,551</u>	<u>68,188,526</u>	<u>19,757,273</u>	<u>19,050,227</u>	<u>87,446,824</u>	<u>87,238,753</u>
Total assets	<u>\$ 93,484,869</u>	<u>\$ 92,413,818</u>	<u>\$ 22,997,462</u>	<u>\$ 20,858,297</u>	<u>\$ 116,482,331</u>	<u>\$ 113,272,115</u>
Long-term liabilities outstanding	\$ 55,569,308	\$ 59,152,744	\$ 4,099,078	\$ 2,605,968	\$ 59,668,386	\$ 61,758,712
Current liabilities	<u>6,154,064</u>	<u>5,811,948</u>	<u>1,087,555</u>	<u>668,302</u>	<u>7,241,619</u>	<u>6,480,250</u>
Total liabilities	<u>\$ 61,723,372</u>	<u>\$ 64,964,692</u>	<u>\$ 5,186,633</u>	<u>\$ 3,274,270</u>	<u>\$ 66,910,005</u>	<u>\$ 68,238,962</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 9,834,937	\$ 6,898,198	\$ 15,399,163	\$ 16,190,499	\$ 25,234,100	\$ 23,088,697
Unrestricted	<u>21,926,560</u>	<u>20,550,928</u>	<u>2,411,666</u>	<u>1,393,528</u>	<u>24,338,226</u>	<u>21,944,456</u>
Total net assets	<u>\$ 31,761,497</u>	<u>\$ 27,449,126</u>	<u>\$ 17,810,829</u>	<u>\$ 17,584,027</u>	<u>\$ 49,572,326</u>	<u>\$ 45,033,153</u>

Approximately 51% of the County's primary government net assets are invested in capital assets net of related debt for both fiscal years. 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.

For governmental activities, a lower percentage of net assets is invested in capital assets, as the County is not responsible for transportation or other capital-intensive activities. The business-type activity column is much different, however, as the provision of water and wastewater services is a highly capital intensive activity, resulting in a much higher percentage of net assets invested in capital activities.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**The Statement of Activities

The statement of activities, which also uses the full 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, 2005 through June 30, 2007 follows:

**County of Prince George, Virginia**  
**Changes in Net Assets**  
**Governmental and Business-Type Activities**  
**For the Years Ended June 30, 2007 and 2006**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,021,386	\$ 2,034,640	\$ 4,080,718	\$ 3,972,998	\$ 6,102,104	\$ 6,007,638
Operating grants and contributions	5,476,358	5,062,436	-	-	5,476,358	5,062,436
Capital grants and contributions	405,998	1,948,596	-	-	405,998	1,948,596
General revenues:						
General property taxes	23,645,616	22,488,889	-	-	23,645,616	22,488,889
Other local taxes	6,626,221	6,175,296	-	-	6,626,221	6,175,296
Use of money and property	1,958,759	974,010	88,648	59,529	2,047,407	1,033,539
C/VA non-categorical aid	3,869,796	3,914,301	-	-	3,869,796	3,914,301
Other general revenues	459,721	151,132	39,252	26,350	498,973	177,482
Total revenues	\$ 44,463,855	\$ 42,749,300	\$ 4,208,618	\$ 4,058,877	\$ 48,672,473	\$ 46,808,177
Expenses:						
General government administration	\$ 3,945,059	\$ 3,646,174	\$ -	\$ -	\$ 3,945,059	\$ 3,646,174
Judicial administration	1,914,889	1,664,985	-	-	1,914,889	1,664,985
Public safety	10,024,872	9,282,848	-	-	10,024,872	9,282,848
Public works	1,738,472	2,009,006	-	-	1,738,472	2,009,006
Health and welfare	2,991,083	2,784,708	-	-	2,991,083	2,784,708
Education	13,963,513	15,458,698	-	-	13,963,513	15,458,698
Parks, recreation, and cultural	1,019,420	823,136	-	-	1,019,420	823,136
Community development	1,909,449	1,573,969	-	-	1,909,449	1,573,969
Interest and other fiscal charges	2,633,447	2,617,150	-	-	2,633,447	2,617,150
Water and sewer	-	-	3,993,097	3,417,680	3,993,097	3,417,680
Total expenses	\$ 40,140,204	\$ 39,860,674	\$ 3,993,097	\$ 3,417,680	\$ 44,133,301	\$ 43,278,354
Increase in net assets before transfers	\$ 4,323,651	\$ 2,888,626	\$ 215,521	\$ 641,197	\$ 4,539,172	\$ 3,529,823
Transfers	(11,280)	9,175	11,280	(9,175)	-	-
Increase in net assets	\$ 4,312,371	\$ 2,897,801	\$ 226,801	\$ 632,022	\$ 4,539,172	\$ 3,529,823
Net assets, beginning	27,449,126	24,551,325	17,584,028	16,952,005	45,033,154	41,503,330
Net assets, ending	\$ 31,761,497	\$ 27,449,126	\$ 17,810,829	\$ 17,584,027	\$ 49,572,326	\$ 45,033,153

## **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 79% decrease in capital grants and contributions. In fiscal year 2006, the County received a capital grant through the Virginia Public School Authority Interest Rate Subsidy program for the refinancing of Bond Anticipation Notes issued for renovations of South and Harrison Elementary Schools. This grant reduced the outstanding debt on the project to the point where the debt service on the remaining balance was equivalent to a 2% interest rate on the original project cost.
- An 8% increase in operating grants and contributions, due to the receipt of Homeland Security Grants during Fiscal Year 2007.
- A 5% increase in general property tax revenue. Tax assessments for the 2006 calendar year increased by 13%, which was largely offset by an eight-cent decrease in the real estate tax rate for calendar 2007. Personal and other property taxes also increased in value, which contributed to the strong growth in revenue. Revenues in Fiscal 2007 reflect collections based on both the calendar year 2006 and calendar year 2007 assessed values.
- A 100% increase in use of money and property. The County's fund balance has continued to grow, resulting in larger cash balances available for investing. This, coupled with rising interest rates, resulted in the collection of significantly more interest on investment revenue. Actual interest collections of \$1,098,184 were 56% higher than the previous year.

### **Governmental Activities Expenses**

- Education expenses on the Statement of Changes in Net Assets decreased slightly (9.7%). A substantial amount of capital assets was transferred to the School Board 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.
- Parks, recreation and cultural expenses increased by 23.9%, largely due to increases in both the Parks and Recreation Department expenses and the County's operational contribution to the Appomattox Regional Library contribution. The Parks and Recreation department significantly increased its programmatic offerings during 2007, and increased staff by a full time employee. The County's contribution to the Appomattox River Library System (ARLS) increased as well, as the ARLS implemented a new funding formula for the three participating localities based on the percentage of users from each locality.
- Community Development expenses were impacted by capital expenses and the development of the new comprehensive plan in FY2007. Expenses in this area increased 21.3% due to consultant payments for revisions to the Comprehensive Plan and Subdivision and Zoning Ordinances, as well as the construction of a road extension in Crosspointe Centre (the County's Industrial Park) that was turned over to the Virginia Department of Transportation. This asset is not reflected in the County's fixed asset inventory.

### **Business-type Activities**

- Charges for service revenue in the Utilities Fund increased a moderate 2.7% during fiscal year 2007. Of this figure, the program experienced a significant increase in connection/ capacity fees of 23.7% between FY2006 and FY2007. Operating revenues in FY2007 from water and sewer user fees actually decreased by 1.3%
- Expenses in the Utilities fund increased 10.3% between FY2006 and FY2007. The amount the County paid for water and wastewater disposal increased 3.1% and 5.9% respectively. Personnel costs increased 13.6%.

## 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, 2007, was \$18,209,267. This amount represents 23.6% of General Fund and School Operating expenditures (including 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 and exceeded that target for the fiscal year ending June 30, 2007.

### 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 2007 was no exception, with general fund expenditures \$1.5 million below the adopted budget and \$1.8 million below the budget as amended. No appropriation category exceeded its amended appropriations during FY2007.

The County's budget was amended during FY2007 for grants and other unanticipated revenues. The County was awarded a Drug Court Grant from the Virginia Supreme Court of \$133,000. The County received a debt service credit from the Virginia Public School Authority (VPSA) of \$350,362 from the refinancing of outstanding VPSA bonds. These funds were appropriated to undesignated capital projects and ultimately used to cash fund portions of the FY2008 Capital Improvement Plan.

The Commonwealth's Compensation Board approved the addition of positions in the Commonwealth's Attorney's, Treasurer's, and Commissioner of the Revenue's offices. The Board of Supervisors also amended the budget to appropriate the amount of tax relief provided to elderly and disabled persons in the County. This amount, \$157,797, had not been recognized as an expenditure (as recommended by the Virginia Auditor of Public Accounts) in the past.

Another significant budget amendment was the carry forward of unspent appropriations from Fiscal Year 2006 for encumbrances and other commitments.

The County undertook several initiatives that were budgeted in Fiscal Year 2007. The FY2007 budget included funds to begin construction of a new animal shelter facility, to acquire land and perform architectural and engineering work on a new elementary school, and to open part time solid waste collection sites in Carson and Burrowsville, two remote areas of the County. All of these initiatives, totaling over \$2.5 million, were undertaken without the issuance of new debt.

The County purchased 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) during FY2007. These purchases were accomplished through the issuance of \$4,175,200 in general obligation debt at the very end of fiscal year 2006.

The FY2007 budget set aside \$150,000 for a consultant to review the County's compensation and classification plan and partially implement those recommendations. A subsequent appropriation in FY2008 will fund the remaining implementation.

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

On the revenue side, actual collections in the general fund for FY2007 were \$1,205,288 more than the final budget. Real property taxes came in \$241,978 less than the final budget, due to a reduction in the tax rate (from 88 cents to 80 cents per \$100 of assessed value) for calendar 2007. As real property collections for a fiscal year cross two assessments, changes in the tax rates do impact the current fiscal year budget. The impact of such a large rate change was offset by the significant (17%) increase in total real property assessed value between January 1, 2006 and January 1, 2007. Personal property tax collections were \$467,369, or 9.7%, 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.

Local sales and use tax revenues significantly exceeded budgeted expectations for the first time in a number of years, due to the growth in retail establishments in the Puddledock/ Temple Avenue Corridor. This revenue source will continue to grow with future retail establishments in that same area that are either planned or currently under construction.

Taxes on recordation and wills were also significantly above expectations, \$170,000 or 53% above 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 housing market in Prince George County, as mentioned previously, has not moderated in the same way as the national trend, largely because of the current and expected growth from Fort Lee and continued strong economic trends in the area.

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 revenues of \$1,098,184 exceeded over three times the budgeted amount of \$308,300.

The areas of the budget in which revenues fell short of expectations included fines and forfeitures, personal property tax relief from the Commonwealth, and federal categorical aid. Recovered costs and federal categorical 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 FY2007 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 FY2007. The School Board Administration Building was completed and occupied in November 2006. This \$2.6 million project was completely cash funded through operating dollars and construction reserves from prior years. Crosspointe Centre, the County's major industrial park, saw the influx of several new businesses during 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 as well.

The County acquired land and completed design work for a new elementary school to be located behind and ultimately replace the current North Elementary School. This school is scheduled to open in September 2009.

Smaller capital projects completed during Fiscal Year 2007 included new lights on the Prince George High School baseball fields, and renovations at the Burrowsville Community Center. Small projects still under construction at the end of fiscal year 2007 included the master plan for the Yancey Property (a recreational complex and multiple school site) and an emergency access road to the Golf Course Drive area of the County.

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

### **Proprietary Fund**

The County's only proprietary fund is the Utilities Fund. Through this fund, the County provides water and wastewater services to approximately 4,000 customers. During FY2007, 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 \$861,455 in connection charges during FY2007, compared with \$696,327 in FY2006.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

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

The following table summarizes the County's capital assets, net of depreciation, as of June 30, 2007. The County's total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totaled \$87.5 million.

**County of Prince George, Virginia**  
**Capital Assets (net of Depreciation)**  
**Governmental and Business-Type Activities**  
**For the Year Ended June 30, 2007**

	<b>Governmental Activities 2007</b>	<b>Business-type Activities 2007</b>
Land	\$ 7,280,249	\$ 101,371
Buildings and improvements	66,022,630	-
Utility plant	-	27,612,281
Equipment	17,382,383	290,303
Construction in progress	-	1,416,314
Total	<u>\$ 90,685,262</u>	<u>\$ 29,420,269</u>
Less accumulated depreciation	<u>22,995,711</u>	<u>9,662,996</u>
Net capital assets	<u><u>\$ 67,689,551</u></u>	<u><u>19,757,273</u></u>

At the end of fiscal year 2007, the County had total outstanding debt of \$62.2 million (excluding compensated absences, see Note 8 in the Notes to Financial Statements), in comparison, the County had \$64.15 million outstanding at June 30, 2006. The impact of a County decision to prepay debt in Fiscal Years 2005 and 2006 is clearly shown when this figure is compared to the \$73.7 million of outstanding debt at the end of FY2004. Of the \$62.2 million of outstanding debt at June 30, 2007, \$25.1 million is for general government purposes. The County also had \$32.7 million in outstanding debt on behalf of the School Board. The Utilities Fund has outstanding debt of \$4.4 million. The County issued \$1.8 million in general obligation bonds during FY2007 for the construction of a water system at the Exit 45 interchange off of Interstate 95. This debt is being supported by transient occupancy taxes designated for tourism, as that location supports a significant majority of the County's hotels.

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 2007 was 2.9%, which was slightly higher than the state unemployment rate of 2.8%, but well below the national rate of 4.7% 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. A report on the estimated indirect impacts of the expansion is expected in December, 2007.

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. 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.

The FY2008 budget includes funding to help the County plan for and address continued growth and economic development. The County received a grant and budgeted funds (\$60,000) for development of a Broadband Plan for the County. Currently, a significant geographic region of the County has no access to high speed Internet access. The fiscal year 2008 budget also includes \$19.5 million for the new elementary school, with a projected capacity of 728 students, to replace the current North Elementary School (325 current student population).

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.



