

**COUNTY OF
PRINCE GEORGE, VIRGINIA**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2008

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008

Prepared By: _____

Prince George County Finance Department

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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COUNTY OF PRINCE GEORGE, VIRGINIA

PRINCIPAL OFFICIALS ON JUNE 30, 2008

Board of Supervisors

Henry D. Parker, Jr., Chairperson
Jerry J. Skalsky, Vice-Chairperson

Alan R. Carmichael

G. Reid Foster, Jr.

William A. Robertson, Jr.

County School Board

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

Kevin S. Foster

Roger Franklin

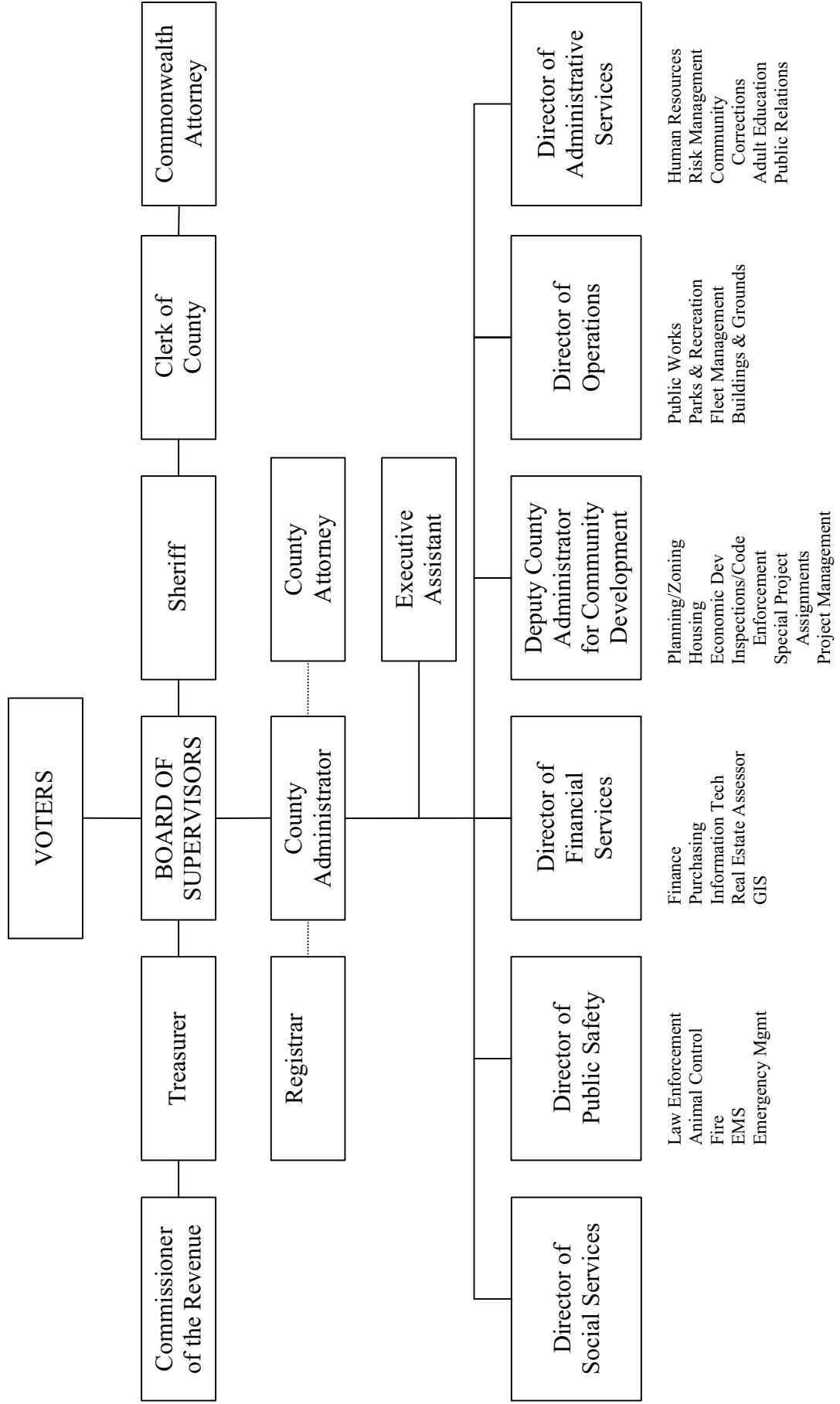
Lewis E. Stevenson

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 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	John G. Kines, Jr.
Superintendent of Schools.....	R. Francis Moore
Director of Social Services.....	William F. Gandel

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



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Prince George
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

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COUNTY OF PRINCE GEORGE, VIRGINIA

John G. Hines, Jr.
County Administrator



BOARD OF SUPERVISORS
Alan R. Carmichael
G. Reid Foster
Henry D. Parker, Jr.
William A. Robertson, Jr.
Jerry J. Skalsky

December 16, 2008

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, 2008. 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, PLLC (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 36,647 people (2007 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 TriCities area economies, with a direct tax impact of \$57 million. Currently, the student average daily load is 6,112, and that number is expected to increase to approximately 11,065, 2011 with the recent actions endorsed by the Base Realignment and Closure Commission Report (BRAC). According to the detailed estimate provided by the Fort Lee BRAC Briefing as of June 2, 2008, the installation will gain 3,108 installation workforce, 2,730 military family members, 2,773 civilian and contractor family members. These realignments will result in Fort Lee experiencing the largest military personnel gain of any installation in the Commonwealth of Virginia.

Based on available economic data, the local economy has remained steady. The local unemployment rate was 4.6% for September 2008, as compared to 2.9% for September 2007. The state and national unemployment rates for September 2008 were 4.2% and 6.0%, respectively.

Major Initiatives in Fiscal Year 2008

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 2008 is as follows:

Construction of a new Elementary School

In the FY2008 budget, the Board of Supervisors approved \$19.5 million for the construction of a new 728-student elementary school. Population growth in the County and deteriorating existing facilities has necessitated the construction of a new elementary school. This school replaces the North Elementary School built in 1963. Preliminary architectural, engineering and land acquisition costs began in fiscal year 2007 and funding for the completion of the building took place in fiscal year 2008. The County received a \$1.0 million grant from Virginia National Defense Industrial Authority. The project is on schedule to open for the fiscal year 2010 school year.

Crosspointe Centre Parkway

Governor Timothy M. Kaine announced in November 2007 that Rolls-Royce, a world-leading provider of power systems and services for use on land, at sea and in the air, will build a state-of-the-art aeroengine facility in Prince George County. Initially, the company will invest \$100 million to establish an assembly and test facility for its civil aerospace operations. Over time, the company has options to invest up to \$500 million to support future advanced manufacturing as opportunities arise for its defense and civil aerospace businesses. The projects will create 500 new jobs. Virginia successfully competed against Georgia, Indiana, Mississippi, North Carolina, Ohio, South Carolina and Texas, as well as locations around the world, for the projects.

The initial 60 acre site has been timbered and is currently being graded in order to be "building pad ready" by mid-December 2008. The land will be transferred to Rolls Royce, through the Industrial Development Authority, by December 31, 2008. The road construction is expected to start Winter 2009 and it is anticipated that the initial building will be constructed by December 2009. Rolls Royce anticipates hiring to begin in Fall 2009.

The County has received the first of two \$3 million Governor's Opportunity Funding amounts and expects to receive a \$5 million Transportation Opportunity Funding (TPOF) award in February 2009.

New Animal Shelter

Construction of a new animal shelter was approved in the fiscal year 2008 budget. The current facility is 13 years old and the size and scope of the animals the facility can hold has significantly changed since its construction. The current facility has failed State Veterinary Inspections for the last several years' due to its design. The animal control officers are working very diligently on this building to keep it operational and sanitary for the animals in their care. The feasibility of the measures currently being taken to keep the animal shelter is such that continued existence in this environment would not be beneficial. Fund balance is being used to pay for the construction of this facility. The fiscal year 2007 appropriated \$500,000 and the remainder \$741,510 was included in the fiscal year 2008 capital improvement plan.

Sections of the Report

Fiscal year 2008 was the sixth 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

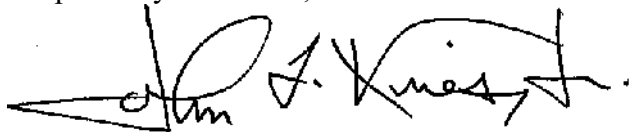
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Prince George for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the fourth year that the County has received 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,



John G. Kines, Jr. County
Administrator

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 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, 2008, 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 opinions 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 opinions.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of June 30, 2008, 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 15, 2008 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 opinions on the financial statements that collectively comprise the County of Prince George, Virginia's, 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 15, 2008

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, 2008. 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, 2008 by \$74,711,047 (net assets). Of this amount, \$29,165,048 is unrestricted and may be used to meet the County's future obligations.

The County's total net assets from Governmental Activities were \$54,528,485 on June 30, 2008, compared to \$31,761,497 total net assets on June 30, 2007. Total net assets represent the amount by which the County's assets exceeded its liabilities. The governmental net assets increased \$22,766,988.

The total net assets from Business-type activities (Water and Sewer Fund) were \$20,182,562 on June 30, 2008, compared to \$17,810,829 total net assets on June 30, 2007. Net assets increased \$2,371,733 during FY 2008.

During the current fiscal year the County issued \$39,900,000 in general obligation bonds and in revenue anticipation notes.

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 2008 fiscal year and at the status of those financial resources at June 30, 2008, 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.

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the County's finances in a manner similar to a private-sector business. Government-wide financial reporting consists of two statements: the Statement of Net Assets and the Statement of Activities.

The *statement of net assets* presents information on all County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information identifying how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, some items of revenues and expenses are reported in this statement that will result in cash flows in future fiscal periods.

In the Statement of Net Assets and the Statement of Activities, the County is divided into the following categories:

- **Governmental activities** - Most of the County's basic services are reported here including general government, public safety, public works, education, health and welfare, parks and recreation and economic and community development.
- **Business-type activities** - The County's water and sewer services are reported here. These services are supported by charges for services based on use.
- **Component Units** - The County includes one separate legal entity in its report - the Prince George County School Board. While legally separate, the County is financially accountable for and provides operating and capital funding to the School Board.

Fund Financial Statements

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds. The fund financial statements are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Capital Projects and Debt Service funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - The County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer operations.

Fiduciary Funds - The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The accounting used for fiduciary funds is similar to that of the proprietary funds.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

Required Supplementary Information - In addition to the basic financial statements and notes, this report also presents budgetary comparison schedules, a schedule of funding progress and employer contributions and notes to the required supplementary information.

Other Supplementary Information - This report also presents combining and individual fund statements and schedules.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Assets

The following table reflects the condensed statement of net assets:

**County of Prince George, Virginia
Schedule of Assets, Liabilities and Net Assets
Governmental and Business-Type Activities
For the Years Ended June 30, 2008 and 2007**

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 66,317,859	\$ 25,795,318	\$ 4,803,557	\$ 3,240,189	\$ 71,121,416	\$ 29,035,507
Capital assets	88,212,791	67,689,551	19,765,219	19,757,273	107,978,010	87,446,824
Total assets	<u>\$ 154,530,650</u>	<u>\$ 93,484,869</u>	<u>\$ 24,568,776</u>	<u>\$ 22,997,462</u>	<u>\$ 179,099,426</u>	<u>\$ 116,482,331</u>
Long-term liabilities outstanding	\$ 86,000,574	\$ 55,569,308	\$ 3,538,299	\$ 4,099,078	\$ 89,538,873	\$ 59,668,386
Current liabilities	14,001,591	6,154,064	847,915	1,087,555	14,849,506	7,241,619
Total liabilities	<u>\$ 100,002,165</u>	<u>\$ 61,723,372</u>	<u>\$ 4,386,214</u>	<u>\$ 5,186,633</u>	<u>\$ 104,388,379</u>	<u>\$ 66,910,005</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 29,592,060	\$ 9,834,937	\$ 15,953,939	\$ 15,399,163	\$ 45,545,999	\$ 25,234,100
Unrestricted	24,936,425	21,926,560	4,228,623	2,411,666	29,165,048	24,338,226
Total net assets	<u>\$ 54,528,485</u>	<u>\$ 31,761,497</u>	<u>\$ 20,182,562</u>	<u>\$ 17,810,829</u>	<u>\$ 74,711,047</u>	<u>\$ 49,572,326</u>

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Net assets (assets in excess of liabilities) may serve over time as a useful indicator of a government's financial position. At June 30, 2008 the County's governmental assets exceeded liabilities by \$54,528,485 while business assets exceeded its liabilities by \$20,182,562. The largest portion of the County's net assets, 61% and 51% in 2008 and 2007, respectively, represents its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment), net of accumulated depreciation and less any related debt used to acquire or construct those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The majority of the remaining balance of net assets, 39% and 49% in 2008 and 2007, respectively, represents unrestricted net assets, which may be used to meet the County's ongoing obligations. Unrestricted net assets increased both in governmental and business-type activities in FY 08 by \$3,009,865 and \$1,816,957 respectively.

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, 2006 through June 30, 2008 follows:

**County of Prince George, Virginia
Changes in Net Assets
Governmental and Business-Type Activities
For the Years Ended June 30, 2008 and 2007**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,368,771	\$ 2,021,386	\$ 4,610,809	\$ 4,080,718	\$ 6,979,580	\$ 6,102,104
Operating grants and contributions	5,718,613	5,476,358	-	-	5,718,613	5,476,358
Capital grants and contributions	21,779,285	405,998	-	-	21,779,285	405,998
General revenues:						
General property taxes	26,287,215	23,645,616	-	-	26,287,215	23,645,616
Other local taxes	7,395,231	6,626,221	-	-	7,395,231	6,626,221
Use of money and property	1,647,038	1,958,759	60,985	88,648	1,708,023	2,047,407
CVA non-categorical aid	3,921,031	3,869,796	-	-	3,921,031	3,869,796
Other general revenues	266,954	459,721	34,735	39,252	301,689	498,973
Total revenues	<u>\$ 69,384,138</u>	<u>\$ 44,463,855</u>	<u>\$ 4,706,529</u>	<u>\$ 4,208,618</u>	<u>\$ 74,090,667</u>	<u>\$ 48,672,473</u>
Expenses:						
General government administration	\$ 4,524,653	\$ 3,945,059	\$ -	\$ -	\$ 4,524,653	\$ 3,945,059
Judicial administration	2,018,229	1,914,889	-	-	2,018,229	1,914,889
Public safety	11,333,146	10,024,872	-	-	11,333,146	10,024,872
Public works	1,934,442	1,738,472	-	-	1,934,442	1,738,472
Health and welfare	3,148,144	2,991,083	-	-	3,148,144	2,991,083
Education	16,531,372	13,963,513	-	-	16,531,372	13,963,513
Parks, recreation, and cultural	1,041,353	1,019,420	-	-	1,041,353	1,019,420
Community development	1,860,965	1,909,449	-	-	1,860,965	1,909,449
Interest and other fiscal charges	2,619,296	2,633,447	-	-	2,619,296	2,633,447
Water and sewer	-	-	3,940,346	3,993,097	3,940,346	3,993,097
Total expenses	<u>\$ 45,011,600</u>	<u>\$ 40,140,204</u>	<u>\$ 3,940,346</u>	<u>\$ 3,993,097</u>	<u>\$ 48,951,946</u>	<u>\$ 44,133,301</u>
Increase in net assets before transfers	\$ 24,372,538	\$ 4,323,651	\$ 766,183	\$ 215,521	\$ 25,138,721	\$ 4,539,172
Transfers	(1,605,550)	-11,280	1,605,550	11,280	-	-
Increase in net assets	<u>\$ 22,766,988</u>	<u>\$ 4,312,371</u>	<u>\$ 2,371,733</u>	<u>\$ 226,801</u>	<u>\$ 25,138,721</u>	<u>\$ 4,539,172</u>
Net assets, beginning	<u>31,761,497</u>	<u>27,449,126</u>	<u>17,810,829</u>	<u>17,584,028</u>	<u>49,572,326</u>	<u>45,033,154</u>
Net assets, ending	<u>\$ 54,528,485</u>	<u>\$ 31,761,497</u>	<u>\$ 20,182,562</u>	<u>\$ 17,810,829</u>	<u>\$ 74,711,047</u>	<u>\$ 49,572,326</u>

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Governmental Activities

Governmental activities revenues increased from \$44,463,855 to \$69,384,138 or \$24,920,283 in FY 08 over FY 07. The most significant increase is due to the capital grants and contributions as this increased from \$405,998 in FY 07 to \$21,779,285 in FY 08. This increase is directly attributed to the accounting of joint tenancy assets between the County and School Board.

General property tax revenues increased \$2,641,599 or 11.17% in FY 08. The majority of this increased revenue is due to the increase in tax assessments as they increased \$318.3 million or 13%.

Other local tax revenues increased \$769,010 or 11.6%. Most of this increase is due to the increase in communication tax revenue.

Governmental activities expenses increased from \$40,140,204 to \$45,011,600 or 12%. The most significant of these increases is in Education which increased \$2,567,859. The County contributed \$9,784,386 to the School Board operations in FY 08 which was \$142,275 more than the prior year. The remaining increase in education is due to the accounting for joint tenancy assets with related debt and the depreciation recorded on the School Board assets.

Public safety expenses increased from \$10,024,872 to \$11,333,146, an increase of \$1,308,274 or 13%. Increases were noted in animal control (\$69,887), building inspections (\$89,146), correction and detention (\$89,939), fire and rescue (\$313,282) as well as law enforcement and traffic control (\$355,553).

