

COUNTY OF
PRINCE GEORGE, VIRGINIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

COUNTY OF PRINCE GEORGE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

Prepared By:

Prince George County Finance Department

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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COUNTY OF PRINCE GEORGE, VIRGINIA

PRINCIPAL OFFICIALS ON JUNE 30, 2010

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

Roger Franklin, Chairperson,
Lewis E. Stevenson, Vice-Chairperson

Kevin S. Foster

Robert E. Cox, Jr.

Dr. Patrick Bingham

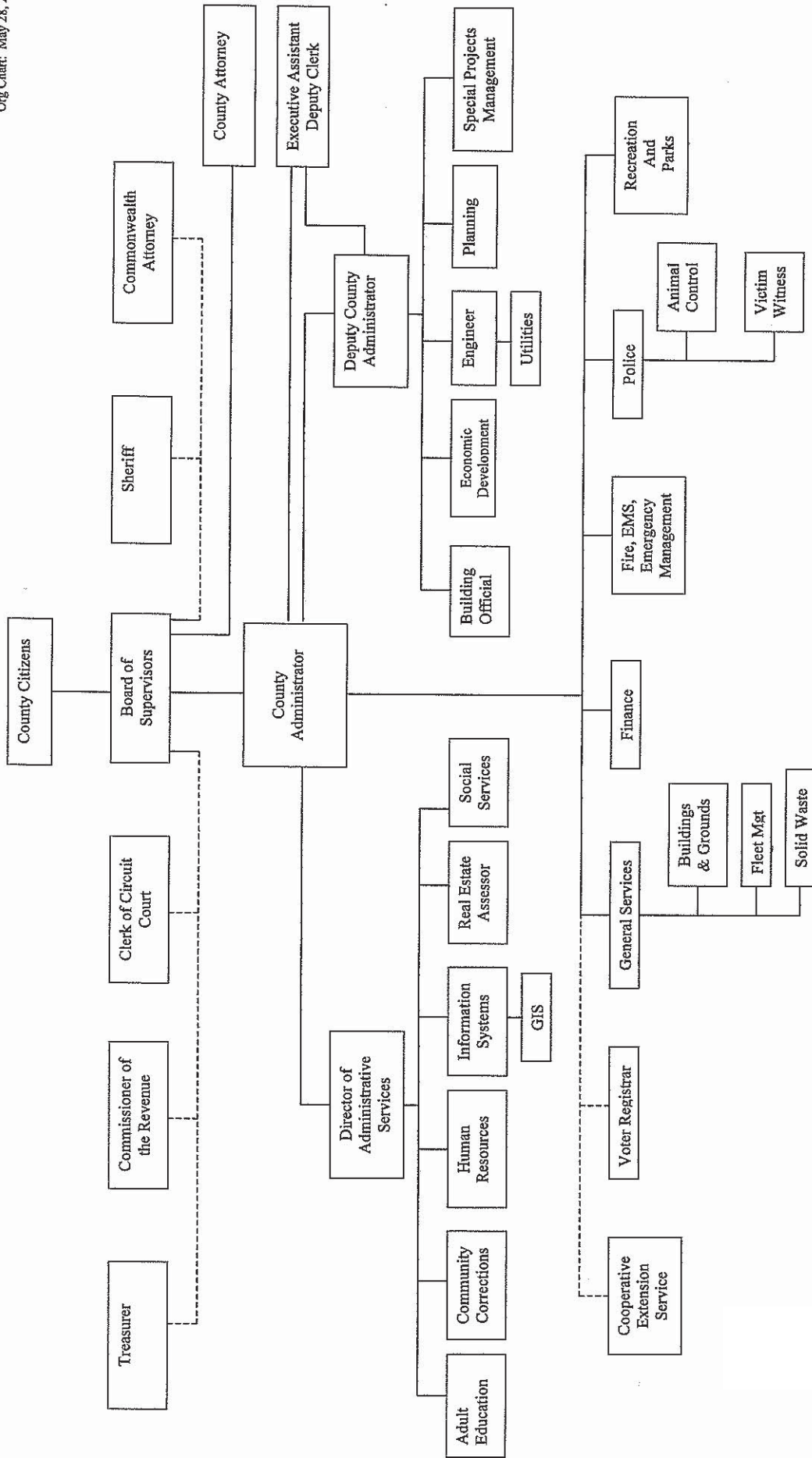
Other Officials

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.....	Bobby Browder
Director of Social Services.....	William F. Gandel

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PRINCE GEORGE COUNTY GOVERNMENT

Org Chart: May 28, 2009



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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, 2009

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



President

Executive Director

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COUNTY OF PRINCE GEORGE, VIRGINIA

John G. Kines, Jr.
County Administrator



BOARD OF SUPERVISORS

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

November 5, 2010

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, 2010. This report was prepared by the County's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

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

Section 15.2-2511 of the Code of Virginia requires that local governments have their financial records audited annually as of the end of the fiscal year by an independent certified public accountant. The County has engaged the independent accounting firm of Robinson, Farmer, Cox Associates, Inc. (RFCA) to perform the audit and prepare the accompanying financial statements.