## **Basic Financial Statements**

This Page Intentionally Left Blank

## **Government-wide Financial Statements**

This Page Intentionally Left Blank

Statement of Net Assets  
June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 22,940,254	\$ 3,310,895	\$ 26,251,149	\$ 4,123,932
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,313,108	-	1,313,108	-
Accounts receivable	483,533	271,927	755,460	268,573
Internal balances	342,633	(342,633)	-	-
Due from other governmental units	715,790	-	715,790	1,819,725
Total current assets	\$ 25,795,318	\$ 3,240,189	\$ 29,035,507	\$ 6,212,230
Noncurrent Assets				
Capital assets (net of accumulated depreciation)				
Land	\$ 7,280,249	\$ 101,371	\$ 7,381,620	\$ 1,066,842
Buildings	17,543,882	-	17,543,882	14,613,892
Machinery and equipment	10,551,349	220,807	10,772,156	2,114,105
Jointly owned assets	32,314,071	-	32,314,071	-
Utility plant in service	-	18,018,781	18,018,781	-
Construction in progress	-	1,416,314	1,416,314	-
Total capital assets	\$ 67,689,551	\$ 19,757,273	\$ 87,446,824	\$ 17,794,839
Total assets	\$ 93,484,869	\$ 22,997,462	\$ 116,482,331	\$ 24,007,069
<b>LIABILITIES</b>				
Accounts payable	\$ 717,145	\$ 676,536	\$ 1,393,681	\$ 481,141
Accrued liabilities	-	-	-	5,531,469
Customers' deposits	-	68,600	68,600	-
Accrued interest payable	1,067,936	21,418	1,089,354	-
Unearned revenue	960,800	-	960,800	39,960
Current portion of long-term obligations	3,408,183	321,001	3,729,184	37,332
Total current liabilities	\$ 6,154,064	\$ 1,087,555	\$ 7,241,619	\$ 6,089,902
Noncurrent liabilities:				
Due in more than one year	55,569,308	4,099,078	59,668,386	335,886
Total liabilities	\$ 61,723,372	\$ 5,186,633	\$ 66,910,005	\$ 6,425,788
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 9,834,937	\$ 15,399,163	\$ 25,234,100	\$ 17,794,839
Unrestricted (deficit)	21,926,560	2,411,666	24,338,226	(213,558)
Total net assets	\$ 31,761,497	\$ 17,810,829	\$ 49,572,326	\$ 17,581,281
Total Liabilities and Net Assets	\$ 93,484,869	\$ 22,997,462	\$ 116,482,331	\$ 24,007,069

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, 2007

<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	\$ 3,945,059	\$ 142,375	\$ 305,609	\$ -
Judicial administration	1,914,889	423,874	607,648	-
Public safety	10,024,872	1,156,680	2,394,862	-
Public works	1,738,472	201,579	7,899	-
Health and welfare	2,991,083	-	1,569,985	-
Education	13,963,513	-	-	194,930
Parks, recreation, and cultural	1,019,420	92,558	-	-
Community development	1,909,449	4,320	590,355	211,068
Interest on long-term debt	2,633,447	-	-	-
Total government activities	\$ <u>40,140,204</u>	\$ <u>2,021,386</u>	\$ <u>5,476,358</u>	\$ <u>405,998</u>
Business-type activities:				
Public Utilities	\$ 3,993,097	\$ 4,080,718	\$ -	\$ -
Total business-type activities	\$ <u>3,993,097</u>	\$ <u>4,080,718</u>	\$ <u>-</u>	\$ <u>-</u>
Total primary government	\$ <u>44,133,301</u>	\$ <u>6,102,104</u>	\$ <u>5,476,358</u>	\$ <u>405,998</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 53,444,617	\$ 1,619,655	\$ 42,106,357	\$ -
Total component units	\$ <u>53,444,617</u>	\$ <u>1,619,655</u>	\$ <u>42,106,357</u>	\$ <u>-</u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle license taxes				
Taxes on recordation and wills				
Communication taxes				
Meals 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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (3,497,075)	\$ -	\$ (3,497,075)	\$ -
(883,367)	-	(883,367)	-
(6,473,330)	-	(6,473,330)	-
(1,528,994)	-	(1,528,994)	-
(1,421,098)	-	(1,421,098)	-
(13,768,583)	-	(13,768,583)	-
(926,862)	-	(926,862)	-
(1,103,706)	-	(1,103,706)	-
(2,633,447)	-	(2,633,447)	-
<u>\$ (32,236,462)</u>	<u>\$ -</u>	<u>\$ (32,236,462)</u>	<u>\$ -</u>
\$ -	\$ 87,621	\$ 87,621	\$ -
\$ -	\$ 87,621	\$ 87,621	\$ -
<u>\$ (32,236,462)</u>	<u>\$ 87,621</u>	<u>\$ (32,148,841)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (9,718,605)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,718,605)</u>
\$ 23,645,616	\$ -	\$ 23,645,616	\$ -
1,333,959	-	1,333,959	-
1,299,391	-	1,299,391	-
733,948	-	733,948	-
728,165	-	728,165	-
487,000	-	487,000	-
522,138	-	522,138	-
598,481	-	598,481	-
923,139	-	923,139	-
1,958,759	88,648	2,047,407	6,791
459,721	39,252	498,973	61,922
-	-	-	12,381,650
3,869,796	-	3,869,796	-
(11,280)	11,280	-	-
<u>\$ 36,548,833</u>	<u>\$ 139,180</u>	<u>\$ 36,688,013</u>	<u>\$ 12,450,363</u>
\$ 4,312,371	\$ 226,801	\$ 4,539,172	\$ 2,731,758
27,449,126	17,584,028	45,033,154	14,849,523
<u>\$ 31,761,497</u>	<u>\$ 17,810,829</u>	<u>\$ 49,572,326</u>	<u>\$ 17,581,281</u>

This Page Intentionally Left Blank



## **Fund Financial Statements**

Balance Sheet  
 Governmental Funds  
 June 30, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,752,647	\$ 4,284,265	\$ 903,342	\$ 22,940,254
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,232,882	-	80,226	1,313,108
Accounts receivable	483,533	-	-	483,533
Due from other funds	342,633	-	-	342,633
Due from other governmental units	715,655	-	135	715,790
Total assets	<u>\$ 20,527,350</u>	<u>\$ 4,284,265</u>	<u>\$ 983,703</u>	<u>\$ 25,795,318</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 431,845	\$ 244,255	\$ 41,045	\$ 717,145
Deferred revenue	1,669,440	-	-	1,669,440
Total liabilities	<u>\$ 2,101,285</u>	<u>\$ 244,255</u>	<u>\$ 41,045</u>	<u>\$ 2,386,585</u>
Fund balances:				
Reserved for:				
Capital projects	\$ -	\$ 4,040,010	\$ -	\$ 4,040,010
Unreserved, designated for:				
Revenue Maximization	75,839	-	-	75,839
Housing	140,959	-	-	140,959
Reported in:				
General fund	18,209,267	-	-	18,209,267
Special revenue funds	-	-	942,658	942,658
Total fund balances	<u>\$ 18,426,065</u>	<u>\$ 4,040,010</u>	<u>\$ 942,658</u>	<u>\$ 23,408,733</u>
Total liabilities and fund balances	<u>\$ 20,527,350</u>	<u>\$ 4,284,265</u>	<u>\$ 983,703</u>	<u>\$ 25,795,318</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, 2007

---

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 23,408,733
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	67,689,551
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,067,936)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	708,640
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	(1,122,877)
County general obligation bonds and notes	(25,115,631)
School Board state literary fund loans	(920,000)
School Board general obligation bonds	(31,415,317)
School Board premium on bonds payable	<u>(403,666)</u>
Net assets of governmental activities	<u>\$ 31,761,497</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, 2007

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 23,597,753	\$ -	\$ -	\$ -	\$ 23,597,753
Other local taxes	5,471,585	-	-	1,154,636	6,626,221
Permits, privilege fees, and regulatory licenses	733,173	-	-	-	733,173
Fines and forfeitures	295,893	-	-	-	295,893
Revenue from the use of money and property	1,255,515	675,118	28,126	-	1,958,759
Charges for services	992,320	-	-	-	992,320
Miscellaneous	71,603	379,682	-	-	451,285
Recovered costs	476,616	-	-	-	476,616
Intergovernmental revenues:					
Commonwealth	8,206,408	211,068	194,930	11,790	8,624,196
Federal	1,128,285	-	-	-	1,128,285
Total revenues	<u>\$ 42,229,151</u>	<u>\$ 1,265,868</u>	<u>\$ 223,056</u>	<u>\$ 1,166,426</u>	<u>\$ 44,884,501</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 3,799,926	\$ 19,273	\$ -	\$ -	\$ 3,819,199
Judicial administration	1,788,031	-	-	-	1,788,031
Public safety	8,627,978	580,075	-	757,225	9,965,278
Public works	1,703,355	-	-	-	1,703,355
Health and welfare	2,945,060	-	-	-	2,945,060
Education	9,666,163	2,409,050	-	-	12,075,213
Parks, recreation, and cultural	951,257	282,908	-	-	1,234,165
Community development	809,020	2,614,435	-	829,580	4,253,035
Debt service:					
Principal retirement	-	-	3,013,758	401,039	3,414,797
Interest and other fiscal charges	-	-	2,563,168	160,474	2,723,642
Total expenditures	<u>\$ 30,290,790</u>	<u>\$ 5,905,741</u>	<u>\$ 5,576,926</u>	<u>\$ 2,148,318</u>	<u>\$ 43,921,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 11,938,361</u>	<u>\$ (4,639,873)</u>	<u>\$ (5,353,870)</u>	<u>\$ (981,892)</u>	<u>\$ 962,726</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 2,680,652	\$ 5,353,870	\$ 442,830	\$ 8,477,352
Transfers (out)	(8,434,102)	(43,250)	-	(11,280)	(8,488,632)
Sale of property	-	-	-	279,004	279,004
Total other financing sources (uses)	<u>\$ (8,434,102)</u>	<u>\$ 2,637,402</u>	<u>\$ 5,353,870</u>	<u>\$ 710,554</u>	<u>\$ 267,724</u>
Net change in fund balances	\$ 3,504,259	\$ (2,002,471)	\$ -	\$ (271,338)	\$ 1,230,450
Fund balances - beginning	14,921,806	6,042,481	-	1,213,996	22,178,283
Fund balances - ending	<u>\$ 18,426,065</u>	<u>\$ 4,040,010</u>	<u>\$ -</u>	<u>\$ 942,658</u>	<u>\$ 23,408,733</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, 2007

---

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

Net change in fund balances - total governmental funds \$ 1,230,450

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:

Depreciation expense	(3,021,203)
Capital asset additions	5,574,828

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (270,569)

Transfer of joint tenancy assets from Primary Government to the Component Unit. (2,739,539)

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. 47,863

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.

Details supporting these changes are as follows:

Amortization of premium on bonds payable	(21,246)
Retirement of County general obligation bonds	1,547,414
Retirement of School Board general obligation bonds	1,752,054
Retirement of School Board literary fund loans	115,000

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.

Details supporting these changes are as follows:

Change in accrued interest payable	111,442
Change in accrued compensated absences	(14,123)

Change in net assets of governmental activities \$ 4,312,371

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

Statement of Net Assets  
 Proprietary Funds  
 June 30, 2007

	<u>Enterprise Funds</u>
	<u>Water and Sewer</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,310,895
Accounts receivable, net of allowances for uncollectibles	271,927
Total current assets	<u>\$ 3,582,822</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 101,371
Utility plant in service	27,612,281
Machinery and equipment	290,303
Construction in progress	1,416,314
Less accumulated depreciation	<u>(9,662,996)</u>
Total capital assets	<u>\$ 19,757,273</u>
Total noncurrent assets	<u>\$ 19,757,273</u>
Total assets	<u><u>\$ 23,340,095</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 676,536
Customers' deposits	68,600
Accrued interest payable	21,418
Due to other funds	342,633
Compensated absences - current portion	6,197
Bonds payable - current portion	314,804
Total current liabilities	<u>\$ 1,430,188</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 4,043,306
Compensated absences - net of current portion	<u>55,772</u>
Total noncurrent liabilities	<u>\$ 4,099,078</u>
Total liabilities	<u>\$ 5,529,266</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 15,399,163
Unrestricted	<u>2,411,666</u>
Total net assets	<u>\$ 17,810,829</u>
Total liabilities and net assets	<u><u>\$ 23,340,095</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, 2007

	<u>Enterprise Funds Water and Sewer</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 1,120,118
Sewer revenues	2,072,690
Penalty/reconnection charges	26,455
Miscellaneous	39,252
Total operating revenues	<u>\$ 3,258,515</u>
<b>OPERATING EXPENSES</b>	
Water supply, treatment and pumping	\$ 537,400
Wastewater treatment, pumping and disposal	1,423,073
Administrative and operation	786,523
Other supplies and expenses	138,154
Depreciation	613,407
Total operating expenses	<u>\$ 3,498,557</u>
Operating income (loss)	<u>\$ (240,042)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 45,223
Connection/capacity fees	861,455
Rental income	43,425
South Central Wastewater Authority - debt service	(116,520)
Capacity payment - Richard Bland College	(248,000)
Interest expense	(130,020)
Total nonoperating revenues	<u>\$ 455,563</u>
Income before transfers	\$ 215,521
Transfers in	<u>11,280</u>
Change in net assets	\$ 226,801
Total net assets - beginning	17,584,028
Total net assets - ending	<u><u>\$ 17,810,829</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, 2007

	<u>Enterprise Funds</u>
	<u>Water and Sewer</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 3,280,077
Payments for operating activities	(1,059,686)
Payments to employees	(1,420,477)
Net cash provided by operating activities	<u>\$ 799,914</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	<u>\$ 11,280</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Additions to utility plant	\$ (1,365,836)
Connection/capacity charges	861,455
Proceeds from bonds issued	1,800,000
Principal payments on bonds	(301,619)
South Central Wastewater Authority - debt service	(116,520)
Capacity payment - Richard Bland College	(248,000)
Interest payments	(130,318)
Net cash provided by capital and related financing activities	<u>\$ 499,162</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 45,223
Rental income	43,425
Net cash provided by investing activities	<u>\$ 88,648</u>
Net increase in cash and cash equivalents	\$ 1,399,004
Cash and cash equivalents - beginning - including restricted	\$ 1,911,891
Cash and cash equivalents - ending - including restricted	<u>\$ 3,310,895</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ (240,042)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	\$ 613,407
Decrease in accounts receivable	18,467
Increase in accounts payable	402,391
Increase in accrued leave	2,596
Increase customer deposits	3,095
Total adjustments	<u>\$ 1,039,956</u>
Net cash provided by operating activities	<u>\$ 799,914</u>

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



Statement of Net Assets  
 Fiduciary Funds  
 At June 30, 2007

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 134,126	\$ 1,744,985
Investments	<u>799,568</u>	<u>-</u>
Total assets	<u>\$ 933,694</u>	<u>\$ 1,744,985</u>
<b>LIABILITIES</b>		
Amounts held for others	\$ -	\$ 1,744,985
Total liabilities	<u>\$ -</u>	<u>\$ 1,744,985</u>
<b>NET ASSETS</b>		
Held in trust for benefits	\$ <u>933,694</u>	\$ -
Total net assets	<u>\$ 933,694</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 933,694</u>	<u>\$ 1,744,985</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, 2007

---

**Additions:**

Employer contributions	\$ 140,000
Interest income	<u>29,171</u>
Total additions	<u>\$ 169,171</u>

**Deductions:**

Members' benefits	\$ 66,440
Professional services	<u>3,000</u>
Total deductions	<u>\$ 69,440</u>

Change in net assets	\$ 99,731
----------------------	-----------

<b>Net assets - beginning of year, as restated</b>	<u>833,963</u>
--	----------------

<b>Net assets - end of year</b>	<u><u>\$ 933,694</u></u>
---------------------------------	--------------------------

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, 2007

---

## **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

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, 2007 (Continued)

---

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

Statement of Activities - The 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.

The County's internal activities include water and sewer billings and activities of the County garage. It is the County's policy not to eliminate these internal activities in the government-wide Statement of Activities.

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 governments 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, 2007.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

### **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, 2007.

#### 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, 2007 were \$392,214. 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, 2007 were \$1,110,296. 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, 2007 (Continued)

---

### **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, 2007 were \$282,147. 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 \$280,258 to the Library for fiscal 2007. 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 \$84,692 and \$30,479 respectively, during fiscal 2007 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, 2007 (Continued)

---

### **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 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, 2007 (Continued)

---

### **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 accounts 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, which is considered a major fund.



**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

**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 valued 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 \$299,080 at June 30, 2007 is comprised of property taxes in the amount of \$255,377 and utility accounts of \$43,703.

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, 2007 (Continued)

---

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

H. Capital Assets

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

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

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

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

<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 Governmental 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. Compensated absences are reported in the governmental fund statements if they have matured within sixty days.

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 generally 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, 2007 (Continued)

---

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

#### L. Fund Equity

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

#### M. Net Assets

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

#### N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations 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, 2007 (Continued)

---

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

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2007.