Business-type activities

Charges for services increased \$530,091 or 13% while total revenues increased \$497,911 or 12% for the Water and Sewer Fund. The majority of these increases were from increases in operating revenues. Water revenues increased \$213,412 or 19% while sewer revenues increased \$209,784 or 10%.

Total expenses for the Water Fund actually decreased from \$3,993,097 in FY 07 to \$3,940,346 in FY 08. Income before transfers totaled \$766,183 in FY 08 compared to \$215,521 in FY 07. The General Fund transferred \$1,605,550 in FY 08 compared to \$11,280.

As a result of the above net assets in the Water and Sewer Fund increased \$2,371,733.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$61,380,172. Of this amount \$39,377,808 is reserved for capital projects and \$1,939,520 is reported in various special revenue funds.

General Fund. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the general fund balance was \$20,062,844 of which \$19,946,161 represents undesignated fund balance of the General Fund. This amount represents 23.1% of General Fund and School Operating expenditures. The Board of Supervisors has committed to maintaining an unreserved General Fund balance of at least 15% of General Fund and School Operating expenditures and has met and exceeded that target for the fiscal year ending June 30, 2008.

The net increase to fund balance for the General Fund for 2008 was \$1,636,779. Significant reasons for this increase in fund balance are as follows:

- Real estate tax revenues increased \$773,413 over amounts budgeted
- Personal property tax revenues increased \$653,995 over amounts budgeted
- Local sales tax revenues increased \$217,664 over amounts budgeted
- Business license tax revenues increased \$340,988 over amounts budgeted
- Interest revenue increased \$428,499 above budget projections
- General government expenditures were \$849,066 less than budgeted amounts
- Education expenditures were \$1,309,162 less than budgeted amounts
- Transfers to other funds totaled \$11,209,758 in FY 08 compared with \$8,434,102 in FY 07.

While the 2008 General Fund balance increased \$1,636,779 it was far less than the \$3,504,259 increase in FY 07.

Capital projects fund. The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$39,377,808 which was an increase of \$35,337,798 over FY 07. The County is in the middle of the largest capital project expansion in the history of the County. During FY 08 \$38,688,957 of debt proceeds were received as well as transfers in of \$3,458,079 provided funding sources of over \$42 million. In addition a Governors opportunity grant in the amount of \$3,000,000 was received along with other Commonwealth grants totaling \$777,519. The County has two very large projects underway - construction of a new elementary school which is projected to cost approximately \$20 million and the Crosspointe Centre Industrial Park which is expected to cost approximately \$23 million. During FY 08 the County expended \$5,009,271 on the new North Elementary school and \$5,046,441 on various community development projects to include \$2,033,597 on the Crosspointe Centre Industrial Park. In total \$11,237,307 were expended on various projects in FY 08. More details of specific project revenues and expenditures can be found on Exhibit 14.

Debt service fund. The Debt Service Fund received transfers from the General Fund sufficient to meet its requirements thus it has no fund balance. During the year the transfer totaled \$5,463,792 and principal retirements of indebtedness totaled \$3,221,958 while interest expense totaled \$2,442,962. The fund received other revenues totaling \$201,128.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year totaled \$20,182,562. Details of the Water and Sewer operations were previously discussed in the letter.

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 2008 was no exception. General fund expenditures totaled \$33,172,883 which was \$2,860,761 below the adopted budget and \$4,036,357 below the budget as amended, reference Exhibit 12. No appropriation category exceeded its amended appropriations during FY2008.

The County's General Fund budget was amended during FY2008 for federal and state revenues and other unanticipated revenues in the total amount of \$472,657 and for \$1,175,596 in expenditures. The most significant expenditure increase was noted in comprehensive services which budget increased from \$600,000 to \$1,018,045. The other financing sources (uses) were increased as transfers to other funds increased from \$9,444,087 to \$11,476,567. All in all the General Fund had a very good year. The original General Fund budget as adopted was expected to decrease the fund balance by \$2,696,814. The final budget was expected to decrease fund balance by \$5,432,233. Actual results revealed a very positive and favorable increase of \$1,636,779 which was \$7,069,012 better than expected.

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, 2008. The County's total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totals \$107,978,010.

**County of Prince George, Virginia
Capital Assets (net of Depreciation)
Governmental and Business-Type Activities
For the Year Ended June 30, 2008**

	Governmental Activities 2008	Business-type Activities 2008
Land	\$ 7,280,249	\$ 101,371
Buildings and improvements	88,248,729	-
Utility plant		29,563,706
Equipment	17,820,082	382,386
Construction in progress	5,106,749	-
Total	<u>\$ 118,455,809</u>	<u>\$ 30,047,463</u>
Less accumulated depreciation	<u>30,243,018</u>	<u>10,282,244</u>
Net capital assets	<u><u>\$ 88,212,791</u></u>	<u><u>19,765,219</u></u>

More information on the County's capital assets can be found in note 6 to the financial statements.

At the end of fiscal year 2008, the County had total outstanding debt of \$97,219,606 (excluding compensated absences and bond premiums, see Note 8 in the Notes to Financial Statements), in comparison, the County had \$61,809,058 outstanding at June 30, 2007. During FY 07 the County issued general obligation bonds in the amount of \$39,900,000 far exceeding the debt issued in the County in previous years. Of the \$97,219,606 of outstanding debt at June 30, 2008, \$44,573,505 is for general government purposes and \$48,834,821 is outstanding debt on behalf of the School Board. The Water and Sewer Fund has outstanding debt of \$3,811,280. The County issued \$17,500,000 in public improvement bonds during FY2008 to aid in financing for the construction of the new North Elementary school and to fund improvements to the Crosspointe Centre Industrial Park. The County issued \$12,400,000 in revenue anticipation notes and \$8,300,000 in public facility notes to aid in funding for the above mentioned projects as well.

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

Based on available economic data, the local economy has remained steady. The local unemployment rate was 4.6% for September 2008, as compared to 2.9% for September 2007. The state and national unemployment rates for September 2008 were 4.2% and 6.0%, respectively.

The FY 09 General Fund operating budget totaled \$47,996,757 which was an \$2,739,941 increase over the FY 08 budget. There were no changes in tax rates for FY 09.

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

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 63,404,991	\$ 4,595,687	\$ 68,000,678	\$ 4,183,887
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,442,119	-	1,442,119	-
Accounts receivable	412,380	498,921	911,301	304,102
Internal balances	291,051	(291,051)	-	-
Due from other governmental units	767,318	-	767,318	1,776,741
Total current assets	\$ 66,317,859	\$ 4,803,557	\$ 71,121,416	\$ 6,264,730
Noncurrent Assets:				
Capital assets (net of accumulated depreciation)				
Land	\$ 7,280,249	\$ 101,371	\$ 7,381,620	\$ 1,066,842
Buildings	16,923,482	-	16,923,482	1,164,231
Machinery and equipment	10,067,490	140,942	10,208,432	2,011,803
Jointly owned assets	48,834,821	-	48,834,821	-
Utility plant in service	-	19,522,906	19,522,906	-
Construction in progress	5,106,749	-	5,106,749	-
Total capital assets	\$ 88,212,791	\$ 19,765,219	\$ 107,978,010	\$ 4,242,876
Total assets	\$ 154,530,650	\$ 24,568,776	\$ 179,099,426	\$ 10,507,606
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 2,818,959	\$ 394,488	\$ 3,213,447	\$ 381,091
Accrued liabilities	-	-	-	5,654,914
Customers' deposits	-	82,055	82,055	-
Accrued interest payable	1,180,521	40,925	1,221,446	-
Unearned revenue	1,082,618	-	1,082,618	39,960
Current portion of long-term obligations	8,919,493	330,447	9,249,940	38,784
Total current liabilities	\$ 14,001,591	\$ 847,915	\$ 14,849,506	\$ 6,114,749
Noncurrent liabilities:				
Due in more than one year	86,000,574	3,538,299	89,538,873	349,063
Total liabilities	\$ 100,002,165	\$ 4,386,214	\$ 104,388,379	\$ 6,463,812
NET ASSETS				
Invested in capital assets, net of related debt	\$ 29,592,060	\$ 15,953,939	\$ 45,545,999	\$ 4,242,876
Unrestricted (deficit)	24,936,425	4,228,623	29,165,048	(199,082)
Total net assets	\$ 54,528,485	\$ 20,182,562	\$ 74,711,047	\$ 4,043,794
Total Liabilities and Net Assets	\$ 154,530,650	\$ 24,568,776	\$ 179,099,426	\$ 10,507,606

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, 2008

<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>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,524,653	\$ -	\$ 283,562	\$ -
Judicial administration	2,018,229	475,295	625,717	-
Public safety	11,333,146	1,386,124	2,442,262	-
Public works	1,934,442	390,298	62,701	-
Health and welfare	3,148,144	-	1,957,068	-
Education	16,531,372	-	195,845	18,001,766
Parks, recreation, and cultural	1,041,353	112,023	-	-
Community development	1,860,965	5,031	151,458	3,777,519
Interest on long-term debt	2,619,296	-	-	-
Total governmental activities	\$ 45,011,600	\$ 2,368,771	\$ 5,718,613	\$ 21,779,285
Business-type activities:				
Public Utilities	\$ 3,940,346	\$ 4,610,809	\$ -	\$ -
Total business-type activities	\$ 3,940,346	\$ 4,610,809	\$ -	\$ -
Total primary government	\$ 48,951,946	\$ 6,979,580	\$ 5,718,613	\$ 21,779,285
COMPONENT UNITS:				
School Board	\$ 56,045,866	\$ 1,629,330	\$ 44,469,207	\$ -
Total component units	\$ 56,045,866	\$ 1,629,330	\$ 44,469,207	\$ -
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				
School Board contribution to County, 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
\$ (4,241,091)	\$ -	\$ (4,241,091)	\$ -
(917,217)	-	(917,217)	-
(7,504,760)	-	(7,504,760)	-
(1,481,443)	-	(1,481,443)	-
(1,191,076)	-	(1,191,076)	-
1,666,239	-	1,666,239	-
(929,330)	-	(929,330)	-
2,073,043	-	2,073,043	-
(2,619,296)	-	(2,619,296)	-
<u>\$ (15,144,931)</u>	<u>\$ -</u>	<u>\$ (15,144,931)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 670,463</u>	<u>\$ 670,463</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 670,463</u>	<u>\$ 670,463</u>	<u>\$ -</u>
<u>\$ (15,144,931)</u>	<u>\$ 670,463</u>	<u>\$ (14,474,468)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,947,329)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,947,329)</u>
\$ 26,287,215	\$ -	\$ 26,287,215	\$ -
1,427,664	-	1,427,664	-
778,530	-	778,530	-
998,688	-	998,688	-
800,986	-	800,986	-
542,669	-	542,669	-
1,474,445	-	1,474,445	-
630,796	-	630,796	-
741,453	-	741,453	-
1,647,038	60,985	1,708,023	16,519
266,954	34,735	301,689	10,873
-	-	-	(3,617,550)
3,921,031	-	3,921,031	-
(1,605,550)	1,605,550	-	-
<u>\$ 37,911,919</u>	<u>\$ 1,701,270</u>	<u>\$ 39,613,189</u>	<u>\$ (3,590,158)</u>
<u>\$ 22,766,988</u>	<u>\$ 2,371,733</u>	<u>\$ 25,138,721</u>	<u>\$ (13,537,487)</u>
<u>\$ 31,761,497</u>	<u>\$ 17,810,829</u>	<u>\$ 49,572,326</u>	<u>\$ 17,581,281</u>
<u>\$ 54,528,485</u>	<u>\$ 20,182,562</u>	<u>\$ 74,711,047</u>	<u>\$ 4,043,794</u>

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Fund Financial Statements

Balance Sheet
 Governmental Funds
 June 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 19,823,552	\$ 41,683,906	\$ 1,897,533	\$ 63,404,991
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,374,035	-	68,084	1,442,119
Accounts receivable	392,230	20,000	150	412,380
Due from other funds	291,051	-	-	291,051
Due from other governmental units	767,318	-	-	767,318
Total assets	<u>\$ 22,648,186</u>	<u>\$ 41,703,906</u>	<u>\$ 1,965,767</u>	<u>\$ 66,317,859</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 466,614	\$ 2,326,098	\$ 26,247	\$ 2,818,959
Deferred revenue	2,118,728	-	-	2,118,728
Total liabilities	<u>\$ 2,585,342</u>	<u>\$ 2,326,098</u>	<u>\$ 26,247</u>	<u>\$ 4,937,687</u>
Fund balances:				
Reserved for:				
Capital projects	\$ -	\$ 39,377,808	\$ -	\$ 39,377,808
Unreserved, designated for:				
Revenue Maximization	54,740	-	-	54,740
Housing	61,943	-	-	61,943
Reported in:				
General fund	19,946,161	-	-	19,946,161
Special revenue funds	-	-	1,939,520	1,939,520
Total fund balances	<u>\$ 20,062,844</u>	<u>\$ 39,377,808</u>	<u>\$ 1,939,520</u>	<u>\$ 61,380,172</u>
Total liabilities and fund balances	<u>\$ 22,648,186</u>	<u>\$ 41,703,906</u>	<u>\$ 1,965,767</u>	<u>\$ 66,317,859</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, 2008

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 61,380,172
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	88,212,791
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,180,521)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,036,110
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	(1,129,320)
County general obligation bonds	(44,573,505)
School Board state literary fund loans	(805,000)
School Board general obligation bonds	(48,029,821)
School Board premium on bonds payable	<u>(382,421)</u>
Net assets of governmental activities	<u>\$ 54,528,485</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, 2008

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 25,959,745	\$ -	\$ -	\$ -	\$ 25,959,745
Other local taxes	6,436,138	-	-	959,093	7,395,231
Permits, privilege fees, and regulatory licenses	1,032,075	-	-	-	1,032,075
Fines and forfeitures	336,579	-	-	-	336,579
Revenue from the use of money and property	1,167,774	473,981	5,283	-	1,647,038
Charges for services	1,000,117	-	-	-	1,000,117
Miscellaneous	197,875	67,720	-	1,359	266,954
Recovered costs	502,252	-	-	-	502,252
Intergovernmental revenues:					
Commonwealth	8,315,129	3,777,519	195,845	32,934	12,321,427
Federal	1,071,736	-	-	24,000	1,095,736
Total revenues	<u>\$ 46,019,420</u>	<u>\$ 4,319,220</u>	<u>\$ 201,128</u>	<u>\$ 1,017,386</u>	<u>\$ 51,557,154</u>
EXPENDITURES					
Current:					
General government administration	\$ 4,264,176	\$ 156,020	\$ -	\$ -	\$ 4,420,196
Judicial administration	1,911,988	-	-	-	1,911,988
Public safety	10,272,170	404,576	-	13,404	10,690,150
Public works	1,876,896	155,655	-	-	2,032,551
Health and welfare	3,122,249	-	-	-	3,122,249
Education	9,811,924	5,238,432	-	-	15,050,356
Parks, recreation, and cultural	980,438	236,183	-	-	1,216,621
Community development	933,042	5,046,441	-	1,009,532	6,989,015
Debt service:					
Principal retirement	-	-	3,221,958	720,664	3,942,622
Interest and other fiscal charges	-	-	2,442,962	230,417	2,673,379
Total expenditures	<u>\$ 33,172,883</u>	<u>\$ 11,237,307</u>	<u>\$ 5,664,920</u>	<u>\$ 1,974,017</u>	<u>\$ 52,049,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,846,537</u>	<u>\$ (6,918,087)</u>	<u>\$ (5,463,792)</u>	<u>\$ (956,631)</u>	<u>\$ (491,973)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 3,458,079	\$ 5,463,792	\$ 900,000	\$ 9,821,871
Transfers (out)	(11,209,758)	(60,113)	-	(157,550)	(11,427,421)
Premium on debt issued	-	168,962	-	-	168,962
Issuance of debt	-	38,688,957	-	1,211,043	39,900,000
Total other financing sources (uses)	<u>\$ (11,209,758)</u>	<u>\$ 42,255,885</u>	<u>\$ 5,463,792</u>	<u>\$ 1,953,493</u>	<u>\$ 38,463,412</u>
Net change in fund balances	\$ 1,636,779	\$ 35,337,798	\$ -	\$ 996,862	\$ 37,971,439
Fund balances - beginning	18,426,065	4,040,010	-	942,658	23,408,733
Fund balances - ending	<u>\$ 20,062,844</u>	<u>\$ 39,377,808</u>	<u>\$ -</u>	<u>\$ 1,939,520</u>	<u>\$ 61,380,172</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, 2008

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

Net change in fund balances - total governmental funds \$ 37,971,439

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	(3,408,435)
Capital asset additions	6,083,223

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (129,774)

Transfer of joint tenancy assets from Primary Government to the Component Unit. 18,001,766

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. 327,470

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	21,245
Retirement of County general obligation bonds	1,992,126
Retirement of School Board general obligation bonds	1,835,496
Retirement of School Board literary fund loans	115,000
Issuance of debt	(39,900,000)

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	(136,124)
Change in accrued compensated absences	<u>(6,444)</u>