P.O. BOX 68, PRINCE GEORGE, VIRGINIA 23875-0068 / AREA CODE (804) 722-8600 / FAX (804) 732-3604

<http://www.princegeorgeva.org>

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 services are largely provided by volunteers who receive financial and administrative support from the County. Emergency medical services are provided through a combination of full-time paid and volunteer personnel.

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, Appomattox River Water Authority, South Central Wastewater Authority, Crater Juvenile Detention Center 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 37,723 people (2008 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 except the Clerk of Circuit Court who is elected every eight years.

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.

Based on available economic data, the local economy has remained steady. The local unemployment rate was 7.4% for August 2010, as compared to 7.4% for August 2009. The state and national unemployment rates for August 2010 were 7.0% and 9.5%, respectively.

Major Initiatives in Fiscal Year 2010

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 2010 is as follows:

Reduction in Adopted Budget for Operating Departments

Early in fiscal year 2009-2010 the operating departments of the County were asked to reduce their budgets by 5% in order to save for the upcoming fiscal year 2010-2011 budget balancing. The County was able to set aside \$638,810 of appropriated funds. The funds were used in fiscal year 2010-2011 budget and made the task of balancing not so difficult to master. The school system also identified savings opportunities during the fiscal year and saved \$491,147 for use in the fiscal year 2010-2011 budget 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 graded in order to be "building pad ready" by the Industrial Development Authority in December 2008. Building #1 (Disc) is near completion with final inspections pending. The easement acquisitions, road construction and utilities are continuing to progress. Road A is 80% complete and Road B is 50% complete. West Quaker Road construction will take place once Road B is operational for a detour. Hiring at the facility continues to cycle with the first phase beginning in January 2011. The entire project is expected to be complete by May 2011.

The County has received two \$3 million Governor's Opportunity Fund grants and two \$5 million Transportation Opportunity Funding grants. A final \$5 million Virginia Economic Development Partnership grant is available on a reimbursement basis if required for the remaining 90-acre shovel ready pad sites (including the Commonwealth Center for Advanced Manufacturing).

County Library

In FY08, the county received a \$250,000 grant award from Virginia National Defense Authority in order to construct a County library. The county appropriated \$2,500,000 of local funds toward the project equating to a \$3,000,000 budget.

The library is currently in the construction phase and is expected to open in the Spring of 2011.

Major Initiatives in Fiscal Year 2010: (Continued)

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' dues 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.

The county obtained financing on this project through economic development recovery zone bonds during fiscal year 2010 and is expected to move forward with the construction phase of the project in the Spring of 2011.

Police Building Renovations

The current Police facility was designed as a shared police, district court and registrar office facility. Once the courts and Registrar moved into a new facility, the Police Department expanded into the entire building. The building is under contract and is expected to be complete in the spring of 2011.

Sections of the Report

Fiscal year 2010 was the eighth 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.

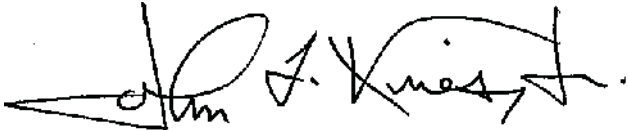
Awards and Acknowledgements

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, 2009. This was the sixth 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,

A handwritten signature in black ink, appearing to read "John G. Kines, Jr.", with a stylized, cursive script.

John G. Kines, Jr.
County Administrator

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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, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2010 on our consideration of the County of Prince George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and Schedules of Pension and OPEB 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 and schedules, 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 combining and individual nonmajor fund financial statements and schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

September 27, 2010

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, 2010. 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, 2010 by \$68,746,254 (net assets). Of this amount, \$32,343,997 is unrestricted and may be used to meet the County's future obligations.

The County's total net assets from Governmental Activities were \$47,978,001 on June 30, 2010, compared to \$41,344,805 total net assets on June 30, 2009. Total net assets represent the amount by which the County's assets exceeded its liabilities. The governmental net assets increased \$6,633,196.