**NOTE 3—DEPOSITS AND INVESTMENTS:**

Deposits

All cash of the County is maintained in accounts collateralized in accordance with the 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, 2007 were held by the County or in the County's name by the County's custodial banks; except \$29,440,054 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, 2007 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	
	<b><u>AAAm</u></b>
Local Government Investment Pool	\$ 29,440,054
STI Classic Funds	<u>269,161</u>
Total	<u><u>\$ 29,709,215</u></u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (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, 2007, 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	\$ 241,020	\$ -
Social Services	37,722	-
Comprehensive services	157,877	-
Constitutional officer reimbursements	104,475	-
Recordation tax	22,788	-
Rolling stock tax	4,119	-
Victim Witness Grant	51,506	-
Other funds	3,835	-
State sales tax	-	913,388
Federal Government:		
School fund grants	-	871,260
School food	-	30,829
Misc. Federal Grants	21,243	4,248
Social Services	71,205	-
Total due from other governments	<u>\$ 715,790</u>	<u>\$ 1,819,725</u>

**NOTE 5—INTERFUND 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	\$ 342,633	\$ -
Water and Sewer Fund	-	342,633
Total	<u>\$ 342,633</u>	<u>\$ 342,633</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

**NOTE 6—CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2007:

**Primary Government:**

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,298,986	\$ 2,314,523	\$ 333,260	\$ 7,280,249
Total capital assets not being depreciated	\$ 5,298,986	\$ 2,314,523	\$ 333,260	\$ 7,280,249
Capital assets being depreciated:				
Buildings and improvements	\$ 23,502,822	\$ 145,317	\$ 34,402	\$ 23,613,737
Machinery and equipment	16,157,182	1,271,373	46,172	17,382,383
Jointly owned assets	43,850,034	1,903,913	3,345,054	42,408,893
Total capital assets being depreciated	\$ 83,510,038	\$ 3,320,603	\$ 3,425,628	\$ 83,405,013
Less accumulated depreciation for:				
Buildings and improvements	\$ 5,461,226	\$ 608,629	\$ -	\$ 6,069,855
Equipment	5,511,609	1,359,900	40,475	6,831,034
Jointly owned assets	9,647,663	1,052,674	605,515	10,094,822
Total accumulated depreciation	\$ 20,620,498	\$ 3,021,203	\$ 645,990	\$ 22,995,711
Total capital assets being depreciated, net	\$ 62,889,540	\$ 299,400	\$ 2,779,638	\$ 60,409,302
Governmental activities capital assets, net	\$ 68,188,526	\$ 2,613,923	\$ 3,112,898	\$ 67,689,551

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

**Primary Government: (continued)**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 101,371	\$ -	\$ -	\$ 101,371
Construction in progress	<u>160,331</u>	<u>1,255,983</u>	<u>-</u>	<u>1,416,314</u>
 Total capital assets not being depreciated	 <u>\$ 261,702</u>	 <u>\$ 1,255,983</u>	 <u>\$ -</u>	 <u>\$ 1,517,685</u>
Capital assets being depreciated:				
Utility Plant	\$ 27,612,281	\$ -	\$ -	\$ 27,612,281
Vehicles and equipment	<u>225,833</u>	<u>64,470</u>	<u>-</u>	<u>290,303</u>
 Total capital assets being depreciated	 <u>\$ 27,838,114</u>	 <u>\$ 64,470</u>	 <u>\$ -</u>	 <u>\$ 27,902,584</u>
Less accumulated depreciation for:				
Utility Plant	\$ 8,985,069	\$ 599,537	\$ -	\$ 9,584,606
Vehicles and equipment	<u>64,520</u>	<u>13,870</u>	<u>-</u>	<u>78,390</u>
 Total accumulated depreciation	 <u>\$ 9,049,589</u>	 <u>\$ 613,407</u>	 <u>\$ -</u>	 <u>\$ 9,662,996</u>
 Total capital assets being depreciated, net	 <u>\$ 18,788,525</u>	 <u>\$ (548,937)</u>	 <u>\$ -</u>	 <u>\$ 18,239,588</u>
 Business-type activities capital assets, net	 <u>\$ 19,050,227</u>	 <u>\$ 707,046</u>	 <u>\$ -</u>	 <u>\$ 19,757,273</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

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

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Capital assets, not being depreciated:				
Land	\$ 561,706	\$ 505,136	\$ -	\$ 1,066,842
Total capital assets not being depreciated	\$ 561,706	\$ 505,136	\$ -	\$ 1,066,842
Capital assets being depreciated:				
Buildings and improvements	\$ 15,834,175	\$ 3,345,054	\$ -	\$ 19,179,229
Equipment	5,713,462	527,002	43,522	6,196,942
Total capital assets being depreciated	\$ 21,547,637	\$ 3,872,056	\$ 43,522	\$ 25,376,171
Less accumulated depreciation for:				
Buildings and improvements	\$ 3,483,755	\$ 1,081,582	\$ -	\$ 4,565,337
Equipment	3,656,296	470,063	43,522	4,082,837
Total accumulated depreciation	\$ 7,140,051	\$ 1,551,645	\$ 43,522	\$ 8,648,174
Total capital assets being depreciated, net	\$ 14,407,586	\$ 2,320,411	\$ -	\$ 16,727,997
School Board capital assets, net	<u>\$ 14,969,292</u>	<u>\$ 2,825,547</u>	<u>\$ -</u>	<u>\$ 17,794,839</u>



**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

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

Governmental activities:	
General government	\$ 294,706
Judicial administration	191,247
Public safety	1,320,937
Public works	46,552
Health and welfare	47,845
Education	1,052,674
Parks, recreation and cultural	56,113
Community development	<u>11,129</u>
Total Governmental activities	<u>\$ 3,021,203</u>
Business-type activities	<u>\$ 613,407</u>
Component Unit School Board	<u>\$ 946,130</u> *
*Depreciation expense	\$ 946,130
Joint tenancy transfer of accumulated depreciation	<u>605,515</u>
Total accumulated depreciation increase, previous page	<u>\$ 1,551,645</u>

**NOTE 7—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2007, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 8,434,102
Proprietary Funds	11,280	-
County Capital Projects Fund	2,680,652	43,250
Debt Service Fund	5,353,870	-
Special Revenue Fund	-	-
Non-major Fund	<u>442,830</u>	<u>11,280</u>
Total	<u>\$ 8,488,632</u>	<u>\$ 8,488,632</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, 2007 (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, 2006</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts Payable at June 30, 2007</b>	<b>Amounts Due Within One Year</b>
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 1,108,754	\$ 291,297	\$ 277,174	\$ 1,122,877	\$ 112,288
General obligation bonds	<u>26,663,045</u>	<u>-</u>	<u>1,547,414</u>	<u>25,115,631</u>	<u>1,324,153</u>
Total incurred by County	<u>\$ 27,771,799</u>	<u>\$ 291,297</u>	<u>\$ 1,824,588</u>	<u>\$ 26,238,508</u>	<u>\$ 1,436,441</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 1,035,000	\$ -	\$ 115,000	\$ 920,000	\$ 115,000
General Obligation Bonds	33,167,371	-	1,752,054	31,415,317	1,835,496
Premium on Bonds Payable	<u>424,912</u>	<u>-</u>	<u>21,246</u>	<u>403,666</u>	<u>21,246</u>
Total incurred by School Board	<u>\$ 34,627,283</u>	<u>\$ -</u>	<u>\$ 1,888,300</u>	<u>\$ 32,738,983</u>	<u>\$ 1,971,742</u>
Total Governmental Obligations	<u>\$ 62,399,082</u>	<u>\$ 291,297</u>	<u>\$ 3,712,888</u>	<u>\$ 58,977,491</u>	<u>\$ 3,408,183</u>

The general fund revenues are used to liquidate compensated absences.

	<b>Amounts Payable at July 1, 2006</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts Payable at June 30, 2007</b>	<b>Amounts Due Within One Year</b>
Enterprise Obligations:					
Compensated absences	\$ 53,176	\$ 8,793	\$ -	\$ 61,969	\$ 6,197
General obligation bonds	<u>2,859,729</u>	<u>1,800,000</u>	<u>301,619</u>	<u>4,358,110</u>	<u>314,804</u>
Total Enterprise Obligations	<u>\$ 2,912,905</u>	<u>\$ 1,808,793</u>	<u>\$ 301,619</u>	<u>\$ 4,420,079</u>	<u>\$ 321,001</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

**Primary Government: (Continued)**

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

<b>Year Ending June 30,</b>	<b>General Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2008	\$ 1,324,153	\$ 972,001
2009	1,366,564	922,099
2010	3,561,233	863,301
2011	1,818,576	722,112
2012	1,887,261	651,078
2013	1,969,429	574,695
2014	2,048,941	493,381
2015	1,341,351	427,027
2016	1,392,329	376,371
2017	3,766,079	273,726
2018	1,238,683	175,006
2019	1,284,954	128,992
2020	499,504	81,257
2021	518,685	62,076
2022	538,603	42,159
2023	<u>559,286</u>	<u>21,477</u>
Total	\$ <u>25,115,631</u>	\$ <u>6,786,758</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (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				Enterprise Obligations	
	State Literary Fund Loans		General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 115,000	\$ 18,400	\$ 1,835,496	\$ 1,577,801	\$ 314,804	\$ 174,214
2009	115,000	16,100	1,909,526	1,476,722	324,700	161,246
2010	115,000	13,800	1,986,104	1,369,867	393,676	146,707
2011	115,000	11,500	2,069,204	1,258,620	412,657	130,493
2012	115,000	9,200	2,151,657	1,146,984	428,841	113,109
2013	115,000	6,900	2,237,458	1,035,943	448,873	94,577
2014	115,000	4,600	2,323,800	920,835	468,696	74,894
2015	115,000	2,300	2,417,541	799,653	322,819	58,409
2016	-	-	2,518,712	672,543	336,131	45,332
2017	-	-	2,621,554	540,003	159,797	31,715
2018	-	-	2,726,154	401,936	165,994	25,427
2019	-	-	1,383,434	296,272	137,339	19,268
2020	-	-	1,428,269	224,574	142,503	14,007
2021	-	-	1,479,666	150,421	147,861	8,548
2022	-	-	440,165	101,466	153,419	2,884
2023	-	-	453,002	78,690	-	-
2024	-	-	465,318	56,436	-	-
2025	-	-	477,666	34,151	-	-
2026	-	-	490,591	11,284	-	-
Total	\$ <u>920,000</u>	\$ <u>82,800</u>	\$ <u>31,415,317</u>	\$ <u>12,154,201</u>	\$ <u>4,358,110</u>	\$ <u>1,100,830</u>

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

### **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.	\$ 573,000
\$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%	1,726,284
\$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%	243,692
\$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%	256,574
\$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	3,320,625
\$8,000,000 General Obligation Note 2003B series issued January 24, 2003 due in varying annual installments through February 1, 2023, interest payable semiannually	6,847,784
\$9,500,000 General Obligation Bond issued January 22, 2004 due in varying installments through January 1, 2019, interest payable semiannually at 3.64%	7,972,472
\$2,355,800 General Obligation Public Facilities Note Series 2006A issued June 27, 2006 due on August 1, 2016, interest payable semiannually 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>25,115,631</u>
Compensated absences	\$ <u>1,122,877</u>
Total incurred by the County	\$ <u>26,238,508</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

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

**Primary Government: (Continued)**

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

State Literary Fund Loans:

Premium on bond	\$ <u>403,666</u>
\$500,000, issued May 26, 1995, due in annual installments of \$25,000 through July 1, 2015, interest payable annually at 2%	\$ 200,000
\$1,000,000 issued May 26, 1995, due in annual installments of \$50,000 through July 1, 2015, interest payable annually at 2%	400,000
\$800,000, issued May 26, 1995, due in annual installments of \$40,000 through July 1, 2015, interest payable annually at 2%	<u>320,000</u>
Total State Literary Fund Loans	\$ <u>920,000</u>

General Obligation Bonds:

\$3,843,528 issued June, 1998 due in semiannual installments of varying amounts and interest rates through January, 2018.	\$ 2,345,385
\$14,540,000 issued June, 1998 due in semiannual installments of varying amounts and interest rates through July, 2017	9,850,000
\$10,284,493 issued November, 2000, due in various annual installments through July, 2020. Interest payable semiannually at coupon rates varying from 4.975% to 5.850%	7,749,411
\$5,000,000 issued November, 2000, due in various annual installments through July, 2020. Interest payable semiannually at coupon rates varying from 4.975% to 5.850%	4,005,000
\$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semiannually at 4.06%	<u>7,465,521</u>
Total General Obligation Bonds	\$ <u>31,415,317</u>
Total Incurred by School Board	\$ <u>32,738,983</u>
Total Governmental Long-term Obligations	\$ <u><u>58,977,491</u></u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

**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	\$ 301,781
\$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%	803,650
\$902,022 General Obligation Note Series 2001, issued November 1, 2001, due in varying annual installments through June 15, 2016, interest at 4.15%	596,305
\$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	382,000
\$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	474,374
\$1,800,000 General Obligation Notes Series 2006, issued December 15, 2006, due in varying annual installments through August 15, 2021 with interest payable semiannually at 3.76%	<u>1,800,000</u>
Total General Obligation Bonds	\$ 4,358,110
Compensated Absences	<u>61,969</u>
Total Incurred by Enterprise Fund	<u>\$ 4,420,079</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

**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, 2007:

	<b>Amounts Payable July 1, 2006</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts Payable at June 30, 2007</b>	<b>Amounts Due Within One Year</b>
Compensated absences payable	\$ 311,128	\$ 86,264	\$ 24,174	\$ 373,218	\$ 37,322
Total	\$ 311,128	\$ 86,264	\$ 24,174	\$ 373,218	\$ 37,322

**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 \$1,708,800 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$708,640 at June 30, 2007.

Prepaid Property Taxes – Property taxes due subsequent to June 30, 2007 but paid in advance by the taxpayers totaled \$960,800 at June 30, 2007.

Grants received but unearned total \$39,360 at June 30, 2007.

**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 the 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 our 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, 2007 (Continued)

---

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

At June 30, 2007, the County had the following construction contracts outstanding:

	<u>Project</u>	<u>Contractor</u>	<u>Balance June 30, 2007</u>
Utilities Fund	I-95 Exit 45 Water Tank	CB&I Constructors, Inc.	\$ <u>213,500</u>
	Total		\$ <u><u>213,500</u></u>

**NOTE 11—LITIGATION:**

At June 30, 2007, 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, 2007 (Continued)

---

### **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/2006AnnuRept.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 2007 were 11.91% and 9.5% of annual covered payroll, respectively.

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

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

Primary Government: (Continued)

B. Funding Policy: (Continued)

The School Board’s professional employees contributed \$2,455,996, \$1,683,537, and \$1,436,549 to the teacher cost-sharing pool for the fiscal years ended June 30, 2007, 2006, and 2005 respectively. The School Board’s current rate is 9.20% of annual covered payroll.

C. Annual Pension Cost

For fiscal 2007, the County’s annual pension cost of \$1,100,707 (does not include the employee share assumed by the County which was \$462,094) was equal to the County’s required and actuarial contributions. The required contributions were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2007, the County School Board’s annual pension cost for the Board’s non-professional employees was \$383,235 (does not include the employee share assumed by the Board which was \$202,755) which was equal to the Board’s required and actuarial contributions. The required contributions were determined as a part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

	<u>County</u>	<u>Non-Professional School Board Employees</u>
Valuation date	June 30, 2006	June 30, 2006
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	2.5%	2.5%
Remaining Amortization period	20 years	20 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return <sup>1</sup>	7.50%	7.50%
Projected salary increases: <sup>1</sup>		
Non LEO Employees	3.75% to 5.60%	3.75% to 5.60%
LEO Employees	3.50% to 4.75%	3.50% to 4.75%
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, 2007 (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, 2007	\$ 1,100,707	100%	-
June 30, 2006	944,319	100%	-
June 30, 2005	879,819	100%	-
School Board:			
Non-Professional:			
June 30, 2007	\$ 383,235	100%	-
June 30, 2006	247,154	100%	-
June 30, 2005	228,484	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, 2007 the program membership consisted of the following:

Eligible Members	99
Retirees and beneficiaries	26

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 every 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, 2007 (Continued)

---

**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, 2007 totaled \$140,000. 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, 2007 the plan had net assets available for benefits totaling \$933,892. Unfunded past service costs total \$308,436 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, 2007	\$ 98,184	100%
June 30, 2006	101,507	100%
June 30, 2005	103,602	100%
June 30, 2004	142,284	100%
June 30, 2003	153,374	100%

C. Investments:

Investments at June 30, 2007 consist of guaranteed investment contracts which have a value of \$799,658 at June 30, 2007.