Change in net assets of governmental activities \$ 22,766,988

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

Statement of Net Assets
 Proprietary Funds
 June 30, 2008

	<u>Enterprise Funds</u> <u>Water and Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,595,687
Accounts receivable, net of allowance for uncollectibles	498,921
Total current assets	<u>\$ 5,094,608</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 101,371
Utility plant in service	29,563,706
Machinery and equipment	382,386
Less accumulated depreciation	<u>(10,282,244)</u>
Total capital assets	<u>\$ 19,765,219</u>
Total noncurrent assets	<u>\$ 19,765,219</u>
Total assets	<u><u>\$ 24,859,827</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 394,488
Customers' deposits	82,055
Accrued interest payable	40,925
Due to other funds	291,051
Compensated absences - current portion	5,747
Bonds payable - current portion	<u>324,700</u>
Total current liabilities	<u>\$ 1,138,966</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 3,486,580
Compensated absences - net of current portion	<u>51,719</u>
Total noncurrent liabilities	<u>\$ 3,538,299</u>
Total liabilities	<u>\$ 4,677,265</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 15,953,939
Unrestricted	<u>4,228,623</u>
Total net assets	<u>\$ 20,182,562</u>
Total liabilities and net assets	<u><u>\$ 24,859,827</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, 2008

	<u>Enterprise Funds Water and Sewer</u>
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 1,333,530
Sewer revenues	2,282,474
Penalty/reconnection charges	65,270
Miscellaneous	34,735
Total operating revenues	<u>\$ 3,716,009</u>
OPERATING EXPENSES	
Water supply, treatment and pumping	\$ 548,870
Wastewater treatment, pumping and disposal	1,398,423
Administrative and operation	854,350
Other supplies and expenses	198,719
Depreciation	619,248
Total operating expenses	<u>\$ 3,619,610</u>
Operating income (loss)	<u>\$ 96,399</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 18,085
Connection/capacity fees	929,535
Rental income	42,900
South Central Wastewater Authority - debt service	(127,041)
Interest expense	(193,695)
Total nonoperating revenues	<u>\$ 669,784</u>
Income before transfers	<u>\$ 766,183</u>
Transfers in	<u>1,605,550</u>
Change in net assets	<u>\$ 2,371,733</u>
Total net assets - beginning	<u>17,810,829</u>
Total net assets - ending	<u><u>\$ 20,182,562</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, 2008

	<u>Enterprise Funds</u> <u>Water and Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,502,470
Payments for operating activities	(1,883,987)
Payments to employees	<u>(1,408,673)</u>
Net cash provided by operating activities	<u>\$ 209,810</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>\$ 1,553,968</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (621,448)
Connection/capacity charges	929,535
Principal payments on bonds	(546,830)
South Central Wastewater Authority - debt service	(127,041)
Interest payments	<u>(174,188)</u>
Net cash provided by capital and related financing activities	<u>\$ (539,972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 18,085
Rental income	<u>42,900</u>
Net cash provided by investing activities	<u>\$ 60,985</u>
Net increase in cash and cash equivalents	\$ 1,284,791
Cash and cash equivalents - beginning - including restricted	\$ <u>3,310,895</u>
Cash and cash equivalents - ending - including restricted	<u>\$ 4,595,686</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ <u>96,399</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	\$ 619,248
Decrease in accounts receivable	(226,994)
Increase in accounts payable	(282,048)
Increase in accrued leave	(10,250)
Increase customer deposits	13,455
Total adjustments	<u>\$ 113,411</u>
Net cash provided by operating activities	<u>\$ 209,810</u>

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

Statement of Net Assets
 Fiduciary Funds
 At June 30, 2008

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 231,474	\$ 1,622,746
Guaranteed investment contracts	<u>799,568</u>	<u>-</u>
Total assets	<u>\$ 1,031,042</u>	<u>\$ 1,622,746</u>
LIABILITIES		
Amounts held for others	\$ -	\$ 1,622,746
Total liabilities	<u>\$ -</u>	<u>\$ 1,622,746</u>
NET ASSETS		
Held in trust for benefits	<u>\$ 1,031,042</u>	<u>\$ -</u>
Total net assets	<u>\$ 1,031,042</u>	<u>\$ -</u>
Total liabilities and net assets	<u>\$ 1,031,042</u>	<u>\$ 1,622,746</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, 2008

Additions:

Employer contributions	\$ 145,000
Interest income	<u>32,521</u>
 Total additions	 \$ <u>177,521</u>

Deductions:

Members' benefits	\$ 55,768
Insurance	21,405
Professional services	<u>3,000</u>
 Total deductions	 \$ <u>80,173</u>

Change in net assets	\$ 97,348
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Net assets - beginning of year	<u>933,694</u>
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Net assets - end of year	<u><u>\$ 1,031,042</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008

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.

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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

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, 2008.

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, 2008.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

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, 2008 were \$392,814. 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, 2008 were \$1,127,390. 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.

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, 2008 were \$272,955. 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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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 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 \$304,681 to the Library for fiscal 2008. 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 \$89,918 to District 19 CSB. 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.

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 since they do not record equity balances, only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

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

1. Governmental Funds

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

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

1. Governmental Funds: (Continued)

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.

The County reports the following non-major governmental funds:

Fiduciary Funds – account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Trust and Agency Funds. These funds utilize the accrual basis of accounting as described in the Proprietary Funds. Fiduciary funds are not included in the government-wide financial statements. Trust Funds include the Length of Service Award Pension Program. Agency funds include the Special Welfare Fund, Fringe Benefit Fund and the Performance Bond Fund.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

E. Cash and Cash Equivalents:

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

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

F. Investments

Investments are stated at fair value which approximates market; no investments are 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 \$286,737 at June 30, 2008 is comprised of property taxes in the amount of \$243,554 and utility accounts of \$43,183.

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.

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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

H. Capital Assets: (Continued)

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.

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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

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 as well as premiums received are 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.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2008.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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, 2008 were held by the County or in the County's name by the County's custodial banks; except \$38,965,978 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, 2008 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.

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.

Locality's Rated Debt Investments' Values	
	Fair Quality Rating
Rated Debt Investments	AAAm
Local Government Investment Pool	\$ 38,965,978
SNAP	29,518,191
STI Classic Funds	97
Total	\$ <u>68,484,266</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 4—DUE TO/FROM OTHER GOVERNMENTS:

At June 30, 2008, 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	\$ 277,482	\$ -
Social Services	41,648	-
Comprehensive services	166,854	-
Constitutional officer reimbursements	179,477	-
Other funds	37,292	-
State sales tax	-	996,968
Federal Government:		
School fund grants	-	740,278
School food	-	39,495
Social Services	64,565	-
	<u>767,318</u>	<u>1,776,741</u>
Total due from other governments	\$ <u>767,318</u>	\$ <u>1,776,741</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	\$ 291,051	\$ -
Water and Sewer Fund	<u>-</u>	<u>291,051</u>
Total	\$ <u>291,051</u>	\$ <u>291,051</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 6—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2008:

Primary Government:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 7,280,249	\$ -	\$ -	\$ 7,280,249
Construction in progress	<u>-</u>	<u>5,106,749</u>	<u>-</u>	<u>5,106,749</u>
 Total capital assets not being depreciated	 \$ <u>7,280,249</u>	 \$ <u>5,106,749</u>	 \$ <u>-</u>	 \$ <u>12,386,998</u>
 Capital assets being depreciated:				
Buildings and improvements	\$ 23,613,737	\$ -	\$ 11,770	\$ 23,601,967
Machinery and equipment	17,382,383	964,704	527,005	17,820,082
Jointly owned assets	<u>42,408,893</u>	<u>22,237,869</u>	<u>-</u>	<u>64,646,762</u>
 Total capital assets being depreciated	 \$ <u>83,405,013</u>	 \$ <u>23,202,573</u>	 \$ <u>538,775</u>	 \$ <u>106,068,811</u>
 Less accumulated depreciation for:				
Buildings and improvements	\$ 6,069,855	\$ 608,630	\$ -	\$ 6,678,485
Equipment	6,831,034	1,318,789	397,231	7,752,592
Jointly owned assets	<u>10,094,822</u>	<u>5,717,119</u>	<u>-</u>	<u>15,811,941</u>
 Total accumulated depreciation	 \$ <u>22,995,711</u>	 \$ <u>7,644,538</u>	 \$ <u>397,231</u>	 \$ <u>30,243,018</u>
 Total capital assets being depreciated, net	 \$ <u>60,409,302</u>	 \$ <u>15,558,035</u>	 \$ <u>141,544</u>	 \$ <u>75,825,793</u>
 Governmental activities capital assets, net	 \$ <u>67,689,551</u>	 \$ <u>20,664,784</u>	 \$ <u>141,544</u>	 \$ <u>88,212,791</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 101,371	\$ -	\$ -	\$ 101,371
Construction in progress	<u>1,416,314</u>	<u>609,442</u>	<u>2,025,756</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 1,517,685</u>	<u>\$ 609,442</u>	<u>\$ 2,025,756</u>	<u>\$ 101,371</u>
Capital assets being depreciated:				
Utility Plant	\$ 27,537,950	\$ 2,025,756	\$ -	\$ 29,563,706
Vehicles and equipment	<u>364,634</u>	<u>17,752</u>	<u>-</u>	<u>382,386</u>
Total capital assets being depreciated	<u>\$ 27,902,584</u>	<u>\$ 2,043,508</u>	<u>\$ -</u>	<u>\$ 29,946,092</u>
Less accumulated depreciation for:				
Utility Plant	\$ 9,454,603	\$ 586,197	\$ -	\$ 10,040,800
Vehicles and equipment	<u>208,393</u>	<u>33,051</u>	<u>-</u>	<u>241,444</u>
Total accumulated depreciation	<u>\$ 9,662,996</u>	<u>\$ 619,248</u>	<u>\$ -</u>	<u>\$ 10,282,244</u>
Total capital assets being depreciated, net	<u>\$ 18,239,588</u>	<u>\$ 1,424,260</u>	<u>\$ -</u>	<u>\$ 19,663,848</u>
Business-type activities capital assets, net	<u>\$ 19,757,273</u>	<u>\$ 2,033,702</u>	<u>\$ 2,025,756</u>	<u>\$ 19,765,219</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital assets, not being depreciated:				
Land	\$ 1,066,842	\$ -	\$ -	\$ 1,066,842
Total capital assets not being depreciated	\$ 1,066,842	\$ -	\$ -	\$ 1,066,842
Capital assets being depreciated:				
Buildings and improvements	\$ 19,179,229	\$ -	\$ 17,638,039	\$ 1,541,190
Equipment	6,196,942	351,996	329,751	6,219,187
Total capital assets being depreciated	\$ 25,376,171	\$ 351,996	\$ 17,967,790	\$ 7,760,377
Less accumulated depreciation for:				
Buildings and improvements	\$ 4,565,337	\$ 47,725	\$ 4,236,103	\$ 376,959
Equipment	4,082,837	454,298	329,751	4,207,384
Total accumulated depreciation	\$ 8,648,174	\$ 502,023	\$ 4,565,854	\$ 4,584,343
Total capital assets being depreciated, net	\$ 16,727,997	\$ (150,027)	\$ 13,401,936	\$ 3,176,034
School Board capital assets, net	<u>\$ 17,794,839</u>	<u>\$ (150,027)</u>	<u>\$ 13,401,936</u>	<u>\$ 4,242,876</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

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

Governmental activities:	
General government	\$ 301,748
Judicial administration	187,567
Public safety	1,272,154
Public works	41,359
Health and welfare	47,846
Education	1,481,016
Parks, recreation and cultural	65,616
Community development	<u>11,129</u>
Total Governmental activities	\$ 3,408,435
* Transfer of jointly owned assets	<u>4,236,103</u>
Total accumulated depreciation increase	<u>\$ 7,644,538</u>
Business-type activities	<u>\$ 619,248</u>
Component Unit School Board	<u>\$ 502,023</u>

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2008, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 11,209,758
Proprietary Funds	1,605,550	-
County Capital Projects Fund	3,458,079	60,113
Debt Service Fund	5,463,792	-
Non-major Fund	<u>900,000</u>	<u>157,550</u>
Total	<u>\$ 11,427,421</u>	<u>\$ 11,427,421</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, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS:

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

Primary Government:

The following is a summary of long-term obligation transactions for the year ended June 30, 2008:

	Amounts Payable at June 30, 2007	Increases	Decreases	Amounts Payable at June 30, 2008	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 1,122,877	\$ 241,444	\$ 235,001	\$ 1,129,320	\$ 11,293
General obligation bonds	<u>25,115,631</u>	<u>21,450,000</u>	<u>1,992,126</u>	<u>44,573,505</u>	<u>6,587,429</u>
Total incurred by County	<u>\$ 26,238,508</u>	<u>\$ 21,691,444</u>	<u>\$ 2,227,127</u>	<u>\$ 45,702,825</u>	<u>\$ 6,598,722</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 920,000	-	\$ 115,000	\$ 805,000	\$ 115,000
General Obligation Bonds	31,415,317	18,450,000	1,835,496	48,029,821	2,184,526
Premium on Bonds Payable	<u>403,666</u>	<u>-</u>	<u>21,245</u>	<u>382,421</u>	<u>21,245</u>
Total incurred by School Board	<u>\$ 32,738,983</u>	<u>\$ 18,450,000</u>	<u>\$ 1,971,741</u>	<u>\$ 49,217,242</u>	<u>\$ 2,320,771</u>
Total Governmental Obligations	<u>\$ 58,977,491</u>	<u>\$ 40,141,444</u>	<u>\$ 4,198,868</u>	<u>\$ 94,920,067</u>	<u>\$ 8,919,493</u>

The general fund revenues are used to liquidate compensated absences.

	Amounts Payable at July 1, 2007	Increases	Decreases	Amounts Payable at June 30, 2008	Amounts Due Within One Year
Enterprise Obligations:					
Compensated absences	\$ 61,969	\$ 8,452	\$ 12,955	\$ 57,466	\$ 5,747
General obligation bonds	<u>4,358,110</u>	<u>-</u>	<u>546,830</u>	<u>3,811,280</u>	<u>324,700</u>
Total Enterprise Obligations	<u>\$ 4,420,079</u>	<u>\$ 8,452</u>	<u>\$ 559,785</u>	<u>\$ 3,868,746</u>	<u>\$ 330,447</u>

COUNTY OF PRINCE GEORGE, VIRGINIANotes to Financial Statements
As of June 30, 2008 (Continued)**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)****Primary Government: (Continued)**

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

<u>Year Ending</u> <u>June 30,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 6,587,429	\$ 1,461,614
2010	1,840,616	1,362,638
2011	1,893,576	1,293,485
2012	14,372,261	1,034,201
2013	2,059,429	769,268
2014	2,148,821	685,591
2015	1,425,774	616,488
2016	1,550,606	563,667
2017	1,600,279	506,134
2018	1,433,683	451,063
2019	1,484,954	398,223
2020	709,504	342,489
2021	738,685	312,808
2022	768,603	281,890
2023	804,285	249,708
2024	255,000	215,981
2025	265,000	205,781
2026	275,000	195,181
2027	285,000	184,181
2028	300,000	172,425
2029	310,000	160,050
2030	325,000	147,263
2031	340,000	133,450
2032	350,000	119,000
2033	365,000	104,125
2034	380,000	88,613
2035	400,000	72,463
2036	415,000	55,463
2037	435,000	37,825
2038	455,000	19,335
Total	<u>\$ 44,573,505</u>	<u>\$ 12,240,403</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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
2009	\$ 115,000	\$ 16,100	\$ 2,184,526	\$ 2,147,820	\$ 324,700	\$ 151,611
2010	115,000	13,800	2,251,104	2,053,280	393,676	137,073
2011	115,000	11,500	2,344,204	1,933,422	412,657	120,859
2012	115,000	9,200	2,431,657	1,813,536	428,841	103,475
2013	115,000	6,900	10,827,458	1,549,260	448,873	84,943
2014	115,000	4,600	2,618,800	1,281,704	468,816	65,260
2015	115,000	2,300	2,722,541	1,152,409	208,620	48,775
2016	-	-	2,833,712	1,016,530	218,183	40,437
2017	-	-	2,946,554	873,753	159,797	31,715
2018	-	-	3,061,154	724,718	165,994	25,427
2019	-	-	1,728,434	607,329	137,339	19,268
2020	-	-	1,788,269	521,830	142,503	14,007
2021	-	-	1,859,666	429,678	147,861	8,548
2022	-	-	840,165	361,722	153,420	2,884
2023	-	-	873,002	318,947	-	-
2024	-	-	905,318	275,693	-	-
2025	-	-	932,666	235,807	-	-
2026	-	-	965,591	194,740	-	-
2027	-	-	495,000	164,456	-	-
2028	-	-	515,000	144,038	-	-
2029	-	-	535,000	122,794	-	-
2030	-	-	555,000	100,725	-	-
2031	-	-	580,000	77,138	-	-
2032	-	-	605,000	52,488	-	-
2033	-	-	630,000	26,775	-	-
Total	\$ <u>805,000</u>	\$ <u>64,400</u>	\$ <u>48,029,821</u>	\$ <u>18,180,592</u>	\$ <u>3,811,280</u>	\$ <u>854,282</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

General Obligations—Incurred by the County:

The following is a summary of 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.	\$ 500,880
\$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%	1,173,677
\$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%	92,796
\$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%	189,590
\$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	3,180,625
\$8,000,000 General Obligation Note 2003B series issued January 24, 2003 due in varying annual installments through February 1, 2023, interest payable semiannually	6,529,978
\$9,500,000 General Obligation Bond issued January 22, 2004 due in varying installments through January 1, 2019, interest payable semiannually at 3.64%	7,431,859
\$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
\$1,700,000 General Obligation Note, Series 2007A issued July 3, 2007 due on July 1, 2017, interest payable semiannually at 3.97%	1,700,000