The total net assets from Business-type activities (Water and Sewer Fund) were \$20,768,253 on June 30, 2010, compared to \$20,376,382 total net assets on June 30, 2009. Net assets increased \$391,871 during FY 2010.

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 2010 fiscal year and at the status of those financial resources at June 30, 2010, 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.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

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.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Fund Financial Statements: (Continued)

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, 2010 and 2009

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 50,994,073	\$ 57,089,032	\$ 5,434,949	\$ 4,901,482	\$ 56,429,022	\$ 61,990,514
Capital assets	83,226,577	81,108,894	18,884,625	19,347,346	102,111,202	100,456,240
Total assets	\$ 134,220,650	\$ 138,197,926	\$ 24,319,574	\$ 24,248,828	\$ 158,540,224	\$ 162,446,754
Long-term liabilities outstanding	\$ 75,512,541	\$ 87,277,154	\$ 2,730,660	\$ 3,104,359	\$ 78,243,201	\$ 90,381,513
Current liabilities	10,730,108	9,575,967	820,661	768,087	11,550,769	10,344,054
Total liabilities	\$ 86,242,649	\$ 96,853,121	\$ 3,551,321	\$ 3,872,446	\$ 89,793,970	\$ 100,725,567
Net assets:						
Invested in capital assets, net of related debt	\$ 20,600,365	\$ 13,316,464	\$ 15,801,892	\$ 15,914,863	\$ 36,402,257	\$ 29,231,327
Unrestricted	27,377,636	28,028,341	4,966,361	4,461,519	32,343,997	32,489,860
Total net assets	\$ 47,978,001	\$ 41,344,805	\$ 20,768,253	\$ 20,376,382	\$ 68,746,254	\$ 61,721,187

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, 2010 the County's governmental assets exceeded liabilities by \$47,978,001 while business assets exceeded its liabilities by \$20,768,253. The largest portion of the County's net assets, 43% and 32% in 2010 and 2009, 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, 57% and 68% in 2010 and 2009, respectively, represents unrestricted net assets, which may be used to meet the County's ongoing obligations. Unrestricted net assets decreased in governmental activities in FY10 by \$650,705 and increased in business-type activities by \$504,842.

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, 2008 through June 30, 2010 follows:

County of Prince George, Virginia						
Changes in Net Assets						
Governmental and Business-Type Activities						
For the Years Ended June 30, 2010 and 2009						
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 2,000,724	\$ 1,878,418	\$ 4,224,792	\$ 4,085,219	\$ 6,225,516	\$ 5,963,637
Operating grants and contributions	5,134,599	5,788,348	-	-	5,134,599	5,788,348
Capital grants and contributions	3,687,143	6,010,436	-	-	3,687,143	6,010,436
General revenues:						
General property taxes	28,233,803	27,104,556	-	-	28,233,803	27,104,556
Other local taxes	8,563,138	8,818,359	-	-	8,563,138	8,818,359
Use of money and property	512,337	1,145,446	54,196	46,607	566,533	1,192,053
C/A non-categorical aid	3,789,308	3,863,597	-	-	3,789,308	3,863,597
Other general revenues	146,753	128,819	34,055	30,935	180,808	159,754
Total revenues	\$ 52,067,805	\$ 54,737,979	\$ 4,313,043	\$ 4,162,761	\$ 56,380,848	\$ 58,900,740
Expenses:						
General government administration	\$ 4,466,221	\$ 4,913,441	\$ -	\$ -	\$ 4,466,221	\$ 4,913,441
Judicial administration	2,241,269	2,268,022	-	-	2,241,269	2,268,022
Public safety	12,554,537	12,941,920	-	-	12,554,537	12,941,920
Public works	1,789,189	2,955,347	-	-	1,789,189	2,955,347
Health and welfare	3,436,317	3,604,839	-	-	3,436,317	3,604,839
Education	14,895,354	27,697,535	-	-	14,895,354	27,697,535
Parks, recreation, and cultural	1,212,554	986,137	-	-	1,212,554	986,137
Community development	980,382	7,577,851	-	-	980,382	7,577,851
Interest and other fiscal charges	3,701,436	4,234,390	-	-	3,701,436	4,234,390
Water and sewer	-	-	4,078,522	3,920,804	4,078,522	3,920,804
Total expenses	\$ 45,277,259	\$ 67,179,482	\$ 4,078,522	\$ 3,920,804	\$ 49,355,781	\$ 71,100,286
Increase in net assets before transfers	\$ 6,790,546	\$ (12,441,503)	\$ 234,521	\$ 241,957	\$ 7,025,067	\$ (12,199,546)
Transfers	(157,350)	(157,450)	157,350	157,450	-	-
Increase in net assets	\$ 6,633,196	\$ (12,598,953)	\$ 391,871	\$ 399,407	\$ 7,025,067	\$ (12,199,546)
Net assets, beginning, as restated	41,344,805	53,943,758	20,376,382	19,976,975	61,721,187	73,920,733
Net assets, ending	\$ 47,978,001	\$ 41,344,805	\$ 20,768,253	\$ 20,376,382	\$ 68,746,254	\$ 61,721,187