**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 postclosure monitoring for a period of at least ten years. Postclosure 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
Darlene M. Rowsey, Commissioner of the Revenue	3,000
H.E. Allin, Sheriff	30,000
Selective Insurance Company:	
All County employees and School Board employees-blanket bond	500,000

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2007 (Continued)

---

**NOTE 17—NET ASSET ADJUSTMENT:**

Net assets were adjusted as of July 1, 2006 as follows:

	<b>Pension Trust Fund</b>
Net assets, as previously reported	\$ 193,101
Adjustment for guaranteed investment contracts	<u>640,862</u>
Net assets, as restated	<u><u>\$ 833,963</u></u>

## **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.

This Page Intentionally Left Blank



General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 23,184,800	\$ 23,342,598	\$ 23,597,753	\$ 255,155
Other local taxes	4,665,300	4,892,611	5,471,585	578,974
Permits, privilege fees, and regulatory licenses	727,850	727,850	733,173	5,323
Fines and forfeitures	377,300	377,300	295,893	(81,407)
Revenue from the use of money and property	431,300	431,300	1,255,515	824,215
Charges for services	1,013,683	989,302	992,320	3,018
Miscellaneous	10,100	33,186	71,603	38,417
Recovered costs	296,007	367,032	476,616	109,584
Intergovernmental revenues:				
Commonwealth	7,923,509	8,625,094	8,206,408	(418,686)
Federal	1,188,027	1,237,590	1,128,285	(109,305)
Total revenues	<u>\$ 39,817,876</u>	<u>\$ 41,023,863</u>	<u>\$ 42,229,151</u>	<u>\$ 1,205,288</u>
<b>EXPENDITURES</b>				
Current:				
General government administration:				
Legislative:				
Board of supervisors	\$ 254,650	\$ 328,003	\$ 310,253	\$ 17,750
General and financial administration:				
County administrator	\$ 480,834	\$ 480,834	\$ 471,737	\$ 9,097
Human resources	264,163	264,163	260,531	3,632
Legal services	156,875	156,875	151,592	5,283
Commissioner of revenue	411,325	402,325	331,831	70,494
Treasurer	433,540	442,940	423,094	19,846
Assessor	435,289	445,289	431,739	13,550
Finance	387,669	387,669	385,794	1,875
Information Technology	475,849	561,067	429,075	131,992
County garage	323,699	324,199	324,034	165
Other general and financial administration	414,479	347,516	107,358	240,158
Total general and financial administration	<u>\$ 3,783,722</u>	<u>\$ 3,812,877</u>	<u>\$ 3,316,785</u>	<u>\$ 496,092</u>
Board of elections:				
Electoral board and officials	\$ 37,940	\$ 37,940	\$ 33,171	\$ 4,769
Registrar	144,318	144,318	139,717	4,601
Total board of elections	<u>\$ 182,258</u>	<u>\$ 182,258</u>	<u>\$ 172,888</u>	<u>\$ 9,370</u>
Total general government administration	<u>\$ 4,220,630</u>	<u>\$ 4,323,138</u>	<u>\$ 3,799,926</u>	<u>\$ 523,212</u>
Judicial administration:				
Courts:				
Circuit court	\$ 78,350	\$ 80,050	\$ 80,007	\$ 43
General district court	31,166	31,166	19,981	11,185
Magistrate	1,325	1,325	388	937
Sheriff	725,596	791,573	753,759	37,814
Drug court	4,462	19,061	10,469	8,592
Law library	2,500	37,912	5,623	32,289

General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2007 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES: (Continued)</b>				
Judicial administration: (Continued)				
Courts: (Continued)				
Victim witness	\$ 63,008	\$ 63,008	\$ 61,652	\$ 1,356
RCC Family rise	-	40,350	24,971	15,379
Drug court grant	-	133,000	40,600	92,400
Clerk of Circuit Court	400,980	400,980	389,720	11,260
Total courts	\$ 1,307,387	\$ 1,598,425	\$ 1,387,170	\$ 211,255
Commonwealth's attorney:				
Commonwealth's attorney	\$ 390,425	\$ 439,293	\$ 400,861	\$ 38,432
Total judicial administration	\$ 1,697,812	\$ 2,037,718	\$ 1,788,031	\$ 249,687
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,940,745	\$ 4,001,698	\$ 3,955,261	\$ 46,437
Law enforcement grants	-	88,810	69,985	18,825
Crater police academy	22,552	22,552	22,552	-
Total law enforcement and traffic control	\$ 3,963,297	\$ 4,113,060	\$ 4,047,798	\$ 65,262
Fire and rescue services:				
Volunteer fire departments	\$ 231,950	\$ 269,192	\$ 260,141	\$ 9,051
Volunteer emergency crew	18,500	18,500	11,495	7,005
LOSAP volunteers	145,000	145,000	140,000	5,000
Recruitment and retention grant	-	15,750	5,481	10,269
Fire and rescue service	1,244,455	1,387,139	1,224,442	162,697
Total fire and rescue services	\$ 1,639,905	\$ 1,835,581	\$ 1,641,559	\$ 194,022
Correction and detention:				
Confinement and care of prisoners	\$ 1,407,000	\$ 1,386,124	\$ 1,371,625	\$ 14,499
Juvenile probation	95,727	95,727	95,727	-
Court services	13,900	13,900	908	12,992
Video arraignment	4,800	4,800	4,195	605
Electronic monitoring	4,000	4,636	3,917	719
Community correction / probation	360,852	337,862	337,451	411
Pretrial program	218,274	215,476	215,476	-
Local Community Corrections	60,389	80,077	58,659	21,418
Total correction and detention	\$ 2,164,942	\$ 2,138,602	\$ 2,087,958	\$ 50,644
Inspections:				
Building	\$ 721,302	\$ 702,206	\$ 598,668	\$ 103,538
Other protection:				
Animal control	\$ 246,637	\$ 246,637	\$ 237,734	\$ 8,903
Emergency services	22,850	22,850	14,261	8,589
Total other protection	\$ 269,487	\$ 269,487	\$ 251,995	\$ 17,492
Total public safety	\$ 8,758,933	\$ 9,058,936	\$ 8,627,978	\$ 430,958

General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2007 (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	\$ 436,181	\$ 426,181	\$ 354,794	\$ 71,387
Central Virginia Waste Management Authority	17,350	17,350	17,280	70
Total sanitation and waste removal	\$ 453,531	\$ 443,531	\$ 372,074	\$ 71,457
Maintenance of general buildings and grounds:				
General properties	\$ 1,290,977	\$ 1,310,509	\$ 1,293,688	\$ 16,821
Engineering	59,080	59,080	37,593	21,487
Total maintenance of general buildings and grounds	\$ 1,350,057	\$ 1,369,589	\$ 1,331,281	\$ 38,308
Total public works	\$ 1,803,588	\$ 1,813,120	\$ 1,703,355	\$ 109,765
Health and welfare:				
Health:				
Supplement of local health department	\$ 192,528	\$ 192,528	\$ 192,528	\$ -
Mental health and mental retardation:				
District 19 CSB	\$ 84,692	\$ 84,692	\$ 84,692	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,095,233	\$ 2,095,233	\$ 1,680,844	\$ 414,389
Comprehensive services	500,000	610,000	590,174	19,826
Disability Services Board	15,800	18,575	14,494	4,081
Other social services	18,814	20,614	20,405	209
Housing assistance	210,043	210,043	186,573	23,470
Tax Relief for the Elderly & Disabled	-	157,798	157,797	1
Revenue maximization	27,400	27,400	17,553	9,847
Total welfare	\$ 2,867,290	\$ 3,139,663	\$ 2,667,840	\$ 471,823
Total health and welfare	3,144,510	3,416,883	2,945,060	471,823
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	\$ 10,243,548	\$ 10,280,886	\$ 9,642,111	\$ 638,775
Contribution to local colleges	24,052	24,052	24,052	-
Total education	\$ 10,267,600	\$ 10,304,938	\$ 9,666,163	\$ 638,775
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 668,240	\$ 688,706	\$ 670,999	\$ 17,707

General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2007 (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	\$ 280,258	\$ 280,258	\$ 280,258	\$ -
Total parks, recreation, and cultural	\$ 948,498	\$ 968,964	\$ 951,257	\$ 17,707
Community development:				
Planning and community development:				
Planning department	\$ 402,925	\$ 472,925	\$ 451,849	\$ 21,076
Zoning board	5,670	5,670	5,266	404
Planning district commission	21,481	21,481	21,481	-
Planning commission	19,060	19,060	18,920	140
Economic development incentives	40,000	40,000	40,000	-
Indoor plumbing and rehabilitation grant	280,500	320,500	69,464	251,036
Geographic information systems	78,879	98,879	91,227	7,652
Total planning and community development	\$ 848,515	\$ 978,515	\$ 698,207	\$ 280,308
Environmental management:				
Contribution to soil and water conservation district	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
Litter control program	16,870	26,870	26,848	22
Resource conservation and development council	3,000	3,000	3,000	-
Total environmental management	\$ 28,370	\$ 38,370	\$ 38,348	\$ 22
Cooperative extension program:				
Extension office	\$ 72,632	\$ 72,632	\$ 72,465	\$ 167
Total community development	\$ 949,517	\$ 1,089,517	\$ 809,020	\$ 280,497
Total expenditures	\$ 31,791,088	\$ 33,013,214	\$ 30,290,790	\$ 2,722,424
Excess (deficiency) of revenues over (under) expenditures	\$ 8,026,788	\$ 8,010,649	\$ 11,938,361	\$ 3,927,712
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	\$ (8,049,188)	\$ (8,632,151)	\$ (8,434,102)	\$ 198,049
Total other financing sources and (uses)	\$ (8,049,188)	\$ (8,632,151)	\$ (8,434,102)	\$ 198,049
Net change in fund balances	\$ (22,400)	\$ (621,502)	\$ 3,504,259	\$ 4,125,761
Fund balances - beginning	22,400	621,502	14,921,806	14,300,304
Fund balances - ending	\$ -	\$ -	\$ 18,426,065	\$ 18,426,065

Schedule of Funding Progress Virginia Retirement System  
 Virginia Retirement System and Length of Service Awards Pension Program

**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>
6/30/2006	\$ 21,107,164	\$ 27,239,152	\$ 6,131,988	77.49%	\$ 8,755,505	70.04%
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%

**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>
6/30/2006	\$ 8,151,241	\$ 10,619,694	\$ 2,468,453	76.76%	\$ 3,792,719	65.08%
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%

**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>
1/1/2007	\$ 942,736	\$ 1,251,161	\$ 308,425	75.35%
1/1/2006	824,984	1,853,858	1,028,874	44.50%
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%

This Page Intentionally Left Blank

## **Other Supplementary Information**

County Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from local sources:				
Revenue from the use of money and property	\$ 500,000	\$ 665,869	\$ 675,118	\$ 9,249
Miscellaneous	-	85,866	379,682	293,816
Intergovernmental revenues:				
Commonwealth	-	115,866	211,068	95,202
Total revenues	<u>\$ 500,000</u>	<u>\$ 867,601</u>	<u>\$ 1,265,868</u>	<u>\$ 398,267</u>
<b>EXPENDITURES</b>				
Current:				
General government administration				
County administration building	\$ -	\$ 228,302	\$ 15,816	\$ 212,486
Financial system replacement	-	531,670	1,874	529,796
Miscellaneous outlays / projects	-	62,503	1,583	60,920
Total general government	<u>\$ -</u>	<u>\$ 822,475</u>	<u>\$ 19,273</u>	<u>\$ 803,202</u>
Public safety				
Fire / EMS apparatus	\$ 375,000	\$ 618,200	\$ 595,644	\$ 22,556
Building inspector software	-	39,300	-	39,300
Radio Communications project	-	74,872	(15,569)	90,441
New animal shelter	500,000	500,000	-	500,000
Total public safety	<u>\$ 875,000</u>	<u>\$ 1,232,372</u>	<u>\$ 580,075</u>	<u>\$ 652,297</u>
Public works				
Miscellaneous outlays / projects	\$ 150,000	\$ 39,760	\$ -	\$ 39,760
Education				
School Board Administration building	\$ -	\$ 1,502,522	\$ 1,494,472	\$ 8,050
North Elementary School	1,918,689	1,918,689	914,578	1,004,111
Total education	<u>\$ 1,918,689</u>	<u>\$ 3,421,211</u>	<u>\$ 2,409,050</u>	<u>\$ 1,012,161</u>
Parks, recreation, and cultural:				
Riverside Park Access Road	\$ -	\$ 393,040	\$ 29,196	\$ 363,844
Yancey Property Development plan	165,000	165,000	63,491	101,509
Riverside Park	-	245,705	40,221	205,484
Miscellaneous outlays / projects	250,000	250,000	150,000	100,000
Total parks, recreation and cultural	<u>\$ 415,000</u>	<u>\$ 1,053,745</u>	<u>\$ 282,908</u>	<u>\$ 770,837</u>
Community development:				
Economic development site acquisition	\$ -	\$ 2,314,689	\$ 2,314,523	\$ 166
Quality way extension	-	272,036	272,036	-
Lamore relocation project	-	251,987	3,222	248,765
Miscellaneous outlays / projects	100,000	421,759	24,654	397,105
Total community development	<u>\$ 100,000</u>	<u>\$ 3,260,471</u>	<u>\$ 2,614,435</u>	<u>\$ 646,036</u>
Total expenditures	<u>\$ 3,458,689</u>	<u>\$ 9,830,034</u>	<u>\$ 5,905,741</u>	<u>\$ 3,924,293</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,958,689)</u>	<u>\$ (8,962,433)</u>	<u>\$ (4,639,873)</u>	<u>\$ 4,322,560</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 2,325,000	\$ 2,680,652	\$ 2,680,652	\$ -
Transfers (out)	-	(43,250)	(43,250)	-
Total other financing sources and (uses)	<u>\$ 2,325,000</u>	<u>\$ 2,637,402</u>	<u>\$ 2,637,402</u>	<u>\$ -</u>
Net change in fund balances	\$ (633,689)	\$ (6,325,031)	\$ (2,002,471)	\$ 4,322,560
Fund balances - beginning	633,689	6,325,031	6,042,481	(282,550)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,040,010</u>	<u>\$ 4,040,010</u>



County Debt Service Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 28,126	\$ 28,126
Intergovernmental revenues:				
Commonwealth	196,014	196,014	194,930	(1,084)
Total revenues	<u>\$ 196,014</u>	<u>\$ 196,014</u>	<u>\$ 223,056</u>	<u>\$ 27,042</u>
<b>EXPENDITURES</b>				
Debt Service - School Obligations:				
Principal retirement	\$ 1,867,132	\$ 1,867,132	\$ 1,867,054	\$ 78
Interest and other fiscal charges	1,766,900	1,766,900	1,764,408	2,492
Total debt service school obligations	<u>\$ 3,634,032</u>	<u>\$ 3,634,032</u>	<u>\$ 3,631,462</u>	<u>\$ 2,570</u>
Debt Service County Obligations:				
Principal retirement	\$ 1,153,400	\$ 1,153,400	\$ 1,146,704	\$ 6,696
Interest and other fiscal charges	760,900	804,150	798,760	5,390
Total debt service county obligations	<u>\$ 1,914,300</u>	<u>\$ 1,957,550</u>	<u>\$ 1,945,464</u>	<u>\$ 12,086</u>
Total:				
Principal retirement	\$ 3,020,532	\$ 3,020,532	\$ 3,013,758	\$ 6,774
Interest and other fiscal charges	2,527,800	2,571,050	2,563,168	7,882
Total debt service obligations	<u>\$ 5,548,332</u>	<u>\$ 5,591,582</u>	<u>\$ 5,576,926</u>	<u>\$ 14,656</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,352,318)</u>	<u>\$ (5,395,568)</u>	<u>\$ (5,353,870)</u>	<u>\$ 41,698</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 5,352,318	\$ 5,395,568	\$ 5,353,870	\$ (41,698)
Total other financing sources and uses	<u>\$ 5,352,318</u>	<u>\$ 5,395,568</u>	<u>\$ 5,353,870</u>	<u>\$ (41,698)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2007