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

General Obligations—Incurred by the County: (Continued)

\$12,400,000 Revenue Anticipation Note, issued February 20, 2008 Payable on August 1, 2011, interest payable semiannually at 3.00%	\$ 12,400,000
\$7,350,000 Public Improvement Bond, issued February 20, 2008, due in various semi-annual payments through February 1, 2038, interest payable semiannually at 4.25%	7,350,000
\$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>1,668,300</u>
Total General Obligation Bonds	\$ <u>44,573,505</u>
Compensated absences	\$ <u>1,129,320</u>
Total incurred by the County	\$ <u>45,702,825</u>

General Obligations—Incurred by the School Board:

The following is a summary of long-term obligations incurred by the School Board:

Premium on bond	\$ <u>382,421</u>
<u>State Literary Fund Loans:</u>	
\$500,000, issued May 26, 1995, due in annual installments of \$25,000 through July 1, 2015, interest payable annually at 2%	\$ 175,000
\$1,000,000 issued May 26, 1995, due in annual installments of \$50,000 through July 1, 2015, interest payable annually at 2%	350,000
\$800,000, issued May 26, 1995, due in annual installments of \$40,000 through July 1, 2015, interest payable annually at 2%	<u>280,000</u>
Total State Literary Fund Loans	\$ <u>805,000</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

General Obligations—Incurred by the School Board: (Continued)

General Obligation Bonds:

\$3,843,528 issued June, 1998 due in semiannual installments of varying amounts and interest rates through January, 2018.	\$ 2,160,764
\$14,540,000 issued June, 1998 due in semiannual installments of varying amounts and interest rates through July, 2017	9,170,000
\$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%	7,291,190
\$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%	3,810,000
\$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semiannually at 4.06%	7,147,867
\$8,300,000 Public Facilities Note issued November 29, 2007, payable in semi-annual installments through August 15, 2012, interest at 3.49%	8,300,000
\$10,150,000 Public Improvement Bond issued February 20, 2008, payable in semi-annual installments through February 1, 2038, interest at 4.25%	<u>10,150,000</u>
Total General Obligation Bonds	\$ <u>48,029,821</u>
Total Incurred by School Board	\$ <u>49,217,242</u>
Total Governmental Long-term Obligations	\$ <u><u>94,920,067</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Incurred by Enterprise Fund:

The following is a summary of obligations:

General Obligation Bonds:

\$457,000 Water and Sewer Improvement bonds, dated March 13, 1999, interest at 4.3% through 2036	\$ 279,802
\$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%	593,842
\$902,022 General Obligation Note Series 2001, issued November 1, 2001, due in varying annual installments through June 15, 2016, interest at 4.15%	440,650
\$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	334,120
\$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	454,375
\$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>1,708,491</u>
Total General Obligation Bonds	\$ 3,811,280
Compensated Absences	<u>57,466</u>
Total Incurred by Enterprise Fund	<u>\$ 3,868,746</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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, 2008:

	<u>Amounts Payable July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable	\$ 373,218	\$ 30,154	\$ 15,525	\$ 387,847	\$ 38,784
Total	<u>\$ 373,218</u>	<u>\$ 30,154</u>	<u>\$ 15,525</u>	<u>\$ 387,847</u>	<u>\$ 38,784</u>

NOTE 9—DEFERRED REVENUE:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$2,158,688 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,036,110 at June 30, 2008.

Prepaid Property Taxes – Property taxes due subsequent to June 30, 2008 but paid in advance by the taxpayers totaled \$1,082,618 at June 30, 2008.

Grants received but unearned total \$39,960 at June 30, 2008.

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, 2008 (Continued)

NOTE 10—CONTINGENT LIABILITIES: (CONTINUED)

At June 30, 2008, the County had the following construction contracts outstanding:

	<u>Project</u>	<u>Contractor</u>	<u>Balance June 30, 2008</u>
Schools	North Elementary	Southwood Builders	\$ 12,989,703
Schools	North Elementary	Timmons Group	155,674
Schools	North Elementary	A&J Technology	71,008
Schools	North Elementary	Verizon	<u>75,099</u>
	Total		\$ <u>13,291,484</u>
Economic Development	Crosspointe Centre	Ch2Mill	\$ <u>177,678</u>

NOTE 11—LITIGATION:

At June 30, 2008, 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, 2008 (Continued)

NOTE 13—DEFINED BENEFIT PENSION PLAN:

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)

The County contributes to the Virginia Retirement System (VRS). 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 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% to sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2007AnnuRept.pdf> or obtained by writing to the System 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 annual salary 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 Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional employee contribution rates for the fiscal year ended 2008 were 11.91% and 9.5% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$2,858,358, \$2,455,996 and \$1,683,537, to the teacher cost-sharing pool for the fiscal years ended June 30, 2008, 2007 and 2006, respectively and these contributions represented 10.30%, 9.20% and 6.62%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2008, the County's annual pension cost of \$1,216,007 was equal to the County's required and actual contributions.

For fiscal year 2008, the County School Board's annual pension cost for the Board's non-professional employees was \$401,465 which was equal to the Board's required and actual contributions.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

C. Annual Pension Cost: (Continued)

Three-Year Trend Information for the County and School Board				
Fiscal Year Ending		Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:				
June 30, 2008	\$	1,216,007	100%	-
June 30, 2007		1,100,707	100%	-
June 30, 2006		944,319	100%	-
School Board:				
Non-Professional:				
June 30, 2008	\$	401,465	100%	-
June 30, 2007		383,235	100%	-
June 30, 2006		247,154	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.50% to 5.73% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County's and the County School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

D. Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the County's plan was 78.02% funded. The actuarial accrued liability for benefits was \$31,195,474, and the actuarial value of assets was \$24,340,180, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,855,294. The covered payroll (annual payroll of active employees covered by the plan) was \$9,208,837 and ratio of the UAAL to the covered payroll was 74.44%.

As of June 30, 2007 the most recent actuarial valuation date, the County School Board's plan was 78.34% funded. The actuarial accrued liability for benefits was \$12,062,679, and the actuarial value of assets was \$9,449,813, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,612,866. The covered payroll (annual payroll of active employees covered by the plan) was \$4,092,313, and ratio of UAAL to the covered payroll was (63.85%).

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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, 2008 the program membership consisted of the following:

Eligible Members	98
Retirees and beneficiaries	28

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.

The contributions to the plan for the fiscal year ended June 30, 2008 totaled \$145,500. 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, 2008 the plan had net assets available for benefits totaling \$904,966. Unfunded past service costs total \$386,085 and will be fully amortized in 5 years. The plan additions fund the cost of administering the plan.

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC</u> <u>Contributed</u>
County:		
June 30, 2008	\$ 99,784	100%
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, 2008 consist of guaranteed investment contracts which have a value of \$946,212 at June 30, 2008.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

Required Supplementary Information

Note to Required Supplementary Information:

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

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General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 24,604,736	\$ 24,604,736	\$ 25,959,745	\$ 1,355,009
Other local taxes	5,363,200	5,363,200	6,436,138	1,072,938
Permits, privilege fees, and regulatory licenses	833,900	866,900	1,032,075	165,175
Fines and forfeitures	281,800	281,800	336,579	54,779
Revenue from the use of money and property	724,600	724,600	1,167,774	443,174
Charges for services	1,169,726	1,177,461	1,000,117	(177,344)
Miscellaneous	10,100	60,018	197,875	137,857
Recovered costs	322,568	360,868	502,252	141,384
Intergovernmental revenues:				
Commonwealth	8,120,597	8,390,089	8,315,129	(74,961)
Federal	1,349,690	1,423,902	1,071,736	(352,166)
Total revenues	<u>\$ 42,780,917</u>	<u>\$ 43,253,574</u>	<u>\$ 46,019,420</u>	<u>\$ 2,765,846</u>
EXPENDITURES				
Current:				
General government administration:				
Legislative:				
Board of supervisors	\$ 268,750	\$ 323,288	\$ 321,053	\$ 2,235
General and financial administration:				
County administrator	\$ 550,860	\$ 595,860	\$ 595,555	\$ 305
Human resources	284,516	284,516	284,455	61
Legal services	165,544	165,544	158,998	6,546
Commissioner of revenue	374,025	374,025	310,819	63,206
Treasurer	475,753	475,753	452,105	23,648
Assessor	480,093	480,093	469,632	10,461
Finance	465,712	491,784	491,784	-
Information Technology	558,090	587,390	556,307	31,083
County garage	374,453	374,453	369,690	4,763
Other general and financial administration	777,557	761,378	56,327	705,051
Total general and financial administration	<u>\$ 4,506,603</u>	<u>\$ 4,590,796</u>	<u>\$ 3,745,672</u>	<u>\$ 845,124</u>
Board of elections:				
Electoral board and officials	\$ 43,290	\$ 43,290	\$ 42,745	\$ 545
Registrar	155,868	155,868	154,706	1,162
Total board of elections	<u>\$ 199,158</u>	<u>\$ 199,158</u>	<u>\$ 197,451</u>	<u>\$ 1,707</u>
Total general government administration	<u>\$ 4,974,511</u>	<u>\$ 5,113,242</u>	<u>\$ 4,264,176</u>	<u>\$ 849,066</u>
Judicial administration:				
Courts:				
Circuit court	\$ 86,612	\$ 90,112	\$ 90,105	\$ 7
General district court	31,170	30,373	24,823	5,550
Magistrate	1,325	1,325	359	966
Sheriff	866,353	867,203	828,456	38,747
Drug court	26,417	26,417	20,406	6,011
Law library	7,500	17,500	7,222	10,278

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Courts: (Continued)				
Victim witness	\$ 66,566	\$ 66,566	\$ 64,284	\$ 2,282
RCC Family rise	-	30,306	27,050	3,256
Drug court grant	-	92,400	40,331	52,069
Clerk of Circuit Court	423,690	422,487	422,487	-
Total courts	\$ 1,509,633	\$ 1,644,689	\$ 1,525,523	\$ 119,166
Commonwealth's attorney:				
Commonwealth's attorney	\$ 465,124	\$ 498,228	\$ 386,465	\$ 111,763
Total judicial administration	\$ 1,974,757	\$ 2,142,917	\$ 1,911,988	\$ 230,929
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 4,116,299	\$ 4,124,157	\$ 4,119,706	\$ 4,451
Law enforcement grants	-	53,706	37,421	16,285
Crater police academy & emergency communication center	948,180	975,292	964,310	10,982
Total law enforcement and traffic control	\$ 5,064,479	\$ 5,153,155	\$ 5,121,437	\$ 31,718
Fire and rescue services:				
Volunteer fire departments	\$ 294,352	\$ 300,448	\$ 282,225	\$ 18,223
Volunteer emergency crew	126,700	126,750	126,675	75
LOSAP volunteers	145,000	145,000	145,000	-
Recruitment and retention grant	-	10,269	1,074	9,195
Fire and rescue service	1,424,401	1,487,561	1,399,867	87,694
Total fire and rescue services	\$ 1,990,453	\$ 2,070,028	\$ 1,954,841	\$ 115,187
Correction and detention:				
Confinement and care of prisoners	\$ 1,462,107	\$ 1,462,107	\$ 1,412,316	\$ 49,791
Juvenile probation	95,727	95,727	93,883	1,844
Court services	13,900	12,400	693	11,707
Video arraignment	5,000	5,000	3,517	1,483
Electronic monitoring	5,400	5,400	600	4,800
Community correction / probation	335,088	335,731	335,731	-
Pretrial program	227,445	227,615	227,615	-
Local Community Corrections	107,097	144,233	103,542	40,691
Total correction and detention	\$ 2,251,764	\$ 2,288,213	\$ 2,177,897	\$ 110,316
Inspections:				
Building	\$ 837,342	\$ 870,342	\$ 687,814	\$ 182,528
Other protection:				
Animal control	\$ 321,409	\$ 321,409	\$ 307,621	\$ 13,788
Emergency services	28,470	78,470	22,560	55,910
Total other protection	\$ 349,879	\$ 399,879	\$ 330,181	\$ 69,698
Total public safety	\$ 10,493,917	\$ 10,781,617	\$ 10,272,170	\$ 509,447

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 422,644	\$ 429,601	\$ 356,776	\$ 72,825
Central Virginia Waste Management Authority	18,300	18,300	17,520	780
Total sanitation and waste removal	\$ 440,944	\$ 447,901	\$ 374,296	\$ 73,605
Maintenance of general buildings and grounds:				
General properties	\$ 1,547,433	\$ 1,562,079	\$ 1,477,239	\$ 84,840
Engineering	28,514	28,514	25,361	3,153
Total maintenance of general buildings and grounds	\$ 1,575,947	\$ 1,590,593	\$ 1,502,600	\$ 87,993
Total public works	\$ 2,016,891	\$ 2,038,494	\$ 1,876,896	\$ 161,598
Health and welfare:				
Health:				
Supplement of local health department	\$ 214,655	\$ 214,655	\$ 214,655	\$ -
Mental health and mental retardation:				
District 19 CSB	\$ 89,918	\$ 89,918	\$ 89,918	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,130,645	\$ 2,130,645	\$ 1,713,985	\$ 416,660
Comprehensive services	600,000	1,018,045	872,046	145,999
Disability Services Board	15,800	19,575	12,807	6,768
Other social services	18,814	18,814	12,199	6,615
Housing assistance	198,402	203,402	185,540	17,862
Tax Relief for the Elderly & Disabled	165,000	165,000	-	165,000
Revenue maximization	27,400	27,400	21,099	6,301
Total welfare	\$ 3,156,061	\$ 3,582,881	\$ 2,817,676	\$ 765,205
Total health and welfare	\$ 3,460,634	\$ 3,887,454	\$ 3,122,249	\$ 765,205
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	\$ 11,093,548	\$ 11,093,548	\$ 9,784,386	\$ 1,309,162
Contribution to local colleges	27,538	27,538	27,538	-
Total education	\$ 11,121,086	\$ 11,121,086	\$ 9,811,924	\$ 1,309,162
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 698,179	\$ 720,079	\$ 675,757	\$ 44,322

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to regional library	\$ 304,681	\$ 304,681	\$ 304,681	\$ -
Total parks, recreation, and cultural	\$ 1,002,860	\$ 1,024,760	\$ 980,438	\$ 44,322
Community development:				
Planning and community development:				
Planning department	\$ 433,632	\$ 441,632	\$ 405,967	\$ 35,665
Zoning board	5,370	5,370	1,560	3,810
Planning district commission	23,725	23,725	23,725	-
Planning commission	27,460	27,460	22,253	5,207
Indoor plumbing and rehabilitation grant	228,300	303,300	213,912	89,388
Geographic information systems	151,322	164,322	136,872	27,450
Total planning and community development	\$ 869,809	\$ 965,809	\$ 804,289	\$ 161,520
Environmental management:				
Contribution to soil and water conservation district	\$ 10,000	\$ 12,400	\$ 12,400	\$ -
Litter control program	26,370	38,652	38,652	-
Resource conservation and development council	3,000	3,000	3,000	-
Total environmental management	\$ 39,370	\$ 54,052	\$ 54,052	\$ -
Cooperative extension program:				
Extension office	\$ 79,809	\$ 79,809	\$ 74,701	\$ 5,108
Total community development	\$ 988,988	\$ 1,099,670	\$ 933,042	\$ 166,628
Total expenditures	\$ 36,033,644	\$ 37,209,240	\$ 33,172,883	\$ 4,036,357
Excess (deficiency) of revenues over (under) expenditures	\$ 6,747,273	\$ 6,044,334	\$ 12,846,537	\$ 6,802,203
OTHER FINANCING SOURCES (USES)				
Transfers (out)	\$ (9,444,087)	\$ (11,476,567)	\$ (11,209,758)	\$ 266,809
Total other financing sources and (uses)	\$ (9,444,087)	\$ (11,476,567)	\$ (11,209,758)	\$ 266,809
Net change in fund balances	\$ (2,696,814)	\$ (5,432,233)	\$ 1,636,779	\$ 7,069,012
Fund balances - beginning	2,696,814	5,432,233	18,426,065	12,993,832
Fund balances - ending	\$ -	\$ -	\$ 20,062,844	\$ 20,062,844

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

Virginia Retirement System

County

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2007	\$ 24,340,180	\$ 31,195,474	\$ 6,855,294	78.02%	\$ 9,208,837	74.44%
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%

School Board Non-professionals:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2007	\$ 9,449,813	\$ 12,062,679	\$ 2,612,866	78.34%	\$ 4,092,313	63.85%
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%

Length of Service Awards Pension Program:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)
(1)	(2)	(3)	(4)	(5)
1/1/2008	\$ 904,966	\$ 1,291,051	\$ 386,085	70.10%
1/1/2007	942,736	1,251,161	308,436	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%

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Other Supplementary Information