	<u>Economic Development Fund</u>	<u>E-911 Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Tourism Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 445,608	\$ 149	\$ 22,183	\$ 435,402	\$ 903,342
Receivables (net of allowance for uncollectibles):					
Taxes receivable	80,226	-	-	-	80,226
Due from other governments	-	-	135	-	135
Total assets	<u>\$ 525,834</u>	<u>\$ 149</u>	<u>\$ 22,318</u>	<u>\$ 435,402</u>	<u>\$ 983,703</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 15,342	\$ 149	\$ 126	\$ 25,428	\$ 41,045
Total liabilities	<u>\$ 15,342</u>	<u>\$ 149</u>	<u>\$ 126</u>	<u>\$ 25,428</u>	<u>\$ 41,045</u>
Fund balances:					
Unreserved:					
Designated for subsequent expenditure	\$ 510,492	\$ -	\$ 22,192	\$ 409,974	\$ 942,658
Total fund balances	<u>\$ 510,492</u>	<u>\$ -</u>	<u>\$ 22,192</u>	<u>\$ 409,974</u>	<u>\$ 942,658</u>
Total liabilities and fund balances	<u>\$ 525,834</u>	<u>\$ 149</u>	<u>\$ 22,318</u>	<u>\$ 435,402</u>	<u>\$ 983,703</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2007

	<u>Economic Development Fund</u>	<u>E-911 Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Tourism Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>					
Other local taxes	\$ 598,481	\$ 222,863	\$ -	\$ 333,292	\$ 1,154,636
Intergovernmental revenues:					
Commonwealth	-	-	11,790	-	11,790
Total revenues	<u>\$ 598,481</u>	<u>\$ 222,863</u>	<u>\$ 11,790</u>	<u>\$ 333,292</u>	<u>\$ 1,166,426</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	\$ -	\$ 718,086	\$ 39,139	\$ -	\$ 757,225
Community Development	648,200	-	-	181,380	829,580
Debt service:					
Principal retirement	401,039	-	-	-	401,039
Interest and other fiscal charges	160,474	-	-	-	160,474
Total expenditures	<u>\$ 1,209,713</u>	<u>\$ 718,086</u>	<u>\$ 39,139</u>	<u>\$ 181,380</u>	<u>\$ 2,148,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (611,232)</u>	<u>\$ (495,223)</u>	<u>\$ (27,349)</u>	<u>\$ 151,912</u>	<u>\$ (981,892)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 442,830	\$ -	\$ -	\$ 442,830
Transfers (out)	-	-	-	(11,280)	(11,280)
Sale of property	279,004	-	-	-	279,004
Total other financing sources and uses	<u>\$ 279,004</u>	<u>\$ 442,830</u>	<u>\$ -</u>	<u>\$ (11,280)</u>	<u>\$ 710,554</u>
Net change in fund balances	\$ (332,228)	\$ (52,393)	\$ (27,349)	\$ 140,632	\$ (271,338)
Fund balances - beginning	842,720	52,393	49,541	269,342	1,213,996
Fund balances - ending	<u>\$ 510,492</u>	<u>\$ -</u>	<u>\$ 22,192</u>	<u>\$ 409,974</u>	<u>\$ 942,658</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, 2007

	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	\$ 508,000	\$ 508,000	\$ 598,481	\$ 90,481	\$ 450,000	\$ 222,689	\$ 222,863	\$ 174
Intergovernmental revenues:								
Commonwealth	-	-	-	-	65,000	65,000	-	(65,000)
Total revenues	\$ 508,000	\$ 508,000	\$ 598,481	\$ 90,481	\$ 515,000	\$ 287,689	\$ 222,863	\$ (64,826)
<b>EXPENDITURES</b>								
Current:								
Public Safety:								
Law enforcement and traffic control:								
Drug enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Protection:								
E911	-	-	-	-	886,870	886,870	718,086	168,784
Total public safety	\$ -	\$ -	\$ -	\$ -	\$ 886,870	\$ 886,870	\$ 718,086	\$ 168,784
Community Development:								
Planning and community development:								
Tourism initiatives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	454,287	738,430	648,200	90,230	-	-	-	-
Total community development	\$ 454,287	\$ 738,430	\$ 648,200	\$ 90,230	\$ -	\$ -	\$ -	\$ -
Debt service:								
Principal retirement	\$ 89,350	\$ 369,255	\$ 401,039	\$ (31,784)	\$ -	\$ -	\$ -	\$ -
Interest and other fiscal charges	134,400	134,400	160,474	(26,074)	-	-	-	-
Total debt service	\$ 223,750	\$ 503,655	\$ 561,513	\$ (57,858)	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ 678,037	\$ 1,242,085	\$ 1,209,713	\$ 32,372	\$ 886,870	\$ 886,870	\$ 718,086	\$ 168,784
Excess (deficiency) of revenues over (under) expenditures	\$ (170,037)	\$ (734,085)	\$ (611,232)	\$ 122,853	\$ (371,870)	\$ (599,181)	\$ (495,223)	\$ 103,958
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 371,870	\$ 599,181	\$ 442,830	\$ (156,351)
Transfers (out)	-	-	-	-	-	-	-	-
Sale of property	-	279,905	279,004	(901)	-	-	-	-
Total other financing sources and uses	\$ -	\$ 279,905	\$ 279,004	\$ (901)	\$ 371,870	\$ 599,181	\$ 442,830	\$ (156,351)
Net change in fund balances	\$ (170,037)	\$ (454,180)	\$ (332,228)	\$ 121,952	\$ -	\$ -	\$ (52,393)	\$ (52,393)
Fund balances - beginning	170,037	454,180	842,720	388,540	-	-	52,393	52,393
Fund balances - ending	\$ -	\$ -	\$ 510,492	\$ 510,492	\$ -	\$ -	\$ -	\$ -

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		
\$ -	\$ -	\$ -	\$ -	\$ 270,000	\$ 270,000	\$ 333,292	\$ 63,292
-	40,750	11,790	(28,960)	-	-	-	-
\$ -	\$ 40,750	\$ 11,790	\$ (28,960)	\$ 270,000	\$ 270,000	\$ 333,292	\$ 63,292
\$ -	\$ 40,750	\$ 39,139	\$ 1,611	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ 40,750	\$ 39,139	\$ 1,611	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 113,000	\$ 288,000	\$ 181,380	\$ 106,620
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 113,000	\$ 288,000	\$ 181,380	\$ 106,620
\$ -	\$ -	\$ -	\$ -	\$ 65,000	\$ 65,000	\$ -	\$ 65,000
-	-	-	-	92,000	92,000	-	92,000
\$ -	\$ -	\$ -	\$ -	\$ 157,000	\$ 157,000	\$ -	\$ 157,000
\$ -	\$ 40,750	\$ 39,139	\$ 1,611	\$ 270,000	\$ 445,000	\$ 181,380	\$ 263,620
\$ -	\$ -	\$ (27,349)	\$ (27,349)	\$ -	\$ (175,000)	\$ 151,912	\$ 326,912
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	(11,280)	(11,280)
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,280)	\$ (11,280)
\$ -	\$ -	\$ (27,349)	\$ (27,349)	\$ -	\$ (175,000)	\$ 140,632	\$ 315,632
-	-	49,541	49,541	-	175,000	269,342	94,342
\$ -	\$ -	\$ 22,192	\$ 22,192	\$ -	\$ -	\$ 409,974	\$ 409,974

Combining Balance Sheet  
 Agency Funds  
 At June 30, 2007

	<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	\$ 3,024	\$ 1,062,281	\$ 679,680	\$ 1,744,985
Total assets	<u>\$ 3,024</u>	<u>\$ 1,062,281</u>	<u>\$ 679,680</u>	<u>\$ 1,744,985</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 3,024	\$ 1,062,281	\$ 679,680	\$ 1,744,985
Total liabilities	<u>\$ 3,024</u>	<u>\$ 1,062,281</u>	<u>\$ 679,680</u>	<u>\$ 1,744,985</u>

Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 Year Ended June 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash	\$ <u>5,157</u>	\$ <u>2,471</u>	\$ <u>4,604</u>	\$ <u>3,024</u>
Liabilities:				
Amounts held for others	\$ <u>5,157</u>	\$ <u>2,471</u>	\$ <u>4,604</u>	\$ <u>3,024</u>
Fringe Benefits Fund:				
Assets:				
Cash	\$ <u>1,056,238</u>	\$ <u>5,476,087</u>	\$ <u>5,470,044</u>	\$ <u>1,062,281</u>
Liabilities:				
Amounts held for others	\$ <u>1,056,238</u>	\$ <u>5,476,087</u>	\$ <u>5,470,044</u>	\$ <u>1,062,281</u>
Performance Bond Fund:				
Assets:				
Cash	\$ <u>267,440</u>	\$ <u>420,214</u>	\$ <u>7,974</u>	\$ <u>679,680</u>
Liabilities:				
Amounts held for others	\$ <u>267,440</u>	\$ <u>420,214</u>	\$ <u>7,974</u>	\$ <u>679,680</u>
Totals -- All agency funds				
Assets:				
Cash	\$ <u>1,328,835</u>	\$ <u>5,898,772</u>	\$ <u>5,482,622</u>	\$ <u>1,744,985</u>
Total assets	\$ <u>1,328,835</u>	\$ <u>5,898,772</u>	\$ <u>5,482,622</u>	\$ <u>1,744,985</u>
Liabilities:				
Amounts held for others	\$ <u>1,328,835</u>	\$ <u>5,898,772</u>	\$ <u>5,482,622</u>	\$ <u>1,744,985</u>
Total liabilities	\$ <u>1,328,835</u>	\$ <u>5,898,772</u>	\$ <u>5,482,622</u>	\$ <u>1,744,985</u>

Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2007

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,945,007	\$ 178,925	\$ 4,123,932
Receivables (net of allowance for uncollectibles):			
Accounts receivable	101,075	167,498	268,573
Due from other governmental units	1,784,648	35,077	1,819,725
Total assets	<u>\$ 5,830,730</u>	<u>\$ 381,500</u>	<u>\$ 6,212,230</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 465,347	\$ 15,794	\$ 481,141
Accrued liabilities	5,365,183	166,286	5,531,469
Deferred revenue	-	39,960	39,960
Total liabilities	<u>\$ 5,830,530</u>	<u>\$ 222,040</u>	<u>\$ 6,052,570</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ 159,460	\$ 159,460
Undesignated	200	-	200
Total fund balances	<u>\$ 200</u>	<u>\$ 159,460</u>	<u>\$ 159,660</u>
Total liabilities and fund balances	<u>\$ 5,830,730</u>	<u>\$ 381,500</u>	<u>\$ 6,212,230</u>

Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:

Total fund balances per above	\$ 159,660
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,794,839
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(373,218)
Net assets of governmental activities	<u>\$ 17,581,281</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, 2007

	<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	\$ -	\$ 6,791	\$ 6,791
Charges for services	91,102	1,528,553	1,619,655
Miscellaneous	61,923	-	61,923
Recovered costs	504,796	-	504,796
Intergovernmental revenues:			
County contribution to school board	9,642,111	-	9,642,111
Commonwealth	36,167,967	412,689	36,580,656
Federal	4,415,747	1,109,954	5,525,701
Total revenues	<u>\$ 50,883,646</u>	<u>\$ 3,057,987</u>	<u>\$ 53,941,633</u>
<b>EXPENDITURES</b>			
Current:			
Education	<u>\$ 50,883,646</u>	<u>\$ 3,089,685</u>	<u>\$ 53,973,331</u>
Total expenditures	<u>\$ 50,883,646</u>	<u>\$ 3,089,685</u>	<u>\$ 53,973,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (31,698)</u>	<u>\$ (31,698)</u>
Net change in fund balances	\$ -	\$ (31,698)	\$ (31,698)
Fund balances - beginning	200	191,158	191,358
Fund balances - ending	<u>\$ 200</u>	<u>\$ 159,460</u>	<u>\$ 159,660</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 \$ (31,698)

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	1,032,138
Depreciation expense	(946,130)

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 (62,091)

Transfer of joint tenancy assets from Primary Government to the Component Unit. 2,739,539

Change in net assets of governmental activities \$ 2,731,758

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2007

	<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	\$ 18,000	\$ 18,000	\$ -	\$ (18,000)
Charges for services	85,000	85,000	91,102	6,102
Miscellaneous	31,000	31,000	61,923	30,923
Recovered costs	400,000	400,000	504,796	104,796
Intergovernmental revenues:				
County contribution to School Board	10,243,548	10,280,886	9,642,111	(638,775)
Commonwealth	36,557,374	36,557,374	36,167,967	(389,407)
Federal	4,539,045	4,553,729	4,415,747	(137,982)
Total revenues	<u>\$ 51,873,967</u>	<u>\$ 51,925,989</u>	<u>\$ 50,883,646</u>	<u>\$ (1,042,343)</u>
<b>EXPENDITURES</b>				
Current:				
Education				
Instruction - regular	\$ 38,608,135	\$ 38,660,157	\$ 38,179,191	\$ 480,966
Instruction - Title 1	531,726	531,726	525,593	6,133
Administrative, attendance & health services	2,872,645	2,872,645	2,793,709	78,936
Pupil transportation	4,054,166	4,054,166	3,908,044	146,122
Operation and maintenance of school plant	5,448,495	5,448,495	5,181,843	266,652
Facilities	318,800	318,800	275,266	43,534
Contingencies	40,000	40,000	20,000	20,000
Total education	<u>\$ 51,873,967</u>	<u>\$ 51,925,989</u>	<u>\$ 50,883,646</u>	<u>\$ 1,042,343</u>
Total expenditures	<u>\$ 51,873,967</u>	<u>\$ 51,925,989</u>	<u>\$ 50,883,646</u>	<u>\$ 1,042,343</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, 2007

	<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	\$ 6,791	\$ 4,791
Charges for services	1,661,444	1,661,444	1,528,553	(132,891)
Intergovernmental revenues:				
Commonwealth	710,868	793,430	412,689	(380,741)
Federal	702,330	702,330	1,109,954	407,624
Total revenues	<u>\$ 3,076,642</u>	<u>\$ 3,159,204</u>	<u>\$ 3,057,987</u>	<u>\$ (101,217)</u>
<b>EXPENDITURES</b>				
Current:				
Education				
Instruction	\$ 884,194	\$ 972,146	\$ 879,025	\$ 93,121
School food services	<u>2,302,448</u>	<u>2,302,448</u>	<u>2,210,660</u>	<u>91,788</u>
Total expenditures	<u>\$ 3,186,642</u>	<u>\$ 3,274,594</u>	<u>\$ 3,089,685</u>	<u>\$ 184,909</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (110,000)</u>	<u>\$ (115,390)</u>	<u>\$ (31,698)</u>	<u>\$ 83,692</u>
Net change in fund balances	\$ (110,000)	\$ (115,390)	\$ (31,698)	\$ 83,692
Fund balances - beginning	110,000	115,390	191,158	75,768
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,460</u>	<u>\$ 159,460</u>