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County Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources:				
Revenue from the use of money and property	\$ -	\$ 1,347,300	\$ 473,981	\$ (873,319)
Miscellaneous	-	-	67,720	67,720
Intergovernmental revenues:				
Commonwealth	-	5,079,344	3,777,519	(1,301,825)
Total revenues	\$ -	\$ 6,426,644	\$ 4,319,220	\$ (2,107,424)
EXPENDITURES				
Current:				
General government administration				
County administration building	\$ -	\$ 202,486	\$ (17,191)	\$ 219,677
Financial system replacement	-	529,795	43,871	485,924
Miscellaneous outlays / projects	-	194,009	129,340	64,669
Total general government	\$ -	\$ 926,290	\$ 156,020	\$ 770,270
Public safety				
Fire / EMS apparatus	\$ 233,622	\$ 256,178	\$ -	\$ 256,178
Building inspector software	-	39,300	217	39,083
Police vehicles	240,300	252,443	252,341	102
Radio Communications project	-	167,762	118,335	49,427
PGPD project	-	325,000	21,508	303,492
New animal shelter	747,510	1,247,510	12,175	1,235,335
Total public safety	\$ 1,221,432	\$ 2,288,193	\$ 404,576	\$ 1,883,617
Public works				
Convenience center improvements	\$ 90,000	\$ 85,000	\$ 71,629	\$ 13,371
Route 10 waterline	-	467,500	10,870	456,630
Miscellaneous outlays / projects	-	378,569	73,156	305,413
Total public works	\$ 90,000	\$ 931,069	\$ 155,655	\$ 775,414
Education				
School Board Administration building	\$ -	\$ 8,050	\$ -	\$ 8,050
School buses	250,000	250,000	229,161	20,839
North Elementary School	19,500,000	20,551,122	5,009,271	15,541,851
Total education	\$ 19,750,000	\$ 20,809,172	\$ 5,238,432	\$ 15,570,740

County Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2008 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES: (CONTINUED)				
Parks, recreation, and cultural:				
Riverside Park Access Road	\$ -	\$ 363,844	\$ 2,614	\$ 361,230
Park and playground development	-	230,000	229,000	1,000
Library	-	500,000	-	500,000
Riverside Park	-	205,484	4,569	200,915
Total parks, recreation and cultural	\$ -	\$ 1,299,328	\$ 236,183	\$ 1,063,145
Community development:				
Economic development site acquisition	\$ 1,590,000	\$ 1,750,000	\$ 1,748,159	\$ 1,841
Crosspointe center development	-	23,575,354	2,033,597	21,541,757
Economic development incentive reserve	-	250,000	-	250,000
Lamore relocation project	-	1,480,033	1,264,685	215,348
Total community development	\$ 1,590,000	\$ 27,055,387	\$ 5,046,441	\$ 22,008,946
Total expenditures	\$ 22,651,432	\$ 53,309,439	\$ 11,237,307	\$ 42,072,132
Excess (deficiency) of revenues over (under) expenditures	\$ (22,651,432)	\$ (46,882,795)	\$ (6,918,087)	\$ 39,964,708
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,713,486	\$ 3,458,079	\$ 3,458,079	\$ -
Transfers (out)	-	(60,113)	(60,113)	-
Premium on debt issued	-	-	168,962	168,962
Issuance of debt	18,937,946	39,535,178	38,688,957	(846,221)
Total other financing sources and (uses)	\$ 22,651,432	\$ 42,933,144	\$ 42,255,885	\$ (677,259)
Net change in fund balances	\$ -	\$ (3,949,651)	\$ 35,337,798	\$ 39,287,449
Fund balances - beginning	-	3,949,651	4,040,010	90,359
Fund balances - ending	\$ -	\$ -	\$ 39,377,808	\$ 39,377,808

County Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 30,000	\$ 30,000	\$ 5,283	\$ (24,717)
Intergovernmental revenues:				
Commonwealth	196,014	196,014	195,845	(169)
Total revenues	<u>\$ 226,014</u>	<u>\$ 226,014</u>	<u>\$ 201,128</u>	<u>\$ (24,886)</u>
EXPENDITURES				
Debt Service - School Obligations:				
Principal retirement	\$ 1,950,554	\$ 1,950,554	\$ 1,950,496	\$ 58
Interest and other fiscal charges	<u>1,990,611</u>	<u>1,990,611</u>	<u>1,658,853</u>	<u>331,758</u>
Total debt service school obligations	<u>\$ 3,941,165</u>	<u>\$ 3,941,165</u>	<u>\$ 3,609,349</u>	<u>\$ 331,816</u>
Debt Service - County Obligations:				
Principal retirement	\$ 1,229,750	\$ 1,271,734	\$ 1,271,462	\$ 272
Interest and other fiscal charges	<u>785,700</u>	<u>785,700</u>	<u>784,109</u>	<u>1,591</u>
Total debt service county obligations	<u>\$ 2,015,450</u>	<u>\$ 2,057,434</u>	<u>\$ 2,055,571</u>	<u>\$ 1,863</u>
Total:				
Principal retirement	\$ 3,180,304	\$ 3,222,288	\$ 3,221,958	\$ 330
Interest and other fiscal charges	<u>2,776,311</u>	<u>2,776,311</u>	<u>2,442,962</u>	<u>333,349</u>
Total debt service obligations	<u>\$ 5,956,615</u>	<u>\$ 5,998,599</u>	<u>\$ 5,664,920</u>	<u>\$ 333,679</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,730,601)</u>	<u>\$ (5,772,585)</u>	<u>\$ (5,463,792)</u>	<u>\$ 308,793</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 5,730,601</u>	<u>\$ 5,772,585</u>	<u>\$ 5,463,792</u>	<u>\$ (308,793)</u>
Total other financing sources and uses	<u>\$ 5,730,601</u>	<u>\$ 5,772,585</u>	<u>\$ 5,463,792</u>	<u>\$ (308,793)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	<u>Economic Development Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Tourism Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,442,790	\$ 54,022	\$ 400,721	\$ 1,897,533
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	150	-	150
Taxes receivable	68,084	-	-	68,084
Total assets	<u>\$ 1,510,874</u>	<u>\$ 54,172</u>	<u>\$ 400,721</u>	<u>\$ 1,965,767</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 15,156	\$ 11,091	\$ -	\$ 26,247
Total liabilities	<u>\$ 15,156</u>	<u>\$ 11,091</u>	<u>\$ -</u>	<u>\$ 26,247</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditures	\$ 1,495,718	\$ 43,081	\$ 400,721	\$ 1,939,520
Total fund balances	<u>\$ 1,495,718</u>	<u>\$ 43,081</u>	<u>\$ 400,721</u>	<u>\$ 1,939,520</u>
Total liabilities and fund balances	<u>\$ 1,510,874</u>	<u>\$ 54,172</u>	<u>\$ 400,721</u>	<u>\$ 1,965,767</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	<u>Economic Development Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Tourism Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Other local taxes	\$ 630,796	\$ -	\$ 328,297	\$ 959,093
Miscellaneous	-	1,359	-	1,359
Intergovernmental revenues:				
Commonwealth	-	32,934	-	32,934
Federal	24,000	-	-	24,000
Total revenues	<u>\$ 654,796</u>	<u>\$ 34,293</u>	<u>\$ 328,297</u>	<u>\$ 1,017,386</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 13,404	\$ -	\$ 13,404
Community Development	829,532	-	180,000	1,009,532
Debt service:				
Principal retirement	720,664	-	-	720,664
Interest and other fiscal charges	230,417	-	-	230,417
Total expenditures	<u>\$ 1,780,613</u>	<u>\$ 13,404</u>	<u>\$ 180,000</u>	<u>\$ 1,974,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,125,817)</u>	<u>\$ 20,889</u>	<u>\$ 148,297</u>	<u>\$ (956,631)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 900,000	\$ -	\$ -	\$ 900,000
Transfers (out)	-	-	(157,550)	(157,550)
Issuance of debt	1,211,043	-	-	1,211,043
Total other financing sources and uses	<u>\$ 2,111,043</u>	<u>\$ -</u>	<u>\$ (157,550)</u>	<u>\$ 1,953,493</u>
Net change in fund balances	\$ 985,226	\$ 20,889	\$ (9,253)	\$ 996,862
Fund balances - beginning	510,492	22,192	409,974	942,658
Fund balances - ending	<u>\$ 1,495,718</u>	<u>\$ 43,081</u>	<u>\$ 400,721</u>	<u>\$ 1,939,520</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, 2008

	Economic Development Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ 550,000	\$ 550,000	\$ 630,796	\$ 80,796
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	25,000	25,000	24,000	(1,000)
Total revenues	<u>\$ 575,000</u>	<u>\$ 575,000</u>	<u>\$ 654,796</u>	<u>\$ 79,796</u>
EXPENDITURES				
Current:				
Public Safety:				
Law enforcement and traffic control:				
Drug enforcement	\$ -	\$ -	\$ -	\$ -
Community Development:				
Planning and community development:				
Tourism initiatives	\$ -	\$ -	\$ -	\$ -
Economic development	429,072	809,149	829,532	(20,383)
Total community development	<u>\$ 429,072</u>	<u>\$ 809,149</u>	<u>\$ 829,532</u>	<u>\$ (20,383)</u>
Debt service:				
Principal retirement	\$ 95,200	\$ 721,103	\$ 720,664	\$ 439
Interest and other fiscal charges	232,150	1,209,785	230,417	979,368
Total debt service	<u>\$ 327,350</u>	<u>\$ 1,930,888</u>	<u>\$ 951,081</u>	<u>\$ 979,807</u>
Total expenditures	<u>\$ 756,422</u>	<u>\$ 2,740,037</u>	<u>\$ 1,780,613</u>	<u>\$ 959,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (181,422)</u>	<u>\$ (2,165,037)</u>	<u>\$ (1,125,817)</u>	<u>\$ 1,039,220</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 625,903	\$ 900,000	\$ 274,097
Transfers (out)	-	-	-	-
Issuance of debt	-	1,158,592	1,211,043	52,451
Total other financing sources and (uses)	<u>\$ -</u>	<u>\$ 1,784,495</u>	<u>\$ 2,111,043</u>	<u>\$ 326,548</u>
Net change in fund balances	\$ (181,422)	\$ (380,542)	\$ 985,226	\$ 1,365,768
Fund balances - beginning	181,422	380,542	510,492	129,950
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,495,718</u>	<u>\$ 1,495,718</u>

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	\$ 328,297	\$ 58,297
-	-	1,359	1,359	-	-	-	-
-	54,538	32,934	(21,604)	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 54,538</u>	<u>\$ 34,293</u>	<u>\$ (20,245)</u>	<u>\$ 270,000</u>	<u>\$ 270,000</u>	<u>\$ 328,297</u>	<u>\$ 58,297</u>
\$ -	\$ 54,538	\$ 13,404	\$ 41,134	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 112,450	\$ 197,468	\$ 180,000	\$ 17,468
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,450</u>	<u>\$ 197,468</u>	<u>\$ 180,000</u>	<u>\$ 17,468</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 54,538	\$ 13,404	\$ 41,134	\$ 112,450	\$ 197,468	\$ 180,000	\$ 17,468
\$ -	\$ -	\$ 20,889	\$ 20,889	\$ 157,550	\$ 72,532	\$ 148,297	\$ 75,765
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(157,550)	(157,550)	(157,550)	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (157,550)</u>	<u>\$ (157,550)</u>	<u>\$ (157,550)</u>	<u>\$ -</u>
\$ -	\$ -	\$ 20,889	\$ 20,889	\$ -	\$ (85,018)	\$ (9,253)	\$ 75,765
-	-	22,192	22,192	-	85,018	409,974	324,956
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,081</u>	<u>\$ 43,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,721</u>	<u>\$ 400,721</u>

Combining Balance Sheet
 Agency Funds
 At June 30, 2008

	Agency Funds			
	Special Welfare Fund	Fringe Benefits Fund	Performance Bond Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,768	\$ 1,354,745	\$ 266,233	\$ 1,622,746
Total assets	<u>\$ 1,768</u>	<u>\$ 1,354,745</u>	<u>\$ 266,233</u>	<u>\$ 1,622,746</u>
LIABILITIES				
Amounts held for others	\$ 1,768	\$ 1,354,745	\$ 266,233	\$ 1,622,746
Total liabilities	<u>\$ 1,768</u>	<u>\$ 1,354,745</u>	<u>\$ 266,233</u>	<u>\$ 1,622,746</u>

Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2008

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>3,024</u>	\$ <u>5,937</u>	\$ <u>7,193</u>	\$ <u>1,768</u>
Liabilities:				
Amounts held for others	\$ <u>3,024</u>	\$ <u>5,937</u>	\$ <u>7,193</u>	\$ <u>1,768</u>
Fringe Benefits Fund:				
Assets:				
Cash and cash equivalents	\$ <u>1,062,281</u>	\$ <u>5,822,291</u>	\$ <u>5,529,827</u>	\$ <u>1,354,745</u>
Liabilities:				
Amounts held for others	\$ <u>1,062,281</u>	\$ <u>5,822,291</u>	\$ <u>5,529,827</u>	\$ <u>1,354,745</u>
Performance Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>679,680</u>	\$ <u>27,910</u>	\$ <u>441,357</u>	\$ <u>266,233</u>
Liabilities:				
Amounts held for others	\$ <u>679,680</u>	\$ <u>27,910</u>	\$ <u>441,357</u>	\$ <u>266,233</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ <u>1,744,985</u>	\$ <u>5,856,138</u>	\$ <u>5,978,377</u>	\$ <u>1,622,746</u>
Total assets	\$ <u>1,744,985</u>	\$ <u>5,856,138</u>	\$ <u>5,978,377</u>	\$ <u>1,622,746</u>
Liabilities:				
Amounts held for others	\$ <u>1,744,985</u>	\$ <u>5,856,138</u>	\$ <u>5,978,377</u>	\$ <u>1,622,746</u>
Total liabilities	\$ <u>1,744,985</u>	\$ <u>5,856,138</u>	\$ <u>5,978,377</u>	\$ <u>1,622,746</u>

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Discretely Presented Component Unit School Board

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Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2008

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 4,034,890	\$ 148,997	\$ 4,183,887
Receivables (net of allowance for uncollectibles):			
Accounts receivable	184,701	119,401	304,102
Due from other governmental units	<u>1,616,326</u>	<u>160,415</u>	<u>1,776,741</u>
Total assets	<u>\$ 5,835,917</u>	<u>\$ 428,813</u>	<u>\$ 6,264,730</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 354,982	\$ 26,109	\$ 381,091
Accrued liabilities	5,480,735	174,179	5,654,914
Deferred revenue	<u>-</u>	<u>39,960</u>	<u>39,960</u>
Total liabilities	<u>\$ 5,835,717</u>	<u>\$ 240,248</u>	<u>\$ 6,075,965</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ 188,565	\$ 188,565
Undesignated	<u>200</u>	<u>-</u>	<u>200</u>
Total fund balances	<u>\$ 200</u>	<u>\$ 188,565</u>	<u>\$ 188,765</u>
Total liabilities and fund balances	<u>\$ 5,835,917</u>	<u>\$ 428,813</u>	<u>\$ 6,264,730</u>

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

Total fund balances per above	\$ 188,765
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,242,876
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(387,847)
Net assets of governmental activities	<u>\$ 4,043,794</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, 2008

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ 14,195	\$ 2,324	\$ 16,519
Charges for services	127,480	1,501,850	1,629,330
Miscellaneous	10,873	-	10,873
Recovered costs	427,737	-	427,737
Intergovernmental revenues:			
County contribution to school board	9,784,386	-	9,784,386
Commonwealth	37,840,973	524,143	38,365,116
Federal	4,938,958	1,165,133	6,104,091
Total revenues	<u>\$ 53,144,602</u>	<u>\$ 3,193,450</u>	<u>\$ 56,338,052</u>
EXPENDITURES			
Current:			
Education	\$ 53,144,602	\$ 3,164,346	\$ 56,308,948
Total expenditures	<u>\$ 53,144,602</u>	<u>\$ 3,164,346</u>	<u>\$ 56,308,948</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 29,104	\$ 29,104
Net change in fund balances	\$ -	\$ 29,104	\$ 29,104
Fund balances - beginning	200	159,461	159,661
Fund balances - ending	<u>\$ 200</u>	<u>\$ 188,565</u>	<u>\$ 188,765</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	\$ 29,104
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	351,996
Depreciation expense	(502,023)
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	(14,628)
Transfer of joint tenancy assets from Component Unit to the Primary Government.	<u>(13,401,936)</u>
Change in net assets of governmental activities	<u>\$ (13,537,487)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 12,400	\$ 12,400	\$ 14,195	\$ 1,795
Charges for services	125,000	125,000	127,480	2,480
Miscellaneous	7,500	7,500	10,873	3,373
Recovered costs	480,000	480,000	427,737	(52,263)
Intergovernmental revenues:				
County contribution to School Board	11,093,548	11,093,548	9,784,386	(1,309,162)
Commonwealth	37,645,063	37,645,063	37,840,973	195,910
Federal	4,569,467	4,569,467	4,938,958	369,491
Total revenues	<u>\$ 53,932,978</u>	<u>\$ 53,932,978</u>	<u>\$ 53,144,602</u>	<u>\$ (788,376)</u>
EXPENDITURES				
Current:				
Education				
Instruction - regular	\$ 40,406,651	\$ 40,406,651	\$ 40,044,582	\$ 362,069
Instruction - Title 1	536,406	536,406	526,298	10,108
Administrative, attendance & health services	3,022,568	3,022,568	2,928,198	94,370
Pupil transportation	4,022,363	4,022,363	3,885,418	136,945
Operation and maintenance of school plant	5,526,190	5,526,190	5,394,032	132,158
Facilities	378,800	378,800	328,031	50,769
Contingencies	40,000	40,000	38,043	1,957
Total education	<u>\$ 53,932,978</u>	<u>\$ 53,932,978</u>	<u>\$ 53,144,602</u>	<u>\$ 788,376</u>
Total expenditures	<u>\$ 53,932,978</u>	<u>\$ 53,932,978</u>	<u>\$ 53,144,602</u>	<u>\$ 788,376</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, 2008