This Page Intentionally Left Blank

**Supporting Schedule**

This Page Intentionally Left Blank

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2007

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	\$ 17,339,000	\$ 17,492,114	\$ 17,250,136	\$ (241,978)
Real and personal public service corporation taxes	715,000	715,000	838,405	123,405
Personal property taxes	4,351,100	4,351,100	4,818,469	467,369
Mobile home taxes	79,000	83,684	77,483	(6,201)
Machinery and tools taxes	502,000	502,000	337,676	(164,324)
Penalties	131,000	131,000	169,210	38,210
Interest	67,700	67,700	106,374	38,674
Total general property taxes	<u>\$ 23,184,800</u>	<u>\$ 23,342,598</u>	<u>\$ 23,597,753</u>	<u>\$ 255,155</u>
Other local taxes:				
Local sales and use taxes	\$ 1,085,000	\$ 1,085,000	\$ 1,333,959	\$ 248,959
Consumers' utility taxes	1,572,000	1,290,055	1,299,391	9,336
Cable franchise taxes	45,100	45,100	56,974	11,874
Business license taxes	656,700	656,700	733,948	77,248
Motor vehicle licenses	695,000	695,000	728,165	33,165
Bank stock taxes	80,500	80,500	84,412	3,912
Taxes on recordation and wills	317,000	317,000	487,000	170,000
Rental tax	4,000	4,000	3,404	(596)
Transient occupancy taxes	210,000	210,000	222,194	12,194
Communication taxes	-	509,256	522,138	12,882
Total other local taxes	<u>\$ 4,665,300</u>	<u>\$ 4,892,611</u>	<u>\$ 5,471,585</u>	<u>\$ 578,974</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 16,300	\$ 16,300	\$ 12,647	\$ (3,653)
Transfer fees	1,000	1,000	986	(14)
Permits and other licenses	710,550	710,550	719,540	8,990
Total permits, privilege fees, and regulatory licenses	<u>\$ 727,850</u>	<u>\$ 727,850</u>	<u>\$ 733,173</u>	<u>\$ 5,323</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 377,300	\$ 377,300	\$ 295,893	\$ (81,407)
Total fines and forfeitures	<u>\$ 377,300</u>	<u>\$ 377,300</u>	<u>\$ 295,893</u>	<u>\$ (81,407)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 308,300	\$ 308,300	\$ 1,098,184	\$ 789,884
Revenue from use of property	123,000	123,000	157,331	34,331
Total revenue from use of money and property	<u>\$ 431,300</u>	<u>\$ 431,300</u>	<u>\$ 1,255,515</u>	<u>\$ 824,215</u>
Charges for services:				
Sheriff's fees	\$ 11,526	\$ 11,526	\$ 1,526	\$ (10,000)
Court costs	20,000	20,000	19,715	(285)
Charges for Commonwealth's Attorney	1,000	1,000	1,365	365
Courthouse security fees	62,000	62,000	54,912	(7,088)
Excess fees of clerk	39,000	39,000	44,779	5,779
Law library fees	2,500	2,500	6,224	3,724
Charges for other protection	50,557	26,176	46,431	20,255

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2007 (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	\$ 215,000	\$ 215,000	\$ 201,579	\$ (13,421)
Charges for county garage	142,000	142,000	142,375	375
EMS transports	375,000	375,000	376,536	1,536
Charges for community development	4,600	4,600	4,320	(280)
Charges for parks and recreation	90,500	90,500	92,558	2,058
Total charges for services	<u>\$ 1,013,683</u>	<u>\$ 989,302</u>	<u>\$ 992,320</u>	<u>\$ 3,018</u>
Miscellaneous revenue:				
Miscellaneous	\$ 10,100	\$ 33,186	\$ 71,603	\$ 38,417
Total miscellaneous revenue	<u>\$ 10,100</u>	<u>\$ 33,186</u>	<u>\$ 71,603</u>	<u>\$ 38,417</u>
Recovered costs:				
Fiscal agent fees	\$ 93,100	\$ 93,100	\$ 91,515	\$ (1,585)
Circuit court	47,145	47,145	49,617	2,472
Clerk of the circuit court	10,000	10,000	9,924	(76)
Police security	7,500	7,500	9,152	1,652
Loan recovery-IPR	60,000	60,000	28,071	(31,929)
Riverside regional jail	48,000	48,000	185,424	137,424
Drug court	4,462	4,462	8,555	4,093
Other recovered costs	25,800	96,825	94,358	(2,467)
Total recovered costs	<u>\$ 296,007</u>	<u>\$ 367,032</u>	<u>\$ 476,616</u>	<u>\$ 109,584</u>
Total revenue from local sources	<u>\$ 30,706,340</u>	<u>\$ 31,161,179</u>	<u>\$ 32,894,458</u>	<u>\$ 1,733,279</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 19,418	\$ 19,418	\$ 19,419	\$ 1
Wine taxes	20,354	20,354	20,354	-
Mobile home titling tax	20,000	20,000	26,080	6,080
Rolling stock tax	35,000	35,000	41,587	6,587
State recordation tax	88,145	88,145	98,320	10,175
Auto rental tax	7,500	7,500	20,487	12,987
Personal property tax relief funds	3,664,300	3,664,300	3,623,682	(40,618)
Total noncategorical aid	<u>\$ 3,854,717</u>	<u>\$ 3,854,717</u>	<u>\$ 3,849,929</u>	<u>\$ (4,788)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 263,990	\$ 300,990	\$ 304,996	\$ 4,006
Sheriff	435,840	479,523	498,767	19,244
Commissioner of revenue	102,650	102,650	118,087	15,437
Treasurer	115,120	129,620	135,201	5,581



Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2007 (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	\$ 43,840	\$ 43,840	\$ 52,321	\$ 8,481
Police department	1,016,247	1,016,247	1,036,476	20,229
Clerk of the circuit court	244,940	244,940	251,875	6,935
Total shared expenses	<u>\$ 2,222,627</u>	<u>\$ 2,317,810</u>	<u>\$ 2,397,723</u>	<u>\$ 79,913</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 417,885	\$ 417,885	\$ 357,149	\$ (60,736)
Comprehensive services	319,653	388,777	298,449	(90,328)
Housing assistance	65,000	65,000	63,486	(1,514)
Two for life funds	22,000	22,000	24,948	2,948
Litter control	7,200	7,200	7,899	699
Fire programs	120,000	120,000	80,344	(39,656)
Community corrections	535,057	553,338	552,118	(1,220)
Victim-witness grant	48,000	48,000	50,777	2,777
Juvenile confinement	73,755	73,755	71,111	(2,644)
Disability services board	14,800	14,800	14,800	-
Pesticide recycling	1,875	1,875	1,870	(5)
Indoor plumbing program	220,200	220,200	35,324	(184,876)
Other state funds	740	169,376	50,119	(119,257)
VPSA refunding credit	-	350,361	350,362	1
Total other categorical aid	<u>\$ 1,846,165</u>	<u>\$ 2,452,567</u>	<u>\$ 1,958,756</u>	<u>\$ (493,811)</u>
Total categorical aid	<u>\$ 4,068,792</u>	<u>\$ 4,770,377</u>	<u>\$ 4,356,479</u>	<u>\$ (413,898)</u>
Total revenue from the Commonwealth	<u>\$ 7,923,509</u>	<u>\$ 8,625,094</u>	<u>\$ 8,206,408</u>	<u>\$ (418,686)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 19,867</u>	<u>\$ (4,133)</u>
Categorical aid:				
Public assistance and welfare administration	\$ 1,138,797	\$ 1,138,797	\$ 899,587	\$ (239,210)
Ground transportation safety	-	22,500	18,044	(4,456)
Other DCJS grants	-	27,063	14,927	(12,136)
Emergency management and response	25,230	25,230	25,231	1
Homeland security grant	-	-	139,313	139,313
Department of Justice grants	-	-	11,316	11,316
Total categorical aid	<u>\$ 1,164,027</u>	<u>\$ 1,213,590</u>	<u>\$ 1,108,418</u>	<u>\$ (105,172)</u>
Total revenue from the federal government	<u>\$ 1,188,027</u>	<u>\$ 1,237,590</u>	<u>\$ 1,128,285</u>	<u>\$ (109,305)</u>
Total General Fund	<u>\$ 39,817,876</u>	<u>\$ 41,023,863</u>	<u>\$ 42,229,151</u>	<u>\$ 1,205,288</u>

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues - Budget and Actual  
 For the Year Ended June 30, 2007 (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	\$ 508,000	\$ 508,000	\$ 598,481	\$ 90,481
Total revenue from local sources	\$ 508,000	\$ 508,000	\$ 598,481	\$ 90,481
Total Economic Development Fund	<u>\$ 508,000</u>	<u>\$ 508,000</u>	<u>\$ 598,481</u>	<u>\$ 90,481</u>
<b>E-911 Fund:</b>				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 450,000	\$ 222,689	\$ 222,863	\$ 174
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	65,000	65,000	-	(65,000)
Total E-911 Fund	<u>\$ 515,000</u>	<u>\$ 287,689</u>	<u>\$ 222,863</u>	<u>\$ (64,826)</u>
<b>Asset Forfeiture Fund:</b>				
Revenue from local sources:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	-	40,750	11,790	(28,960)
Total Asset Forfeiture Fund	<u>\$ -</u>	<u>\$ 40,750</u>	<u>\$ 11,790</u>	<u>\$ (28,960)</u>
<b>Tourism Fund:</b>				
Other local taxes:				
Lodging taxes	\$ 270,000	\$ 270,000	\$ 333,292	\$ 63,292
Total Special Revenue Funds	<u>\$ 1,293,000</u>	<u>\$ 1,106,439</u>	<u>\$ 1,166,426</u>	<u>\$ 59,987</u>
<b>Capital Projects Fund:</b>				
<b>County Capital Projects Fund</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 95,247	\$ 104,496	\$ 9,249
Revenue from the sale of land	500,000	570,622	570,622	-
Total revenue from use of money and property	<u>\$ 500,000</u>	<u>\$ 665,869</u>	<u>\$ 675,118</u>	<u>\$ 9,249</u>
Miscellaneous:				
Miscellaneous - contributions from developers	\$ -	\$ 35,866	\$ 308,085	\$ 272,219
Proffers	-	-	57,088	57,088
Gifts and donations	-	50,000	14,509	(35,491)
Total miscellaneous	<u>\$ -</u>	<u>\$ 85,866</u>	<u>\$ 379,682</u>	<u>\$ 293,816</u>
Total revenue from local sources	<u>\$ 500,000</u>	<u>\$ 751,735</u>	<u>\$ 1,054,800</u>	<u>\$ 303,065</u>

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2007 (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	\$ -	\$ 35,866	\$ 211,068	\$ 175,202
Land and water conservation funds	-	80,000	-	(80,000)
Total revenue from the Commonwealth	\$ -	\$ 115,866	\$ 211,068	\$ 95,202
Total Count Capital Projects Fund	<u>\$ 500,000</u>	<u>\$ 867,601</u>	<u>\$ 1,265,868</u>	<u>\$ 398,267</u>
<b>County Debt Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 28,126	\$ 28,126
Total revenue from use of money and property	\$ -	\$ -	\$ 28,126	\$ 28,126
Total revenue from local sources	\$ -	\$ -	\$ 28,126	\$ 28,126
Revenue from the Commonwealth:				
Categorical aid:				
State construction	\$ 196,014	\$ 196,014	\$ 194,930	\$ (1,084)
Total categorical aid	\$ 196,014	\$ 196,014	\$ 194,930	\$ (1,084)
Total revenue from the Commonwealth	\$ 196,014	\$ 196,014	\$ 194,930	\$ (1,084)
Total County Debt Service Fund	<u>\$ 196,014</u>	<u>\$ 196,014</u>	<u>\$ 223,056</u>	<u>\$ 27,042</u>
Total Primary Government	<u>\$ 40,513,890</u>	<u>\$ 42,128,228</u>	<u>\$ 43,729,865</u>	<u>\$ 1,601,637</u>
<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	\$ 18,000	\$ 18,000	\$ -	\$ (18,000)
Total revenue from use of money and property	\$ 18,000	\$ 18,000	\$ -	\$ (18,000)
Charges for services:				
Charges for education	\$ 85,000	\$ 85,000	\$ 91,102	\$ 6,102
Total charges for services	\$ 85,000	\$ 85,000	\$ 91,102	\$ 6,102
Miscellaneous revenue:				
Miscellaneous	\$ 31,000	\$ 31,000	\$ 61,923	\$ 30,923
Recovered costs:				
Tuition from other localities	\$ 400,000	\$ 400,000	\$ 504,796	\$ 104,796
Total recovered costs	\$ 400,000	\$ 400,000	\$ 504,796	\$ 104,796
Total revenue from local sources	<u>\$ 534,000</u>	<u>\$ 534,000</u>	<u>\$ 657,821</u>	<u>\$ 123,821</u>

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2007 (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	\$ 10,243,548	\$ 10,280,886	\$ 9,642,111	\$ (638,775)
Total revenues from local governments	<u>\$ 10,243,548</u>	<u>\$ 10,280,886</u>	<u>\$ 9,642,111</u>	<u>\$ (638,775)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 6,157,684	\$ 6,157,684	\$ 5,646,349	\$ (511,335)
Basic school aid	20,724,340	20,724,340	20,968,728	244,388
Salary supplement	507,013	507,013	502,741	(4,272)
Remedial summer education	71,389	71,389	66,903	(4,486)
Regular foster care	22,540	22,540	26,263	3,723
GED funding	7,859	7,859	7,859	-
Gifted and talented	192,477	192,477	190,855	(1,622)
Remedial education	286,368	286,368	283,956	(2,412)
Special education	2,396,737	2,396,737	2,410,625	13,888
Textbook payment	470,770	470,770	466,805	(3,965)
Vocational education	435,201	435,201	410,911	(24,290)
School fringes	2,469,339	2,469,339	2,448,536	(20,803)
State lottery payments	1,099,014	1,099,014	1,079,079	(19,935)
Early reading intervention	76,077	76,077	71,850	(4,227)
At risk-four year olds	403,578	403,578	372,871	(30,707)
At risk payments	218,321	218,321	216,360	(1,961)
Primary class size	494,267	494,267	508,328	14,061
Technology	258,000	258,000	258,000	-
Standards of Learning algebra readiness	43,400	43,400	43,297	(103)
Jail program funds	203,642	203,642	149,237	(54,405)
Other state funds	19,358	19,358	38,414	19,056
Total categorical aid	<u>\$ 36,557,374</u>	<u>\$ 36,557,374</u>	<u>\$ 36,167,967</u>	<u>\$ (389,407)</u>
Revenue from the federal government:				
Categorical aid:				
JROTC	\$ 70,000	\$ 70,000	\$ 76,991	\$ 6,991
Title I	531,726	531,726	525,260	(6,466)
Title VI-B	1,029,347	1,029,347	1,061,075	31,728
Vocational education	71,000	71,000	76,395	5,395
Drug free schools	26,260	26,260	21,941	(4,319)
Title V	12,712	12,712	7,228	(5,484)
Title II Part A	183,000	183,000	180,309	(2,691)
Technology NCLB	-	14,684	11,775	(2,909)
Impact aid	2,615,000	2,615,000	2,454,669	(160,331)
Miscellaneous federal grants	-	-	104	104
Total categorical aid	<u>\$ 4,539,045</u>	<u>\$ 4,553,729</u>	<u>\$ 4,415,747</u>	<u>\$ (137,982)</u>
<b>Total School Operating Fund</b>	<u><u>\$ 51,873,967</u></u>	<u><u>\$ 51,925,989</u></u>	<u><u>\$ 50,883,646</u></u>	<u><u>\$ (1,042,343)</u></u>

Governmental Funds and Discretely Presented Component Unit - School Board  
Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2007 (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	\$ 6,791	\$ 4,791
Charges for services:				
Cafeteria sales	\$ 1,459,032	\$ 1,459,032	\$ 1,414,109	\$ (44,923)
Charges for adult education	202,412	202,412	114,444	(87,968)
Total charges for services	\$ 1,661,444	\$ 1,661,444	\$ 1,528,553	\$ (132,891)
Total revenue from local sources	\$ 1,663,444	\$ 1,663,444	\$ 1,535,344	\$ (128,100)
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 29,086	\$ 29,086	\$ 31,951	\$ 2,865
Adult education	681,782	764,344	380,738	(383,606)
Total categorical aid	\$ 710,868	\$ 793,430	\$ 412,689	\$ (380,741)
Total revenue from the Commonwealth	\$ 710,868	\$ 793,430	\$ 412,689	\$ (380,741)
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 702,330	\$ 702,330	\$ 724,452	\$ 22,122
Adult education	-	-	385,502	385,502
Total categorical aid	\$ 702,330	\$ 702,330	\$ 1,109,954	\$ 407,624
Total revenue from the federal government	\$ 702,330	\$ 702,330	\$ 1,109,954	\$ 407,624
Total School Special Revenue Fund	\$ 3,076,642	\$ 3,159,204	\$ 3,057,987	\$ (101,217)
Total Discretely Presented Component Unit - School Board	\$ 54,950,609	\$ 55,085,193	\$ 53,941,633	\$ (1,143,560)