	School Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 2,324	\$ 324
Charges for services	1,751,444	1,780,043	1,501,850	(278,193)
Intergovernmental revenues:				
Commonwealth	713,782	420,140	524,143	104,003
Federal	723,399	1,102,141	1,165,133	62,992
Total revenues	<u>\$ 3,190,625</u>	<u>\$ 3,304,324</u>	<u>\$ 3,193,450</u>	<u>\$ (110,874)</u>
EXPENDITURES				
Current:				
Education				
Instruction	\$ 884,194	\$ 997,893	\$ 837,904	\$ 159,989
School food services	<u>2,416,431</u>	<u>2,416,431</u>	<u>2,326,442</u>	<u>89,989</u>
Total expenditures	<u>\$ 3,300,625</u>	<u>\$ 3,414,324</u>	<u>\$ 3,164,346</u>	<u>\$ 249,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (110,000)</u>	<u>\$ (110,000)</u>	<u>\$ 29,104</u>	<u>\$ 139,104</u>
Net change in fund balances	\$ (110,000)	\$ (110,000)	\$ 29,104	\$ 139,104
Fund balances - beginning	<u>110,000</u>	<u>110,000</u>	<u>159,461</u>	<u>49,461</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,565</u>	<u>\$ 188,565</u>

Supporting Schedule

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2008

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 18,357,000	\$ 18,357,000	\$ 19,130,413	\$ 773,413
Real and personal public service corporation taxes	715,000	715,000	727,245	12,245
Personal property taxes	4,722,336	4,722,336	5,376,331	653,995
Mobile home taxes	79,000	79,000	73,079	(5,921)
Machinery and tools taxes	502,000	502,000	335,969	(166,031)
Penalties	155,000	155,000	196,001	41,001
Interest	74,400	74,400	120,707	46,307
Total general property taxes	<u>\$ 24,604,736</u>	<u>\$ 24,604,736</u>	<u>\$ 25,959,745</u>	<u>\$ 1,355,009</u>
Other local taxes:				
Local sales and use taxes	\$ 1,210,000	\$ 1,210,000	\$ 1,427,664	\$ 217,664
Consumers' utility taxes	708,000	708,000	778,530	70,530
Cable franchise taxes	52,000	52,000	1,915	(50,085)
Business license taxes	657,700	657,700	998,688	340,988
Motor vehicle licenses	710,000	710,000	800,986	90,986
Bank stock taxes	82,000	82,000	80,301	(1,699)
Taxes on recordation and wills	410,000	410,000	542,669	132,669
Rental tax	3,500	3,500	2,385	(1,115)
Transient occupancy taxes	220,000	220,000	274,154	54,154
Wireless taxes	-	-	54,401	54,401
Communication taxes	1,310,000	1,310,000	1,474,445	164,445
Total other local taxes	<u>\$ 5,363,200</u>	<u>\$ 5,363,200</u>	<u>\$ 6,436,138</u>	<u>\$ 1,072,938</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 13,000	\$ 13,000	\$ 19,868	\$ 6,868
Transfer fees	1,000	1,000	822	(178)
Permits and other licenses	819,900	852,900	1,011,385	158,485
Total permits, privilege fees, and regulatory licenses	<u>\$ 833,900</u>	<u>\$ 866,900</u>	<u>\$ 1,032,075</u>	<u>\$ 165,175</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 281,800	\$ 281,800	\$ 336,579	\$ 54,779
Total fines and forfeitures	<u>\$ 281,800</u>	<u>\$ 281,800</u>	<u>\$ 336,579</u>	<u>\$ 54,779</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 600,600	\$ 600,600	\$ 1,029,099	\$ 428,499
Revenue from use of property	124,000	124,000	138,675	14,675
Total revenue from use of money and property	<u>\$ 724,600</u>	<u>\$ 724,600</u>	<u>\$ 1,167,774</u>	<u>\$ 443,174</u>
Charges for services:				
Sheriff's fees	\$ 1,526	\$ 1,526	\$ 3,053	\$ 1,527
Court costs	19,000	19,000	18,431	(569)
Charges for Commonwealth's Attorney	1,000	1,000	1,497	497
Courthouse security fees	52,000	52,000	96,005	44,005
Excess fees of clerk	45,000	45,000	16,473	(28,527)
Law library fees	6,000	6,000	6,310	310
Charges for other protection	31,200	37,935	44,058	6,123

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for sanitation and waste removal	\$ 380,000	\$ 380,000	\$ 236,764	\$ (143,236)
Charges for county garage	142,000	142,000	153,534	11,534
EMS transports	375,000	375,000	306,938	(68,062)
Charges for community development	9,600	9,600	5,031	(4,569)
Charges for parks and recreation	107,400	108,400	112,023	3,623
Total charges for services	<u>\$ 1,169,726</u>	<u>\$ 1,177,461</u>	<u>\$ 1,000,117</u>	<u>\$ (177,344)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 10,100	\$ 60,018	\$ 197,875	\$ 137,857
Total miscellaneous revenue	<u>\$ 10,100</u>	<u>\$ 60,018</u>	<u>\$ 197,875</u>	<u>\$ 137,857</u>
Recovered costs:				
Fiscal agent fees	\$ 95,687	\$ 95,687	\$ 101,366	\$ 5,679
Circuit court	51,281	51,281	54,835	3,554
Clerk of the circuit court	10,000	10,000	15,114	5,114
Police security	7,500	7,500	9,209	1,709
Loan recovery-IPR	25,000	25,000	36,315	11,315
Riverside regional jail	100,000	100,000	203,281	103,281
Drug court	9,100	9,100	12,856	3,756
Other recovered costs	24,000	62,300	69,276	6,976
Total recovered costs	<u>\$ 322,568</u>	<u>\$ 360,868</u>	<u>\$ 502,252</u>	<u>\$ 141,384</u>
Total revenue from local sources	<u>\$ 33,310,630</u>	<u>\$ 33,439,583</u>	<u>\$ 36,632,555</u>	<u>\$ 3,192,972</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	15,000	15,000	40,748	25,748
Rolling stock tax	30,000	30,000	40,462	10,462
State recordation tax	88,145	88,145	139,387	51,242
Auto rental tax	8,000	8,000	18,770	10,770
Personal property tax relief funds	3,622,664	3,622,664	3,622,664	-
Total noncategorical aid	<u>\$ 3,803,581</u>	<u>\$ 3,803,581</u>	<u>\$ 3,901,804</u>	<u>\$ 98,223</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 323,557	\$ 356,661	\$ 297,857	\$ (58,804)
Sheriff	504,582	504,582	556,387	51,805
Commissioner of revenue	112,741	112,741	112,607	(134)
Treasurer	134,389	134,389	140,469	6,080

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Registrar/electoral board	\$ 45,500	\$ 45,740	\$ 64,086	\$ 18,346
Police department	1,096,366	1,096,366	1,041,215	(55,151)
Clerk of the circuit court	239,623	239,623	276,354	36,731
Total shared expenses	<u>\$ 2,456,758</u>	<u>\$ 2,490,102</u>	<u>\$ 2,488,975</u>	<u>\$ (1,127)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 551,045	\$ 551,045	\$ 473,478	\$ (77,567)
Comprehensive services	368,204	584,204	490,145	(94,059)
Housing assistance	67,500	67,500	80,948	13,448
Two for life funds	26,000	26,000	28,348	2,348
Litter control	7,900	7,900	9,598	1,698
Fire programs	83,000	83,000	87,318	4,318
Community corrections	562,533	563,286	564,159	873
Victim-witness grant	51,506	51,506	51,506	-
Juvenile confinement	73,755	73,755	71,911	(1,844)
Disability services board	14,800	14,800	14,800	-
Animal Sterilization	300	300	452	152
Pesticide recycling	1,875	1,875	205	(1,670)
Other state funds	51,840	54,300	51,482	(2,818)
Family preservation	-	16,935	-	(16,935)
Total other categorical aid	<u>\$ 1,860,258</u>	<u>\$ 2,096,406</u>	<u>\$ 1,924,350</u>	<u>\$ (172,057)</u>
Total categorical aid	<u>\$ 4,317,016</u>	<u>\$ 4,586,508</u>	<u>\$ 4,413,325</u>	<u>\$ (173,184)</u>
Total revenue from the Commonwealth	<u>\$ 8,120,597</u>	<u>\$ 8,390,089</u>	<u>\$ 8,315,129</u>	<u>\$ (74,961)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 19,227</u>	<u>\$ (4,773)</u>
Categorical aid:				
Public assistance and welfare administration	\$ 1,135,160	\$ 1,135,160	\$ 897,697	\$ (237,463)
Ground transportation safety	-	27,500	-	(27,500)
Other DCJS grants	-	46,712	1,713	(44,999)
Indoor plumbing program	165,300	165,300	87,285	(78,015)
Rehabilitative services	-	-	10,800	10,800
DMV grant	-	-	27,892	27,892
Emergency management and response	25,230	25,230	25,231	1
Homeland security grant	-	-	1,891	1,891
Total categorical aid	<u>\$ 1,325,690</u>	<u>\$ 1,399,902</u>	<u>\$ 1,052,509</u>	<u>\$ (347,393)</u>
Total revenue from the federal government	<u>\$ 1,349,690</u>	<u>\$ 1,423,902</u>	<u>\$ 1,071,736</u>	<u>\$ (352,166)</u>
Total General Fund	<u>\$ 42,780,917</u>	<u>\$ 43,253,574</u>	<u>\$ 46,019,420</u>	<u>\$ 2,765,846</u>

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Special Revenue Funds:				
Economic Development Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ 550,000	\$ 550,000	\$ 630,796	\$ 80,796
Total revenue from local sources	<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ 630,796</u>	<u>\$ 80,796</u>
Revenue from the Commonwealth:				
Categorical aid:				
Broadband plan grant	\$ 25,000	\$ 25,000	\$ 24,000	\$ (1,000)
Total Economic Development Fund	<u>\$ 575,000</u>	<u>\$ 575,000</u>	<u>\$ 654,796</u>	<u>\$ 79,796</u>
Asset Forfeiture Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 1,359	\$ 1,359
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,359</u>	<u>\$ 1,359</u>
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ 54,538	\$ 32,934	\$ (21,604)
Total Asset Forfeiture Fund	<u>\$ -</u>	<u>\$ 54,538</u>	<u>\$ 34,293</u>	<u>\$ (20,245)</u>
Tourism Fund:				
Other local taxes:				
Lodging taxes	\$ 270,000	\$ 270,000	\$ 328,297	\$ 58,297
Total Special Revenue Funds	<u>\$ 845,000</u>	<u>\$ 899,538</u>	<u>\$ 1,017,386</u>	<u>\$ 117,848</u>
Capital Projects Fund:				
County Capital Projects Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 1,347,300	\$ 473,981	\$ (873,319)
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ 1,347,300</u>	<u>\$ 473,981</u>	<u>\$ (873,319)</u>
Miscellaneous:				
Miscellaneous - contributions from developers	\$ -	\$ -	\$ 50,000	\$ 50,000
Proffers	-	-	17,720	17,720
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,720</u>	<u>\$ 67,720</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ 1,347,300</u>	<u>\$ 541,701</u>	<u>\$ (805,599)</u>

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital Projects Fund: (Continued)				
County Capital Projects Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Governors opportunity grant	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -
VDOT second six year plan	-	836,630	226,129	(610,501)
VA military strategic resource grant	-	1,242,714	551,390	(691,324)
Total revenue from the Commonwealth	\$ -	\$ 5,079,344	\$ 3,777,519	\$ (1,301,825)
Total Count Capital Projects Fund	\$ -	\$ 6,426,644	\$ 4,319,220	\$ (2,107,424)
County Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 30,000	\$ 30,000	\$ 5,283	\$ (24,717)
Total revenue from use of money and property	\$ 30,000	\$ 30,000	\$ 5,283	\$ (24,717)
Total revenue from local sources	\$ 30,000	\$ 30,000	\$ 5,283	\$ (24,717)
Revenue from the Commonwealth:				
Categorical aid:				
State construction	\$ 196,014	\$ 196,014	\$ 195,845	\$ (169)
Total categorical aid	\$ 196,014	\$ 196,014	\$ 195,845	\$ (169)
Total revenue from the Commonwealth	\$ 196,014	\$ 196,014	\$ 195,845	\$ (169)
Total County Debt Service Fund	\$ 226,014	\$ 226,014	\$ 201,128	\$ (24,886)
Total Primary Government	\$ 43,006,931	\$ 49,960,770	\$ 50,539,768	\$ 613,291
Discretely Presented Component Unit - School Board:				
School Operating Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 12,400	\$ 12,400	\$ 14,195	\$ 1,795
Total revenue from use of money and property	\$ 12,400	\$ 12,400	\$ 14,195	\$ 1,795
Charges for services:				
Charges for education	\$ 125,000	\$ 125,000	\$ 127,480	\$ 2,480
Total charges for services	\$ 125,000	\$ 125,000	\$ 127,480	\$ 2,480
Miscellaneous revenue:				
Miscellaneous	\$ 7,500	\$ 7,500	\$ 10,873	\$ 3,373
Recovered costs:				
Tuition from other localities	\$ 480,000	\$ 480,000	\$ 427,737	\$ (52,263)
Total recovered costs	\$ 480,000	\$ 480,000	\$ 427,737	\$ (52,263)
Total revenue from local sources	\$ 624,900	\$ 624,900	\$ 580,285	\$ (44,615)

Governmental Funds and Discretely Presented Component Unit - School Board
 Schedule of Revenues - Budget and Actual
 For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund (Continued)				
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince George	\$ 11,093,548	\$ 11,093,548	\$ 9,784,386	\$ (1,309,162)
Total revenues from local governments	<u>\$ 11,093,548</u>	<u>\$ 11,093,548</u>	<u>\$ 9,784,386</u>	<u>\$ (1,309,162)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,845,243	\$ 5,845,243	\$ 5,591,008	\$ (254,235)
Basic school aid	21,021,129	21,021,129	21,463,043	441,914
Salary supplement	1,305,088	1,305,088	1,331,676	26,588
Remedial summer education	66,740	66,740	91,412	24,672
Regular foster care	24,409	24,409	22,835	(1,574)
GED funding	7,859	7,859	7,859	-
Gifted and talented	192,477	192,477	194,301	1,824
Remedial education	286,368	286,368	289,083	2,715
Special education	2,447,673	2,447,673	2,462,476	14,803
Textbook payment	470,770	470,770	475,233	4,463
Vocational education	454,891	454,891	421,396	(33,495)
School fringes	2,718,150	2,718,150	2,743,917	25,767
State lottery payments	1,037,451	1,037,451	1,055,863	18,412
Early reading intervention	92,983	92,983	105,662	12,679
At risk-four year olds	412,352	412,352	386,031	(26,321)
At risk payments	189,215	189,215	190,914	1,699
Primary class size	517,866	517,866	533,044	15,178
Technology	258,000	258,000	258,000	-
Standards of Learning algebra readiness	43,297	43,297	45,513	2,216
Jail program funds	209,751	209,751	129,977	(79,774)
Other state funds	43,351	43,351	41,730	(1,621)
Total categorical aid	<u>\$ 37,645,063</u>	<u>\$ 37,645,063</u>	<u>\$ 37,840,973</u>	<u>\$ 195,910</u>
Revenue from the federal government:				
Categorical aid:				
JROTC	\$ 70,000	\$ 70,000	\$ 84,467	\$ 14,467
Title I	536,406	536,406	525,681	(10,725)
Title VI-B	1,044,542	1,044,542	1,012,008	(32,534)
Vocational education	78,662	78,662	68,741	(9,921)
Drug free schools	17,067	17,067	15,485	(1,582)
Title V	6,219	6,219	5,409	(810)
Title II Part A	188,832	188,832	193,595	4,763
Technology NCLB	7,739	7,739	-	(7,739)
Impact aid	2,620,000	2,620,000	3,033,572	413,572
Total categorical aid	<u>\$ 4,569,467</u>	<u>\$ 4,569,467</u>	<u>\$ 4,938,958</u>	<u>\$ 369,491</u>
 Total School Operating Fund	 <u>\$ 53,932,978</u>	 <u>\$ 53,932,978</u>	 <u>\$ 53,144,602</u>	 <u>\$ (788,376)</u>

Governmental Funds and Discretely Presented Component Unit - School Board
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Special Revenue Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,000	\$ 2,000	\$ 2,324	\$ 324
Charges for services:				
Cafeteria sales	\$ 1,549,032	\$ 1,550,492	\$ 1,390,478	\$ (160,014)
Charges for adult education	202,412	229,551	111,372	(118,179)
Total charges for services	<u>\$ 1,751,444</u>	<u>\$ 1,780,043</u>	<u>\$ 1,501,850</u>	<u>\$ (278,193)</u>
Total revenue from local sources	<u>\$ 1,753,444</u>	<u>\$ 1,782,043</u>	<u>\$ 1,504,174</u>	<u>\$ (277,869)</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 32,000	\$ 32,000	\$ 30,784	\$ (1,216)
Adult education	681,782	388,140	493,359	105,219
Total categorical aid	<u>\$ 713,782</u>	<u>\$ 420,140</u>	<u>\$ 524,143</u>	<u>\$ 104,003</u>
Total revenue from the Commonwealth	<u>\$ 713,782</u>	<u>\$ 420,140</u>	<u>\$ 524,143</u>	<u>\$ 104,003</u>
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 723,399	\$ 723,399	\$ 803,251	\$ 79,852
Adult education	-	378,742	361,882	(16,860)
Total categorical aid	<u>\$ 723,399</u>	<u>\$ 1,102,141</u>	<u>\$ 1,165,133</u>	<u>\$ 62,992</u>
Total revenue from the federal government	<u>\$ 723,399</u>	<u>\$ 1,102,141</u>	<u>\$ 1,165,133</u>	<u>\$ 62,992</u>
Total School Special Revenue Fund	<u>\$ 3,190,625</u>	<u>\$ 3,304,324</u>	<u>\$ 3,193,450</u>	<u>\$ (110,874)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 57,123,603</u>	<u>\$ 57,237,302</u>	<u>\$ 56,338,052</u>	<u>\$ (899,250)</u>

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Sources:

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

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

Governmental Activities	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Invested in Capital Assets, Net of Related Debt	\$ 3,855,253	\$ 8,740,448	\$ 6,218,165	\$ 6,898,198	\$ 9,834,937	\$ 29,592,060
Restricted	6,520,781	-	-	-	-	-
Unrestricted	14,679,476	9,853,377	18,333,160	20,550,928	21,926,560	24,936,425
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>	<u>\$ 54,528,485</u>
Business-Type Activities						
Invested in Capital Assets, Net of Related Debt	\$ 12,294,252	\$ 12,311,417	\$ 16,239,992	\$ 16,190,499	\$ 15,399,163	\$ 15,953,939
Unrestricted	(327,938)	472,596	712,013	1,393,528	2,411,666	4,228,623
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>	<u>\$ 20,182,562</u>
Primary Government						
Invested in Capital Assets, Net of Related Debt	\$ 16,149,505	\$ 21,051,865	\$ 22,458,157	\$ 23,088,697	\$ 25,234,100	\$ 45,545,999
Restricted	6,520,781	-	-	-	-	-
Unrestricted	14,351,538	10,325,973	19,045,173	21,944,456	24,338,226	29,165,048
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>	<u>\$ 74,711,047</u>

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental Activities						
General Government Administration	\$ 3,100,066	\$ 3,665,344	\$ 3,356,184	\$ 3,646,174	\$ 3,945,059	\$ 4,524,653
Judicial Administration	1,751,972	1,724,752	1,559,938	1,664,985	1,914,889	2,018,229
Public Safety	6,917,643	7,691,212	8,219,961	9,282,848	10,024,872	11,333,146
Public Works	1,604,338	1,311,353	1,812,987	2,009,006	1,738,472	1,934,442
Health and Welfare	2,407,623	2,558,779	2,579,140	2,784,708	2,991,083	3,148,144
Education	9,459,216	18,345,959	10,315,023	15,458,698	13,963,513	16,531,372
Parks, Recreation, and Cultural	693,964	766,038	854,883	823,136	1,019,420	1,041,353
Community Development	1,095,467	852,970	851,895	1,573,969	1,909,449	1,860,965
Interest on Long-Term Debt	2,758,412	2,734,163	3,219,339	2,617,150	2,633,447	2,619,296
Total Governmental Activities Expenses	\$ 29,788,701	\$ 39,650,570	\$ 32,769,350	\$ 39,860,674	\$ 40,140,204	\$ 45,011,600
Business-Type Activities						
Public Utilities	\$ 3,341,108	\$ 3,377,125	\$ 3,659,594	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346
Total Business-Type Activities Expenses	\$ 3,341,108	\$ 3,377,125	\$ 3,659,594	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346
Total Primary Government Expenses	\$ 33,129,809	\$ 43,027,695	\$ 36,428,944	\$ 43,278,354	\$ 44,133,301	\$ 48,951,946
Program Revenues						
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	475,295
Public Safety	27,814	438,845	554,902	1,207,031	1,156,680	1,386,124
Public Works	124,698	143,617	309,048	203,998	201,579	390,298
Parks, Recreation, and Cultural	38,639	62,682	59,377	113,637	92,558	112,023
Community Development	963	1,203	2,179	4,605	4,320	5,031
Operating Grants and Contributions	4,956,069	3,572,252	4,899,540	5,062,436	5,476,358	5,718,613
Capital Grants and Contributions	193,288	441,185	69,715	1,948,596	405,998	21,779,285
Total Governmental Activities Program Revenues	\$ 5,920,078	\$ 5,185,831	\$ 6,402,079	\$ 9,045,672	\$ 7,903,742	\$ 29,866,669
Business-Type Activities						
Charges for Services						
Public Utilities	\$ 3,089,670	\$ 3,485,827	\$ 3,664,823	\$ 3,972,998	\$ 4,080,718	\$ 4,610,809
Total Business-Type Activities Program Revenues	\$ 3,089,670	\$ 3,485,827	\$ 3,664,823	\$ 3,972,998	\$ 4,080,718	\$ 4,610,809
Total Primary Government Program Revenues	\$ 9,009,748	\$ 8,671,658	\$ 10,066,902	\$ 13,018,670	\$ 11,984,460	\$ 34,477,478

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Program Revenues: (Continued)						
Net (Expense)/ Revenue						
Governmental Activities	\$ (23,868,623)	\$ (34,464,739)	\$ (26,367,271)	\$ (30,815,002)	\$ (32,236,462)	\$ (15,144,931)
Business-Type Activities	(251,438)	108,702	5,229	555,318	87,621	670,463
Total Primary Government Net Expense	\$ (24,120,061)	\$ (34,356,037)	\$ (26,362,042)	\$ (30,259,684)	\$ (32,148,841)	\$ (14,474,468)
General Revenues and Other Changes in Net Assets						
Governmental Activities						
General Property Taxes	\$ 16,640,862	\$ 17,774,738	\$ 26,560,949	\$ 22,488,889	\$ 23,645,616	\$ 26,287,215
Other Local Taxes	5,049,032	4,746,306	5,544,585	6,175,296	6,626,221	7,395,231
Unrestricted Revenues from Use of Money and Property	499,634	348,833	614,725	974,010	1,958,759	1,647,038
Miscellaneous	154,243	306,013	222,188	151,132	459,721	266,954
Grants and contributions not restricted to specific programs	3,548,390	5,478,376	3,482,409	3,914,301	3,869,796	3,921,031
Gain on Disposal of Capital Assets	911,278	(4,651)	-	-	-	-
Transfers	-	(648,561)	(1,482,453)	9,175	(11,280)	(1,605,550)
Total Governmental Activities	\$ 26,803,439	\$ 28,001,054	\$ 34,942,403	\$ 33,712,803	\$ 36,548,833	\$ 37,911,919
Business-Type Activities						
Unrestricted Revenues from Use of Money and Property	\$ 23,540	\$ 34,458	\$ 31,067	\$ 59,529	\$ 88,648	\$ 60,985
Miscellaneous	64,616	25,978	31,611	26,350	39,252	34,735
Transfers	-	648,561	1,482,453	(9,175)	11,280	1,605,550
Total Business-Type Activities	\$ 88,156	\$ 708,997	\$ 1,545,131	\$ 76,704	\$ 139,180	\$ 1,701,270
Total Primary Government	\$ 26,891,595	\$ 28,710,051	\$ 36,487,534	\$ 33,789,507	\$ 36,688,013	\$ 39,613,189
Change in Net Assets						
Governmental Activities	\$ 2,934,816	\$ (6,463,685)	\$ 8,575,132	\$ 2,897,801	\$ 4,312,371	\$ 22,766,988
Business-Type Activities	(163,282)	817,699	1,550,360	632,022	226,801	2,371,733
Total Primary Government Change in Net Assets	\$ 2,771,534	\$ (5,645,986)	\$ 10,125,492	\$ 3,529,823	\$ 4,539,172	\$ 25,138,721

COUNTY OF PRINCE GEORGE, VIRGINIA

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

General Fund	1999	2000	2001	2002	2003
Reserved	\$ 497,379	\$ 497,379	\$ 522,269	\$ 524,371	\$ -
Unreserved, Designated for Revenue Maximization	-	-	-	-	-
Unreserved, Designated for Housing	-	-	-	-	-
Unreserved, Designated for Capital Projects	617,476	1,010,101	-	-	-
Unreserved	<u>7,596,250</u>	<u>7,273,494</u>	<u>6,739,524</u>	<u>7,926,373</u>	<u>6,536,975</u>
Total General Fund	<u>\$ 8,711,105</u>	<u>\$ 8,780,974</u>	<u>\$ 7,261,793</u>	<u>\$ 8,450,744</u>	<u>\$ 6,536,975</u>
All Other Governmental Funds					
Reserved for capital projects	\$ -	\$ -	\$ -	\$ -	\$ 6,520,781
Unreserved, reported in Debt Service Fund	-	-	-	-	-
Unreserved, reported in Special Revenue Funds	415,558	956,156	102,035	1,037,142	1,176,067
Unreserved, reported in Capital Projects Fund	-	-	-	-	8,464,529
Total All Other Governmental Funds	<u>\$ 415,558</u>	<u>\$ 956,156</u>	<u>\$ 102,035</u>	<u>\$ 1,037,142</u>	<u>\$ 16,161,377</u>
Total Governmental Funds	<u>\$ 9,126,663</u>	<u>\$ 9,737,130</u>	<u>\$ 7,363,828</u>	<u>\$ 9,487,886</u>	<u>\$ 22,698,352</u>

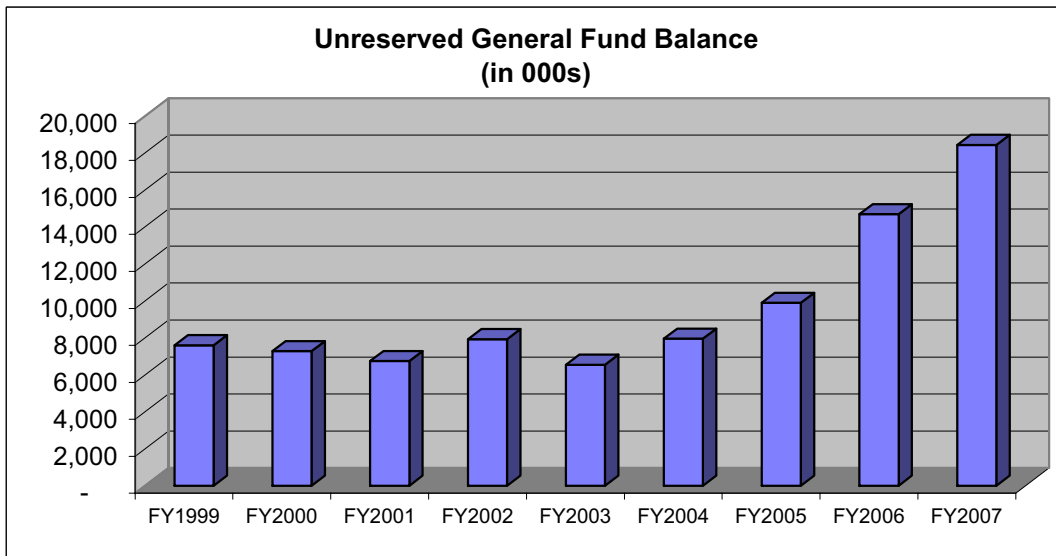


Table 3

	2004	2005	2006	2007	2008
\$	-	\$ -	\$ -	\$ -	\$ -
	136,089	110,593	93,393	75,839	54,740
	-	-	146,488	140,959	61,943
	-	-	-	-	-
	<u>7,947,889</u>	<u>9,890,093</u>	<u>14,681,925</u>	<u>18,209,267</u>	<u>19,946,161</u>
\$	<u>8,083,978</u>	<u>10,000,686</u>	<u>14,921,806</u>	<u>18,426,065</u>	<u>20,062,844</u>
\$	8,674,019	\$ 8,592,971	\$ 6,042,481	\$ 4,040,010	\$ 39,377,808
	-	36,204	-	-	-
	1,041,887	1,023,399	1,213,996	942,658	1,939,520
	<u>2,085,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>11,801,255</u>	<u>9,652,574</u>	<u>7,256,477</u>	<u>4,982,668</u>	<u>41,317,328</u>
\$	<u>19,885,233</u>	<u>19,653,260</u>	<u>22,178,283</u>	<u>23,408,733</u>	<u>61,380,172</u>

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

Revenues

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Property Taxes	\$ 16,782,867	\$ 17,692,361	\$ 26,083,566	\$ 22,617,327	\$ 23,597,753	\$ 25,959,745
Other Local Taxes	4,552,933	4,746,306	5,544,585	6,175,296	6,626,221	7,395,231
Permits, Privilege Fees, and Licenses	496,099	407,295	523,801	706,915	733,173	1,032,075
Fines and Forfeitures	311,994	265,058	375,931	297,727	295,893	336,579
Revenue from Use of Money and Property	499,634	348,833	614,725	974,010	1,958,759	1,647,038
Charges for Services	458,727	500,041	533,092	1,029,998	992,320	1,000,117
Miscellaneous	154,243	306,013	222,188	151,132	451,285	266,954
Recovered Costs	298,083	217,457	491,308	270,772	476,616	502,252
Intergovernmental Revenues:						
Local Government	-	243,778	-	-	-	-
Commonwealth	7,143,193	7,271,816	7,156,337	9,745,610	8,624,196	12,321,427
Federal	1,554,554	1,976,219	1,295,327	1,179,723	1,128,285	1,095,736
Total Revenues	\$ 32,252,327	\$ 33,975,177	\$ 42,840,860	\$ 43,148,510	\$ 44,884,501	\$ 51,557,154

Expenditures

General Government Administration	\$ 2,392,619	\$ 3,653,384	\$ 2,995,994	\$ 3,405,619	\$ 3,801,800	\$ 4,264,176
Judicial Administration	1,667,166	1,570,131	1,422,426	1,524,110	1,788,031	1,911,988
Public Safety	6,811,424	7,294,996	7,933,359	8,478,865	9,385,203	10,285,574
Public Works	1,451,517	1,445,116	1,664,820	1,584,135	1,703,355	1,876,896
Health and Welfare	2,439,430	2,493,353	2,519,191	2,726,733	2,945,060	3,122,249
Education	9,525,982	10,580,791	8,781,909	10,561,403	9,666,163	9,811,924
Parks, Recreation, and Cultural	662,285	728,822	797,057	866,007	1,005,038	980,438
Community Development	685,989	681,710	896,444	1,017,693	1,913,858	1,942,574
Capital Projects	16,302,792	7,764,472	4,948,743	7,669,800	5,574,828	11,237,307
Debt Service:						
Principal Retirement	6,104,723	6,550,479	6,523,336	3,216,287	3,414,797	3,942,622
Interest and Other Fiscal Charges	2,705,235	2,884,011	3,107,101	2,427,093	2,723,642	2,673,379
Total Expenditures	\$ 50,749,162	\$ 45,647,265	\$ 41,590,380	\$ 43,477,745	\$ 43,921,775	\$ 52,049,127

**Excess (deficiency) of revenues over
(under) expenditures**

	\$ (18,496,835)	\$ (11,672,088)	\$ 1,250,480	\$ (329,235)	\$ 962,726	\$ (491,973)
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Other Financing Sources (Uses)

Transfers in	\$ 1,710,689	\$ 7,100,276	\$ 13,069,186	\$ 5,497,004	\$ 8,477,352	\$ 9,821,871
Transfers (out)	(1,710,689)	(7,748,837)	(14,551,639)	(5,487,829)	(8,488,632)	(11,427,421)
Proceeds of general obligation debt	22,827,500	9,500,000	-	11,935,253	-	39,900,000
Premium on Bonds	-	-	-	424,912	-	168,962
Retirement of bond anticipation notes	-	-	-	(9,938,180)	-	-
Sale of Capital Assets	1,116,832	7,529	-	423,099	279,004	-
Total Other Financing Sources (Uses)	\$ 23,944,332	\$ 8,858,968	\$ (1,482,453)	\$ 2,854,259	\$ 267,724	\$ 38,463,412

Net Change in Fund Balances

	\$ 5,447,497	\$ (2,813,120)	\$ (231,973)	\$ 2,525,024	\$ 1,230,450	\$ 37,971,439
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Debt Service as a Percentage of
Noncapital Expenditures

	25.6%	24.9%	26.3%	15.8%	16.0%	16.2%
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Data for years prior to 2002 is not available at publication

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Source	1999	2000	2001	2002
Real Property Taxes	\$ 8,988,854	\$ 9,551,172	\$ 9,952,082	\$ 11,859,858
Real & Personal Public Service Corporation Taxes	507,427	543,085	564,057	610,025
Personal Property Taxes	7,437,348	5,084,295	3,293,273	3,825,026
Machinery & Tools Taxes	155,239	115,887	113,108	58,356
Penalties & Interest	207,921	206,625	180,345	165,442
Total, General Property Taxes	<u>\$ 17,296,789</u>	<u>\$ 15,501,064</u>	<u>\$ 14,102,865</u>	<u>\$ 16,518,707</u>
Local Sales and Use Taxes	\$ 888,810	\$ 948,400	\$ 1,016,375	\$ 1,130,684
Consumer Utility Taxes	852,033	922,188	940,357	1,001,222
Cable Franchise Taxes	60,164	63,380	62,903	62,906
Business License	510,228	453,260	480,965	463,475
Motor Vehicle Licenses	442,965	456,864	487,815	508,520
Bank Stock Taxes	79,440	63,165	74,328	63,500
Recordation Taxes	138,554	112,380	135,331	144,695
Rental Tax	4,720	6,165	6,741	6,292
Transient Occupancy Taxes	195,151	208,405	213,183	213,791
Communcation taxes	-	-	-	-
Taxicab licenses	3,400	-	5,200	5,470
E911 Taxes	94,234	287,841	320,786	423,729
Meals Taxes	226,762	491,718	522,645	541,377
Total, Other Local Taxes	<u>\$ 3,496,461</u>	<u>\$ 4,013,766</u>	<u>\$ 4,266,629</u>	<u>\$ 4,565,661</u>
Total General Governmental Tax Revenues	<u>\$ 20,793,250</u>	<u>\$ 19,514,830</u>	<u>\$ 18,369,494</u>	<u>\$ 21,084,368</u>