This Page Intentionally Left Blank

**Statistical Table of Contents**

<u>Description / Table Name</u>	<u>Table Number</u>
<u>Financial Trends</u>	
These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.	
Net Assets by Component	1
Changes in Net Assets	2
Fund Balance, Governmental Funds	3
Changes in Fund Balances, Governmental Funds	4
General Governmental Tax Revenues by Source (Modified Accrual Basis of Accounting)	5
<u>Revenue Capacity</u>	
These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Assessed Value and Actual Value of Taxable Property and Tax Rates	6
Principal Property Taxpayers	7
Property Tax Levies and Collections	8
<u>Debt Capacity</u>	
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	
Ratios of Outstanding Debt by Type	9
Ratio of General Bonded Debt by Type	10
Computation of Legal Debt Margin	11
<u>Demographic and Economic Information</u>	
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Demographic and Economic Statistics	12
<u>Operating Information</u>	
These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relate to the services the City provides and the activities it performs.	
Principal Employers--Current Year and Nine Years Ago	13
County Government Employees	14
Operating Indicators by Function / Program	15

**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 information beginning in that year.

This Page Intentionally Left Blank



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

Governmental Activities	Fiscal Year				
	2003	2004	2005	2006	2007
Invested in Capital Assets, Net of Related Debt	\$ 3,855,253	\$ 8,740,448	\$ 6,218,165	\$ 6,898,198	\$ 9,834,937
Restricted	6,520,781	-	-	-	-
Unrestricted	14,679,476	9,853,377	18,333,160	20,550,928	21,926,560
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>	<u>\$ 31,761,497</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	\$ 15,399,163
Unrestricted	(327,938)	472,596	712,013	1,393,528	2,411,666
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>	<u>\$ 17,810,829</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	\$ 25,234,100
Restricted	6,520,781	-	-	-	-
Unrestricted	14,351,538	10,325,973	19,045,173	21,944,456	24,338,226
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>	<u>\$ 49,572,326</u>

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

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental Activities					
General Government Administration	\$ 3,100,066	\$ 3,665,344	\$ 3,356,184	\$ 3,646,174	\$ 3,945,059
Judicial Administration	1,751,972	1,724,752	1,559,938	1,664,985	1,914,889
Public Safety	6,917,643	7,691,212	8,219,961	9,282,848	10,024,872
Public Works	1,604,338	1,311,353	1,812,987	2,009,006	1,738,472
Health and Welfare	2,407,623	2,558,779	2,579,140	2,784,708	2,991,083
Education	9,459,216	18,345,959	10,315,023	15,458,698	13,963,513
Parks, Recreation, and Cultural	693,964	766,038	854,883	823,136	1,019,420
Community Development	1,095,467	852,970	851,895	1,573,969	1,909,449
Interest on Long-Term Debt	2,758,412	2,734,163	3,219,339	2,617,150	2,633,447
<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>	<b>\$ 40,140,204</b>
Business-Type Activities					
Public Utilities	\$ 3,341,108	\$ 3,377,125	\$ 3,659,594	\$ 3,417,680	\$ 3,993,097
<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>\$ 3,993,097</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>\$ 44,133,301</b>
<b>Program Revenues</b>					
Governmental Activities					
Charges for Services					
General Government Administration	\$ 126,658	\$ 137,996	\$ -	\$ 126,652	\$ 142,375
Judicial Administration	451,949	388,051	507,318	378,717	423,874
Public Safety	27,814	438,845	554,902	1,207,031	1,156,680
Public Works	124,698	143,617	309,048	203,998	201,579
Parks, Recreation, and Cultural	38,639	62,682	59,377	113,637	92,558
Community Development	963	1,203	2,179	4,605	4,320
Operating Grants and Contributions	4,956,069	3,572,252	4,899,540	5,062,436	5,476,358
Capital Grants and Contributions	193,288	441,185	69,715	1,948,596	405,998
<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>	<b>\$ 7,903,742</b>
Business-Type Activities					
Charges for Services					
Public Utilities	\$ 3,089,670	\$ 3,485,827	\$ 3,664,823	\$ 3,972,998	\$ 4,080,718
<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>\$ 4,080,718</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 9,009,748</b>	<b>\$ 8,671,658</b>	<b>\$ 10,066,902</b>	<b>\$ 13,018,670</b>	<b>\$ 11,984,460</b>

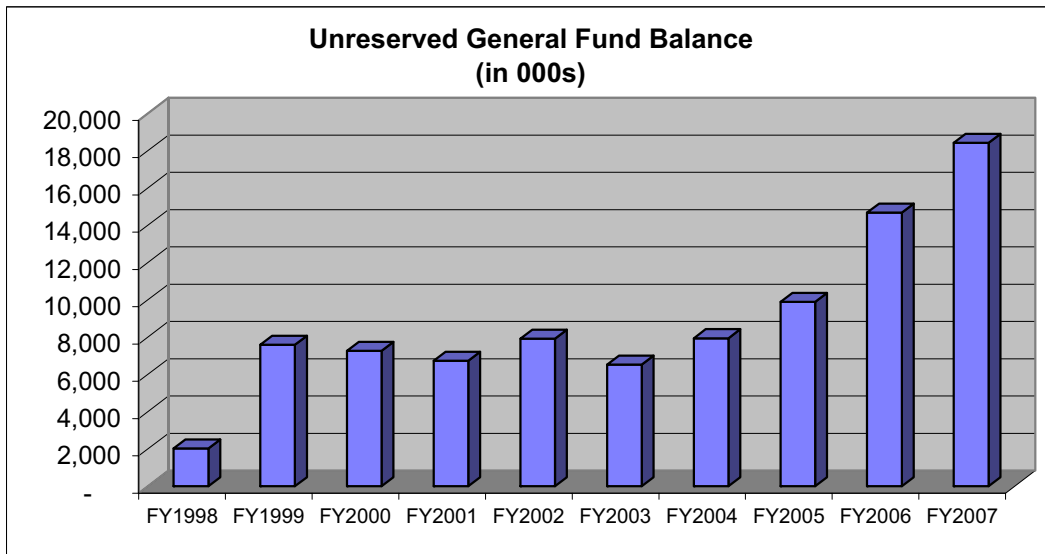
Changes in Net Assets  
Last Five Fiscal Years  
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Program Revenues: (Continued)</b>					
<b>Net (Expense)/ Revenue</b>					
Governmental Activities	\$ (23,868,623)	\$ (34,464,739)	\$ (26,367,271)	\$ (30,815,002)	\$ (32,236,462)
Business-Type Activities	(251,438)	108,702	5,229	555,318	87,621
<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>\$ (32,148,841)</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	\$ 23,645,616
Other Local Taxes	5,049,032	4,746,306	5,544,585	6,175,296	6,626,221
Unrestricted Revenues from Use of					
Money and Property	499,634	348,833	614,725	974,010	1,958,759
Miscellaneous	154,243	306,013	222,188	151,132	459,721
Grants and contributions not restricted to specific programs	3,548,390	5,478,376	3,482,409	3,914,301	3,869,796
Gain on Disposal of Capital Assets	911,278	(4,651)	-	-	-
Transfers	-	(648,561)	(1,482,453)	9,175	(11,280)
<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>	<b>\$ 36,548,833</b>
Business-Type Activities					
Unrestricted Revenues from Use of					
Money and Property	\$ 23,540	\$ 34,458	\$ 31,067	\$ 59,529	\$ 88,648
Miscellaneous	64,616	25,978	31,611	26,350	39,252
Transfers	-	648,561	1,482,453	(9,175)	11,280
<b>Total Business-Type Activities</b>	<b>\$ 88,156</b>	<b>\$ 708,997</b>	<b>\$ 1,545,131</b>	<b>\$ 76,704</b>	<b>\$ 139,180</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>\$ 36,688,013</b>
<b>Change in Net Assets</b>					
Governmental Activities	\$ 2,934,816	\$ (6,463,685)	\$ 8,575,132	\$ 2,897,801	\$ 4,312,371
Business-Type Activities	(163,282)	817,699	1,550,360	632,022	226,801
<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>	<b>\$ 4,539,172</b>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

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

General Fund	Fiscal Year				
	1998	1999	2000	2001	2002
Reserved	\$ 497,379	\$ 497,379	\$ 497,379	\$ 522,269	\$ 524,371
Unreserved, Designated for Revenue Maximization	-	-	-	-	-
Unreserved, Designated for Economic Development	-	-	-	-	-
Unreserved, Designated for Capital Projects	5,413,602	617,476	1,010,101	-	-
Unreserved	<u>2,039,360</u>	<u>7,596,250</u>	<u>7,273,494</u>	<u>6,739,524</u>	<u>7,926,373</u>
Total General Fund	<u>\$ 7,950,341</u>	<u>\$ 8,711,105</u>	<u>\$ 8,780,974</u>	<u>\$ 7,261,793</u>	<u>\$ 8,450,744</u>
<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	1,037,142
Unreserved, reported in Capital Projects Fund	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ 415,558</u>	<u>\$ 956,156</u>	<u>\$ 102,035</u>	<u>\$ 1,037,142</u>
<b>Total Governmental Funds</b>	<u>\$ 7,950,341</u>	<u>\$ 9,126,663</u>	<u>\$ 9,737,130</u>	<u>\$ 7,363,828</u>	<u>\$ 9,487,886</u>



**Table 3**

		Fiscal Year				
		2003	2004	2005	2006	2007
\$	-	\$ -	\$ -	\$ -	\$ 146,488	\$ 140,959
	-		136,089	110,593	93,393	75,839
	-		-	-	-	-
	-		-	-	-	-
	6,536,975	7,947,889	9,890,093	14,681,925	18,209,267	
\$	<u>6,536,975</u>	<u>\$ 8,083,978</u>	<u>\$ 10,000,686</u>	<u>\$ 14,921,806</u>	<u>\$ 18,426,065</u>	
\$	6,520,781	\$ 8,674,019	\$ 8,592,971	\$ 6,042,481	\$ 4,040,010	
	-	-	36,204	-	-	
	1,176,067	1,041,887	1,023,399	1,213,996	942,658	
	8,464,529	2,085,349	-	-	-	
\$	<u>16,161,377</u>	<u>\$ 11,801,255</u>	<u>\$ 9,652,574</u>	<u>\$ 7,256,477</u>	<u>\$ 4,982,668</u>	
\$	<u>22,698,352</u>	<u>\$ 19,885,233</u>	<u>\$ 19,653,260</u>	<u>\$ 22,178,283</u>	<u>\$ 23,408,733</u>	

This Page Intentionally Left Blank

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

Revenues	Fiscal Year				
	2003	2004	2005	2006	2007
General Property Taxes	\$ 16,782,867	\$ 17,692,361	\$ 26,083,566	\$ 22,617,327	\$ 23,597,753
Other Local Taxes	4,552,933	4,746,306	5,544,585	6,175,296	6,626,221
Permits, Privilege Fees, and Licenses	496,099	407,295	523,801	706,915	733,173
Fines and Forfeitures	311,994	265,058	375,931	297,727	295,893
Revenue from Use of Money and Property	499,634	348,833	614,725	974,010	1,958,759
Charges for Services	458,727	500,041	533,092	1,029,998	992,320
Miscellaneous	154,243	306,013	222,188	151,132	451,285
Recovered Costs	298,083	217,457	491,308	270,772	476,616
Intergovernmental Revenues:					
Local Government	-	243,778	-	-	-
Commonwealth	7,143,193	7,271,816	7,156,337	9,745,610	8,624,196
Federal	1,554,554	1,976,219	1,295,327	1,179,723	1,128,285
<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>\$ 44,884,501</b>
<b>Expenditures</b>					
General Government Administration	\$ 2,392,619	\$ 3,653,384	\$ 2,995,994	\$ 3,405,619	\$ 3,801,800
Judicial Administration	1,667,166	1,570,131	1,422,426	1,524,110	1,788,031
Public Safety	6,811,424	7,294,996	7,933,359	8,478,865	9,385,203
Public Works	1,451,517	1,445,116	1,664,820	1,584,135	1,703,355
Health and Welfare	2,439,430	2,493,353	2,519,191	2,726,733	2,945,060
Education	9,525,982	10,580,791	8,781,909	10,561,403	9,666,163
Parks, Recreation, and Cultural	662,285	728,822	797,057	866,007	1,005,038
Community Development	685,989	681,710	896,444	1,017,693	1,913,858
Capital Projects	16,302,792	7,764,472	4,948,743	7,669,800	5,574,828
Debt Service:					
Principal Retirement	6,104,723	6,550,479	6,523,336	3,216,287	3,414,797
Interest and Other Fiscal Charges	2,705,235	2,884,011	3,107,101	2,427,093	2,723,642
<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>\$ 43,921,775</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>\$ 962,726</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 1,710,689	\$ 7,100,276	\$ 13,069,186	\$ 5,497,004	\$ 8,477,352
Transfers (out)	(1,710,689)	(7,748,837)	(14,551,639)	(5,487,829)	(8,488,632)
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	279,004
<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>\$ 267,724</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>	<b>\$ 1,230,450</b>
Debt Service as a Percentage of Noncapital Expenditures	25.6%	24.9%	26.3%	15.8%	16.0%

**COUNTY OF PRINCE GEORGE, VIRGINIA**

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

Source	Fiscal Year			
	1998	1999	2000	2001
Real Property Taxes	\$ 8,654,716	\$ 8,988,854	\$ 9,551,172	\$ 9,952,082
Real & Personal Public Service Corporation Taxes	501,693	507,427	543,085	564,057
Personal Property Taxes	4,743,637	7,437,348	5,084,295	3,293,273
Machinery & Tools Taxes	73,534	155,239	115,887	113,108
Penalties & Interest	206,315	207,921	206,625	180,345
Total, General Property Taxes	<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	\$ 833,335	\$ 888,810	\$ 948,400	\$ 1,016,375
Consumer Utility Taxes	821,480	852,033	922,188	940,357
Cable Franchise Taxes	53,050	60,164	63,380	62,903
Business License	470,967	510,228	453,260	480,965
Motor Vehicle Licenses	436,136	442,965	456,864	487,815
Bank Stock Taxes	64,390	79,440	63,165	74,328
Recordation Taxes	100,582	138,554	112,380	135,331
Rental Tax	9,885	4,720	6,165	6,741
Transient Occupancy Taxes	179,394	195,151	208,405	213,183
Communcation taxes	-	-	-	-
Taxicab licenses	-	3,400	-	5,200
E911 Taxes	87,150	94,234	287,841	320,786
Meals Taxes	-	226,762	491,718	522,645
Total, Other Local Taxes	<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>\$ 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	2007	
\$ 11,859,858	\$ 12,227,413	\$ 13,026,414	\$ 20,780,707	\$ 17,010,527	\$ 17,250,136	
610,025	633,216	681,882	995,625	676,261	838,405	
3,825,026	3,495,273	3,534,437	3,839,232	4,460,413	4,895,952	
58,356	275,974	281,212	274,589	211,649	337,676	
165,442	150,991	168,416	193,413	258,477	275,584	
<u>\$ 16,518,707</u>	<u>\$ 16,782,867</u>	<u>\$ 17,692,361</u>	<u>\$ 26,083,566</u>	<u>\$ 22,617,327</u>	<u>\$ 23,597,753</u>	
\$ 1,130,684	\$ 999,578	\$ 1,110,034	\$ 1,091,419	\$ 1,141,290	\$ 1,333,959	
1,001,222	1,049,842	988,608	1,462,710	1,534,247	1,299,391	
62,906	59,410	51,490	50,642	43,103	56,974	
463,475	542,613	603,667	631,522	674,259	733,948	
508,520	525,366	543,514	681,175	708,033	728,165	
63,500	63,108	66,236	79,135	84,743	84,412	
144,695	162,998	213,753	388,976	524,378	487,000	
6,292	5,330	4,844	3,808	3,531	3,404	
213,791	181,855	172,729	195,738	200,358	555,486	
-	-	-	-	-	522,138	
5,470	1,850	-	1,650	1,900	-	
423,729	456,649	469,151	452,893	468,144	222,863	
541,377	504,334	522,280	504,917	513,273	598,481	
<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>	<u>\$ 6,626,221</u>	
<u><b>\$ 21,084,368</b></u>	<u><b>\$ 21,335,800</b></u>	<u><b>\$ 22,438,667</b></u>	<u><b>\$ 31,628,151</b></u>	<u><b>\$ 28,514,586</b></u>	<u><b>\$ 30,223,974</b></u>	