Table 5

	2003	2004	2005	2006	2007	2008
\$	12,227,413	\$ 13,026,414	\$ 20,780,707	\$ 17,010,527	\$ 17,250,136	\$ 19,130,413
	633,216	681,882	995,625	676,261	838,405	727,245
	3,495,273	3,534,437	3,839,232	4,460,413	4,895,952	5,449,410
	275,974	281,212	274,589	211,649	337,676	335,969
	150,991	168,416	193,413	258,477	275,584	316,708
\$	<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>	<u>\$ 25,959,745</u>
\$	999,578	\$ 1,110,034	\$ 1,091,419	\$ 1,141,290	\$ 1,333,959	\$ 1,427,664
	1,049,842	988,608	1,462,710	1,534,247	1,299,391	778,530
	59,410	51,490	50,642	43,103	56,974	1,915
	542,613	603,667	631,522	674,259	733,948	998,688
	525,366	543,514	681,175	708,033	728,165	800,986
	63,108	66,236	79,135	84,743	84,412	80,301
	162,998	213,753	388,976	524,378	487,000	542,669
	5,330	4,844	3,808	3,531	3,404	2,385
	181,855	172,729	195,738	200,358	555,486	602,451
	-	-	-	-	522,138	1,474,445
	1,850	-	1,650	1,900	-	-
	456,649	469,151	452,893	468,144	222,863	54,401
	504,334	522,280	504,917	513,273	598,481	630,796
\$	<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>\$ 7,395,231</u>
\$	<u>21,335,800</u>	<u>\$ 22,438,667</u>	<u>\$ 31,628,151</u>	<u>\$ 28,514,586</u>	<u>\$ 30,223,974</u>	<u>\$ 33,354,976</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Fiscal Year Ended June 30,	Residential Property	Commercial/ Industrial Property	Real Estate Totals	Personal Property	Machinery & Tools
1999	\$ 871,382,163	\$ 121,444,906	\$ 992,827,069	\$ 217,160,494	\$ 7,834,543
2000	930,416,018	129,623,072	1,060,039,090	306,652,488	14,875,707
2001	963,479,340	140,886,418	1,104,365,758	157,653,474	17,858,127
2002	1,079,245,691	158,456,786	1,237,702,477	167,960,641	21,159,378
2003	1,130,897,654	156,769,459	1,287,667,113	172,692,969	18,149,925
2004	1,265,149,140	167,859,400	1,433,008,540	172,558,951	15,217,236
2005	2,022,653,496	303,609,911	2,326,263,407	194,513,246	18,389,743
2006	1,566,773,203	250,402,650	1,817,175,853	198,735,156	20,174,643
2007	1,812,825,997	284,491,563	2,097,317,560	214,481,355	22,479,110
2007	2,065,799,353	335,401,908	2,401,201,261	229,808,695	22,377,197

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

Mobile Homes	Public Service Corporations	Total Taxable Assessed Value	Real Estate Direct Tax Rate	Personal Property Direct Tax Rate
\$ 17,126,556	\$ 56,386,656	\$ 1,291,335,318	0.90	4.00
22,006,761	60,255,841	1,463,829,887	0.90	4.00
10,108,068	62,681,271	1,352,666,698	0.90	4.00
10,470,209	64,463,316	1,501,756,021	0.95	4.00
10,122,843	56,511,816	1,545,144,666	0.95	4.00
9,714,944	75,682,416	1,706,182,087	0.90	4.00
9,600,239	110,551,010	2,659,317,645	0.90	4.00
10,143,919	74,958,876	2,121,188,447	0.88	4.00
10,112,446	91,330,546	2,435,721,017	0.80	4.00
10,172,937	90,463,693	2,754,023,783	0.80	4.00

Principal Property Taxpayers
Current Year and Nine Years Prior

Taxpayer	2008			1999		
	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)	\$ 54,350,024	1	1.95%	\$ 36,773,907	1	2.92%
Ace Hardware Corp	34,876,825	2	1.25%	N/A		
Wachovia Bank NA Trustee	23,296,800	3	0.83%	N/A		
Jefferson Pointe	14,068,000	4	0.50%	N/A		
Mardevco Credit Corp	11,733,100	5	0.42%	11,516,400	3	0.91%
Crossings Center LLP	11,500,000	6	0.41%	N/A		
Robert W. Daniel Jr.	10,393,500	7	0.37%	5,704,400	5	0.45%
David A. Harrison III	8,978,600	8	0.32%	4,572,700	8	0.36%
Perdue Farms Inc	8,226,500	9	0.29%	N/A		
Summit Properties Partnership	7,731,700	10	0.28%	N/A		
George D Zamias	--	N/A	--	12,609,900	2	1.00%
Desco Corp.	--	N/A	--	10,628,400	4	0.84%
BL Associates LLC	--	N/A	--	4,033,715	10	0.32%
C I Associates	--	N/A	--	4,743,700	6	0.38%
Oste Corp	--	N/A	--	4,678,846	7	0.37%
	--	N/A	--	4,044,478	9	0.32%
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 Eight 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, 2008	
		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	11,846,122	100.00%
2003	12,239,412	12,037,498	98.35%	201,228	12,238,726	99.99%
2004	12,961,734	12,758,457	98.43%	203,169	12,961,626	100.00%
2005	21,152,525	20,378,260	96.34%	774,148	21,152,408	100.00%
2006	16,010,708	15,033,320	93.90%	975,290	16,008,610	99.99%
2007	16,865,846	16,471,448	97.66%	345,248	16,816,696	99.71%
2008	19,246,482	19,006,888	98.76%	-	19,006,888	98.76%

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, 2008	
		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%	123,149	7,090,441	98.71%
2004	7,366,421	7,047,727	95.67%	197,372	7,245,100	98.35%
2005	7,347,937	6,842,836	93.13%	450,395	7,293,232	99.26%
2006	8,522,877	8,224,086	96.49%	270,678	8,494,764	99.67%
2007	5,369,199	4,947,253	92.14%	332,714	5,279,968	98.34%

Ratios of Outstanding Debt by Type
Last Five 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
2008	19,381,827	25,191,677	-	48,029,824	805,000	3,811,281	97,219,609	10.64%	2,653

(1) Reference table 12

Ratios of General Bonded Debt by Type
Last Five Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Total	Percentage of Estimated Actual Value of Property	Per Capita
	General Obligation	Capital Leases	Virginia Public School Authority Bonds	Literary Fund Loans				
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%	1,668
2007	25,115,631	-	31,415,317	920,000		57,450,948	2.36%	1,574
2008	44,573,504	-	48,029,824	805,000		93,408,328	3.39%	2,549

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

Computation of Legal Debt Margin
Last Five Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net Assessed Value (real property)	\$ 1,433,008,540	\$ 2,326,263,407	\$ 1,817,175,853	\$ 2,097,317,560	\$ 2,401,201,261
Debt Limit (10% of Real Property Assessed Value)	143,300,854	232,626,341	181,717,585	209,731,756	240,120,126
Debt Applicable to Limit	<u>73,729,931</u>	<u>65,329,996</u>	<u>63,725,145</u>	<u>61,809,058</u>	<u>97,219,609</u>
Legal Debt Margin	\$ <u>69,570,923</u>	\$ <u>167,296,345</u>	\$ <u>117,992,440</u>	\$ <u>147,922,698</u>	\$ <u>142,900,517</u>
Total net debt applicable to the limit as a percentage of debt limit	51.5%	28.1%	35.1%	29.5%	40.5%

* The County of Prince George has no revenue bonds.

Data for years prior to 2004 are not available

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>
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)
2007	36,647 (g)	6,297 (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

(g) Weldon Cooper Center

Principal Employers
Current Year and Nine Years Ago

Employer	2007			1998		
	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+	8.2%	1	1000+	10.4%	1
County of Prince George	1000+	8.2%	2	1000+	10.4%	2
Food Lion	500-999	5.1%	3	500-999	6.5%	3
U.S. Department of Justice	500-999	5.1%	4	250-499	3.3%	5
Standard Motor Products	250-499	2.2%	5	100-249	1.5%	7
U.S. Army Non-Appropriated Funds Division	250-499	2.2%	6	250-499	3.3%	4
Riverside Regional Jail	250-499	2.2%	7	N/A	N/A	N/A
Perdue Products	250-499	2.2%	8	N/A	N/A	N/A
Ace Hardware Corporation	250-499	2.2%	9	N/A	N/A	N/A
U.S. Department of Army and Air Force	100-249	1.2%	10	250-499	3.3%	6
Alrod Inc.	N/A	N/A	N/A	100-249	1.5%	8
Desco Corp	N/A	N/A	N/A	100-249	1.5%	9
Winn Dixie	N/A	N/A	N/A	50-99	0.7%	10
Total Employment, 2nd quarter	14,648			11,495		

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

County Government Employees
Last Four Fiscal Years

Function/Program	Approved Full Time Positions as of June 30			
	2005	2006	2007	2008
General Government Administration				
County Administration	5	5	5	4
Human Resources	2	3	3	3
County Attorney	2	2	2	2
Commissioner of the Revenue	5	5	5	5
Treasurer	6	6	6	6
Real Estate Assessor	6	6	6	6
Finance	5	5	5	6
Information Technology	2	5	5	5
County Garage	4	4	4	4
Registrar	2	2	2	2
Judicial Administration				
Circuit Court	1	1	1	1
Commonwealth's Attorney	3	5	6	7
Sheriff	9	9	11	11
Victim Witness	1	1	1	1
Clerk of Circuit Court	5	5	5	5
Public Safety				
Police	51	54	54	56
Fire & EMS	10	11	11	14
VJCCCA	1	1	1	1
Community Corrections/ Pretrial	9	9	9	9
Building Inspections	8	9	10	11
Animal Control	3	3	4	5
Dispatch Center	13	14	14	14
Public Works				
General Properties	10	6	6	7
Refuse Disposal	-	-	-	3
Engineering/Utilities	11	12	13	13
Health and Welfare				
Social Services	20	20	20	20
Housing Assistance	3	3	3	3
Parks, Recreation & Cultural				
Parks and Recreation	6	6	7	7
Community Development				
Planning Department	4	6	6	6
Economic Development	2	1	1	1
GIS	0	1	1	1
Capital Projects	1	1	-	-
Total	210	221	227	239

Source - Human Resources
Data for years prior to 2005 are not available

Operating Indicators by Function/ Program
Last Four Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government Administration				
Real Property Parcels	12,705	12,961	13,272	13,272
Judicial Administration				
Civil Papers Served	12,519	8,656	8,856	9,512
Public Safety				
Physical Arrests	577	561	523	577
Traffic Violations	5,796	5,127	5,243	5,355
Police Stations	1	1	1	1
Police Personnel and Officers	54	54	56	57
Fire Protection				
EMS Service Calls	2,140	2,055	2,288	2,288
Fire Service Calls	973	1,097	1,153	1,153
Fire Stations	6	6	6	6
EMS Stations	1	1	1	1
Volunteer Fire and EMS Personnel	250	275	290	350
Professional Paramedic/Firefighter	5	7	7	9
Building Official				
Single Family Resid. Building Permits	245	216	249	249
Commercial Building Permits	54	65	163	163
Public Works				
Miles of Water Line	62.2	68.5	71.4	71.4
Miles of Sewer Line	87.8	92.6	93.9	93.9
Utilities Customers	3,776	3,901	3,969	3,969
Health and Welfare				
Request for Services (Social Services)	426	466	N/A	N/A
Program Applications	635	590	N/A	N/A
Parks, Recreation & Cultural				
Youth League Participants	1,750	2,112	2,072	2,072
Community Development				
Employment	13,767	13,986	15,441	15,441
Component Unit - School Board				
Students Enrolled	6,162	6,059	6,062	6,189

Source - Various County Departments
Data for years prior to 2005 are not available

Capital Asset Statistics by Function
Last Four Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government Administration				
Administration Buildings	1	1	1	1
Public Safety				
Police Department:				
Buildings	1	1	1	1
Vehicles	74	73	73	74
Child Safety Seat Trailer	1	1	1	1
Electronic Sign Board	1	1	1	1
Public Safety Boat	-	1	1	1
Emergency Management				
Buildings	1	1	1	1
Sheriff's Department:				
Vehicles	12	12	12	12
Fire Department:				
Vehicles				
Animal Control:				
Buildings	1	1	1	1
Community Corrections				
Buildings	1	1	1	1
Courts:				
Buildings	1	1	1	1
Operations				
Garage:				
Buildings	1	1	1	1
Vehicles	3	3	3	3
Refuse:				
Sites	1	1	1	1
Recycling Centers	2	2	2	2
Buildings and Grounds:				
Buildings	1	1	1	1
Community Development				
Building Inspections				
Vehicles	6	6	7	8
Culture and Recreation				
Parks and Recreation				
Pier/Overlook/Nature Park	0	0	1	1
Playing Fields	7	7	7	7
Multi-Purpose Fields	2	2	2	2
Tennis Courts	3	3	3	3
Pavilions	3	3	3	3
Historical Society	1	1	1	1
Social Services				
Building	1	1	1	1
Food Bank	1	1	1	1
Component Unit - School Board				
Education				
High Schools	1	1	1	1
Junior High Schools	1	1	1	1
Middle Schools	1	1	1	1
Elementary Schools	5	5	5	5
Education Center	1	1	1	1
Administration Buildings	1	1	1	1
School Buses - Active	78	77	77	78
School Buses - Spare	15	17	17	19

Source: Individual County Departments

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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 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, 2008, which collectively comprise the County of Prince George, Virginia's basic financial statements and have issued our report thereon dated December 15, 2008. 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 opinions 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. Accordingly, we do not express 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 15, 2008.

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 15, 2008

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, 2008. 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, 2008.

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 15, 2008

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 32,122
Temporary Assist to Needy Families (TANF)	93.558	92,599
Refugee and Entrant Assistance - Discretionary Grants	93.566	614
Low Income Home Energy Assistance	93.568	3,640
Payments to States for Child Care Assistance	93.575	62,432
Child Care and Development Fund	93.596	87,182
Chafee Education and training voucher	93.599	994
Child Welfare Services - State Grants	93.645	1,143
Foster Care - Title IV-E	93.658	146,660
Adoption Assistance	93.659	26,720
Social Services Block Grant	93.667	182,437
Independent Living	93.674	2,209
State Children's Insurance Program (SCHIP)	93.767	7,433
Medical Assistance Program (Title XIX)	93.778	<u>108,266</u>
Total Department Health and Human Services		<u>\$ 754,451</u>
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Emergency management preparedness	97.042	\$ 25,231
Homeland Security Grant Program	97.004	<u>1,891</u>
Total U. S. Department of Homeland Security		<u>\$ 27,122</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 149,917
Department of Education:		
National school breakfast program	10.553	203,802
National school lunch program	10.555	599,449
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>143,246</u>
Total Department of Agriculture		<u>\$ 1,096,414</u>
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in Lieu of Taxes	15.226	\$ <u>19,227</u>
Total Department of Interior		<u>\$ 19,227</u>
Department of Justice:		
Pass Through Payments:		
Office of Justice Programs, Bureau of Justice Assistance:		
Byrne Memorial grant	16.580	\$ <u>1,713</u>
Total Department of Justice		<u>\$ 1,713</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
Traffic Safety and drunk driving protection	20.600	\$ <u>27,892</u>
Total Department of Transportation		\$ <u>27,892</u>
Department of Justice:		
Pass Through Payments:		
Community Development Block Grants	14.228	\$ 24,000
Justice Assistance Act Grant Program	14.239	87,285
Lead-Based Paint Hazard Control	14.900	<u>10,800</u>
Total Department of Justice		\$ <u>122,085</u>
Department of Education:		
Direct Payments:		
School assistance in federally affected areas	84.041	\$ 3,033,572
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	361,882
Title I: Educationally deprived children	84.010	525,681
Title VI-B: Handicapped state grants	84.027	1,012,008
Vocational Education: Basic grants to states	84.048	68,741
Drug free schools and communities	84.186	15,485
Title II, Part A	84.367	193,595
Title V: Improving school programs state block grant	84.298	<u>5,409</u>
Total Department of Education		\$ <u>5,216,373</u>
Department of the Navy:		
Direct Payments:		
Junior ROTC	17.000	\$ <u>84,467</u>
Total Department of Navy		\$ <u>84,467</u>
Total Federal Assistance		\$ <u><u>7,349,744</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

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	\$ 1,071,736
Other Governmental Funds	24,000
Total primary government	\$ <u>1,095,736</u>

Component Unit Public Schools:

School Operating Fund	\$ 4,938,958
School Special Revenue Fund	1,165,133
Total component unit public schools	\$ <u>6,104,091</u>
Total federal expenditures per basic financial statements	\$ <u>7,199,827</u>

Non-cash expenditures - value of donated commodities \$ 149,917

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 7,349,744

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

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>
84.041	Impact Aid
84.010	Title I: Educationally deprived children

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.

Section IV - Financial Statement Findings - Prior Year

There are no financial statement findings from the prior year.