**COUNTY OF PRINCE GEORGE, VIRGINIA**

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>
1998	\$ 834,806,976.00	\$ 117,721,077.00	\$ 952,528,053.00	\$ 113,855,098.00	\$ 4,436,691.00
1999	871,382,163.00	121,444,906.00	992,827,069.00	217,160,494.00	7,834,542.50
2000	930,416,018.00	129,623,072.00	1,060,039,090.00	306,652,488.00	14,875,706.50
2001	963,479,340.00	140,886,418.00	1,104,365,758.00	157,653,474.00	17,858,127.00
2002	1,079,245,691.00	158,456,786.00	1,237,702,477.00	167,960,641.00	21,159,378.00
2003	1,130,897,654.00	156,769,459.00	1,287,667,113.00	172,692,969.00	18,149,925.00
2004	1,265,149,140.00	167,859,400.00	1,433,008,540.00	172,558,951.00	15,217,236.00
2005	2,022,653,496.00	303,609,910.50	2,326,263,406.50	194,513,246.00	18,389,743.00
2006	1,566,773,202.50	250,402,650.00	1,817,175,852.50	198,735,156.00	20,174,643.00
2007	1,812,825,997.00	284,491,563.00	2,097,317,560.00	214,481,355.00	22,479,110.00

**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.

Table 6

---

	<b>Mobile Homes</b>	<b>Public Service Corporations</b>	<b>Total Taxable Assessed Value</b>	<b>Real Estate Direct Tax Rate</b>	<b>Personal Property Direct Tax Rate</b>
\$	9,004,547.00	\$ 55,721,517.00	\$ 1,135,545,906.00	\$ 0.90	\$ 4.00
	17,126,556.00	56,386,656.00	1,291,335,317.50	0.90	4.00
	22,006,761.00	60,255,841.00	1,463,829,886.50	0.90	4.00
	10,108,068.00	62,681,271.00	1,352,666,698.00	0.90	4.00
	10,470,209.00	64,463,316.00	1,501,756,021.00	0.95	4.00
	10,122,843.00	56,511,816.00	1,545,144,666.00	0.95	4.00
	9,714,944.00	75,682,416.00	1,706,182,087.00	0.90	4.00
	9,600,239.00	110,551,010.00	2,659,317,644.50	0.90	4.00
	10,143,919.00	74,958,876.00	2,121,188,446.50	0.88	4.00
	10,112,446.00	91,330,546.00	2,435,721,017.00	0.80	4.00

Principal Property Taxpayers  
Current Year and Nine Years Prior

Taxpayer	2007			1998		
	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)	\$ 49,527,716	1	2.30%	\$ 35,955,850	1	3.36%
Ace Hardware Corp	32,238,046	2	1.50%	N/A	N/A	N/A
Wachovia Bank NA Trustee	22,838,300	3	1.06%	N/A	N/A	N/A
Crossings Center LLP	15,788,000	4	0.73%	N/A	N/A	N/A
David A. Harrison III	11,550,900	5	0.54%	5,586,900	5	0.52%
Mardevco Credit Corp	11,025,000	6	0.51%	11,073,500	3	1.03%
Summit Properties Partnership	10,308,300	7	0.48%	N/A	N/A	N/A
Robert W. Daniel Jr.	9,663,100	8	0.45%	5,531,450	6	0.52%
Noland Properties Inc	8,775,519	9	0.41%	N/A	N/A	N/A
Perdue Farms Inc	9,603,900	10	0.45%	N/A	N/A	N/A
Bear Island Timberland Inc	--	N/A	--	12,098,700	2	1.13%
George D Zamias	--	N/A	--	10,298,500	4	0.96%
Desco Corp.	--	N/A	--	5,117,012	7	0.48%
BL Associates LLC	--	N/A	--	4,743,700	8	0.44%
C I Associates	--	N/A	--	4,499,764	9	0.42%
Oste Corp	--	N/A	--	3,892,957	10	0.36%
C I Associates	\$4,722,781	N/A	0.22%	N/A	N/A	N/A
Standard Motor Products	--	N/A	--	\$933,300	N/A	0.09%
Southern Construction Inc	--	N/A	--	\$1,300,131	N/A	0.12%

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

Property Tax Levies and Collections  
Last Seven 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, 2007	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 10,025,939	\$ 9,853,226	98.28%	\$ 172,345	\$ 10,025,572	100.00%
2002	11,846,122	11,624,049	98.13%	222,073	11,846,123	100.00%
2003	12,239,412	12,037,498	98.35%	199,470	12,236,969	99.98%
2004	12,961,761	12,758,484	98.43%	202,934	12,961,419	100.00%
2005	21,149,523	20,378,260	96.35%	732,617	21,110,878	99.82%
2006	15,482,119	15,033,320	97.10%	344,948	15,378,269	99.33%
2007	17,506,987	16,471,448	94.08%	-	16,471,449	94.09%

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, 2007	
		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	7,183,025	6,967,291	97.00%	119,842	7,087,134	98.67%
2004	7,367,226	7,047,727	95.66%	191,334	7,239,062	98.26%
2005	7,349,817	6,842,836	93.10%	437,526	7,280,363	99.06%
2006	8,524,833	8,224,086	96.47%	241,056	8,465,142	99.30%
2007	5,367,414	4,947,253	92.17%	-	4,947,254	92.17%

Ratios of Outstanding Debt by Type  
Last Four Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities			
	General Obligation Bonds/ Notes			Virginia Public School Authority Bonds	Literary Fund Loans	General Obligation Bonds/ Notes	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	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	7.15%	1,780
2006	21,394,890	5,268,155	-	33,167,371	1,035,000	2,859,729	63,725,145	6.97%	1,737
2007	20,653,290	4,462,341	-	31,415,317	920,000	4,358,110	61,809,058	6.76%	1,684

(1) Reference table 12

Ratios of General Bonded Debt by Type  
Last Four 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	4.02%	\$ 1,999
2005	34,122,097	-	26,810,532	1,150,000	62,082,629	2.33%	1,692
2006	26,663,045	-	33,167,371	1,035,000	60,865,416	2.87%	1,659
2007	25,115,631	-	31,415,317	920,000	57,450,948	2.71%	1,566

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

Computation of Legal Debt Margin  
Last Four Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Net Assessed Value (real property)</b>	\$ 1,438,075,273	\$ 1,703,978,611	\$ 1,930,373,094	\$ 2,264,262,025
Debt Limit (10% of Real Property Assessed Value)	143,807,527	170,397,861	193,037,309	226,426,203
Debt Applicable to Limit	<u>73,729,931</u>	<u>65,329,996</u>	<u>63,725,145</u>	<u>61,809,058</u>
<b>Legal Debt Margin</b>	\$ <u><u>70,077,596</u></u>	\$ <u><u>105,067,865</u></u>	\$ <u><u>129,312,164</u></u>	\$ <u><u>164,617,145</u></u>
Total net debt applicable to the limit as a percentage of debt limit	51.3%	38.3%	33.0%	27.3%

\* 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>
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)	3.8% (e)	19.4% (a)
2003	34,262 (a)	6,089 (d)	23,602 (f)	49,877 (b)	32.1 (b)	4.2% (e)	19.4% (a)
2004	34,313 (a)	6,162 (d)	24,906 (f)	49,877 (b)	32.1 (b)	3.6% (e)	19.4% (a)
2005	36,694 (a)	6,039 (d)	25,712	49,877 (b)	32.1 (b)	3.8% (e)	19.4% (a)
2006	36,694 (a)	6,193 (d)	N/A	49,877 (b)	32.1 (b)	3.2% (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	2006			1997		
	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+	10.9%	1	1000+	12.6%	1
County of Prince George	1000+	10.9%	2	1000+	12.6%	2
Food Lion	500-999	6.8%	3	500-999	7.9%	3
U.S. Department of Justice	500-999	6.8%	4	250-499	3.9%	6
Standard Motor Products	250-499	2.9%	5	100-249	12.6%	7
U.S. Army Non-Appropriated Funds Division	250-499	2.9%	6	250-499	3.9%	5
Riverside Regional Jail	250-499	2.9%	7	N/A	N/A	N/A
Perdue Products	250-499	2.9%	8	N/A	N/A	N/A
Ace Hardware Corporation	250-499	2.9%	9	N/A	N/A	N/A
U.S. Department of Army and Air Force	100-249	1.6%	10	250-499	3.9%	4
Computer Sciences Corp	N/A	N/A	N/A	100-249	1.8%	8
Home Health Care of the Peninsula Inc	N/A	N/A	N/A	100-249	1.8%	9
Desco Corp	N/A	N/A	N/A	100-249	1.8%	10
Total Employment, 2nd quarter 2005	11,028	N/A		9,526	N/A	

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

County Government Employees  
Last Three Fiscal Years

Function/Program	Approved Full Time Positions as of June 30		
	2005	2006	2007
<b>General Government Administration</b>			
County Administration	5	5	5
Human Resources	2	3	3
County Attorney	2	2	2
Commissioner of the Revenue	5	5	5
Treasurer	6	6	6
Real Estate Assessor	6	6	6
Finance	5	5	5
Information Technology	2	5	5
County Garage	4	4	4
Registrar	2	2	2
<b>Judicial Administration</b>			
Circuit Court	1	1	1
Commonwealth's Attorney	3	5	6
Sheriff	9	9	11
Victim Witness	1	1	1
Clerk of Circuit Court	5	5	5
<b>Public Safety</b>			
Police	51	54	54
Fire & EMS	10	11	11
VJCCCA	1	1	1
Community Corrections/ Pretrial	9	9	9
Building Inspections	8	9	10
Animal Control	3	3	4
Dispatch Center	13	14	14
<b>Public Works</b>			
General Properties	10	6	6
Engineering/Utilities	11	12	13
<b>Health and Welfare</b>			
Social Services	20	20	20
Housing Assistance	3	3	3
<b>Parks, Recreation &amp; Cultural</b>			
Parks and Recreation	6	6	7
<b>Community Development</b>			
Planning Department	4	6	6
Economic Development	2	1	1
GIS	0	1	1
Capital Projects	1	1	0
<b>Total</b>	<b>210</b>	<b>221</b>	<b>227</b>

Operating Indicators by Function/ Program  
Last Three Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government Administration			
Real Property Parcels	12,705	12,961	13,272
Judicial Administration			
Civil Papers Served	12,519	8,656	8,856
Public Safety			
Physical Arrests	577	561	523
Traffic Violations	5,796	5,127	5,243
EMS calls for service	2,140	2,055	2,288
Fire calls for service	973	1,097	1,153
Single Family Resid. Building Permits	245	216	249
Commercial Building Permits	54	65	163
Public Works			
Miles of water line	62.2	68.5	71.4
Miles of sewer line	87.8	92.6	93.9
Number of utilities customers	3,776	3,901	3,969
Health and Welfare			
Request for Services (Social Services)	426	466	N/A
Food Stamp Applications	635	590	N/A
Parks, Recreation & Cultural			
Youth League Participants	1,750	2,112	2,072
Community Development			
Employment	13,767	13,986	15,441

---

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

---

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of and for the year ended June 30, 2007, which collectively comprise the County of Prince George, Virginia's basic financial statements and have issued our report thereon dated December 13, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Prince George, Virginia's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **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 December 13, 2007.

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  
December 13, 2007

---

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

---

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

### **Compliance**

We have audited the compliance of the County of Prince George, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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 year ended June 30, 2007.

## 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Prince George, Virginia's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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  
December 13, 2007



**COUNTY OF PRINCE GEORGE, VIRGINIA**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

<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	\$ 22,790
Temporary Assist to Needy Families (TANF)	93.558	109,940
Refugee and Entrant Assistance - Discretionary Grants	93.566	107
Low Income Home Energy Assistance	93.568	9,914
Payments to States for Child Care Assistance	93.575	63,781
Child Care and Development Fund	93.596	97,669
Chafee Education and training voucher	93.599	198
Statewide fraud program - free	93.000	7,805
Foster Care - Title IV-E	93.658	171,654
Adoption Assistance	93.659	20,763
Social Services Block Grant	93.667	143,877
Independent Living	93.674	1,628
Medical Assistance Program (Title XIX)	93.778	<u>113,460</u>
Total Department Health and Human Services		\$ <u>763,586</u>
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
State homeland security grant program	97.004	\$ 139,313
Emergency management preparedness	97.042	<u>25,231</u>
Total U. S. Department of Homeland Security		\$ <u>164,544</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 96,970
Department of Education:		
National school breakfast program	10.553	180,474
National school lunch program	10.555	543,978
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>136,001</u>
Total Department of Agriculture		\$ <u>957,423</u>
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in Lieu of Taxes	15.226	\$ <u>19,867</u>
Department of Justice:		
Pass Through Payments:		
Office of Justice Programs, Bureau of Justice Assistance:		
Justice Assistance Act Grant Program	16.738	\$ <u>26,243</u>
Total Department of Justice		\$ <u>26,243</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2007

<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 Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
Traffic Safety and drunk driving protection	20.607	\$ <u>18,044</u>
Total Department of Transportation		\$ <u>18,044</u>
Department of Education:		
Direct Payments:		
School assistance in federally affected areas	84.041	\$ 2,454,669
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	385,502
Title I: Educationally deprived children	84.010	525,260
Title VI-B: Handicapped state grants	84.027	1,000,535
Special Education Preschool	84.173	60,540
Vocational Education: Basic grants to states	84.048	76,395
Drug free schools and communities	84.186	21,941
Title II, Part A	84.367	180,309
Title V: Improving school programs state block grant	84.298	7,228
Advanced placement incentive program	84.330	104
Technology literacy challenge grant	84.318	11,775
State assessments and related activities	84.369	<u>                    </u>
Total Department of Education		\$ <u>4,724,258</u>
Department of the Navy:		
Direct Payments:		
Junior ROTC	17.000	\$ <u>76,991</u>
Total Federal Assistance		\$ <u><u>6,750,956</u></u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007

---

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	\$ 1,128,285
Total primary government	\$ <u>1,128,285</u>

Component Unit Public Schools:

School Operating Fund	\$ 4,415,747
School Special Revenue Fund	<u>1,109,954</u>
Total component unit public schools	\$ <u>5,525,701</u>
Total federal expenditures per basic financial statements	\$ <u>6,653,986</u>

Non-cash expenditures - value of donated commodities \$ 96,970

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 6,750,956

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007

---

**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

Significant deficiencies 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

Significant deficiencies 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>
10.555	Food distribution - Child Nutrition Cluster
10.553	National school breakfast program - Child Nutrition Cluster
10.555	National school lunch program - Child Nutrition Cluster
84.010	Title I: Educationally deprived children
84.002	Adult Education
84.041	Impact Aid
84.027	Title VI-B: Special Education Cluster (IDEA)
84.173	Special education preschool grant - Special Education Cluster (IDEA)

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.