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Governmental Activities

Governmental activities revenues decreased from \$54,737,979 to \$52,067,805 or \$2,670,174 in FY 10 over FY 09. The most significant decrease is due to the capital grants and contributions as this decreased from \$6,010,436 in FY 09 to \$3,687,143 in FY10. The decrease is directly attributable to the decrease in funding to the Crosspointe and North Elementary projects.

Use of money and property revenues decreased \$633,109 or 55.27% due to the interest rate drops as a direct result of the current economic situation.

Governmental activities expenses decreased from \$67,179,482 to \$45,277,259 or 32.6%. The most significant of these decreases is in Education, which decreased \$12,802,181. The County contributed \$11,898,463 to the School Board operations in FY 10, which was \$764,027 less than the prior year. The remaining decrease in education is due to the accounting for joint tenancy assets with related debt and the depreciation recorded on the School Board assets.

Community Development expenses decreased from \$7,577,851 to \$980,382, a decrease of \$6,597,469. The decrease is a result of land transfers associated with the Crosspointe Centre road and utility development for the Rolls Royce plant.

Business-type activities

Charges for services increased \$139,573 or 3.42% while total revenues increased \$150,282 or 3.61% for the Water and Sewer Fund. The majority of the increase was from an increase in connection fees. Water and sewer revenues were \$3,749,949, which is an increase of \$155,030 from prior year.

Total expenses for the Water Fund increased from \$3,920,804 in FY 09 to \$4,078,522 in FY 10. Income before transfers totaled \$234,521 in FY 10 compared to \$241,957 in FY 09. The General Fund transferred \$157,350 in FY10 compared to \$157,450 in FY 09.

As a result of the above, net assets in the Water and Sewer Fund increased \$391,971.

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 \$46,620,334. Of this amount \$20,288,574 is reserved for capital projects and \$748,326 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 \$25,583,434 of which \$25,356,429 represents undesignated fund balance of the General Fund. This amount represents 27% 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, 2010.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS: (CONTINUED)

The net increase to fund balance for the General Fund for 2010 was \$4,143,023. Significant reasons for this increase in fund balance are as follows:

Total revenues collected were \$1,042,851 above amounts budgeted
General government expenditures were \$3,171,711 less than budgeted amounts
Education expenditures were \$2,558,884 less than budgeted amounts
Education revenues were \$2,651,819 less than budgeted amounts
Transfers to other funds totaled \$6,837,890 compared with \$8,067,466 in FY 09.

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 \$20,288,574, which was a decrease of \$9,049,594 over FY 09. The County is in the middle of the largest capital project expansion in the history of the County. During FY 08 the County issued debt related to 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 10 the County expended \$602,895 in addition to the \$12,707,617 spent in FY09 and \$5,009,271 in FY08 on the new North Elementary School. The County expended \$4,964,320 in FY 10, \$4,296,784 in FY 09, and \$2,033,597 in FY 08 on Crosspointe Centre Industrial Park. In total \$7,122,731 were expended on various projects in FY 10. 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 \$6,837,520 and principal retirements of indebtedness totaled \$4,275,478 while interest expense totaled \$2,819,185. The fund received other revenues totaling \$257,143.

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 \$20,768,253. 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 2010 was no exception. General fund expenditures totaled \$36,408,660, which was \$2,660,055 below the adopted budget and \$3,171,711 below the budget as amended. The transfer to the school board was \$1,441,777 under budget, public safety expenditures were \$785,287 under budget, and fire services were under budget by \$314,732. Details supporting comparison of final amended budget and actual results can be found on Exhibit 12. No appropriation category exceeded its amended appropriations during FY2010.

The County's General Fund budget was amended during FY2010 for federal and state revenues and other unanticipated revenues in the total amount of \$393,711 and \$511,656 in expenditures. The most significant expenditure increases were noted in public safety and comprehensive services which budget increased \$484,036 and \$124,441, respectively. All in all the General Fund had a very good year. The original General Fund budget as adopted as a balanced budget with no impact on fund balance. Actual results revealed an increase of \$4,143,023.

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).

CAPITAL ASSETS AND DEBT ADMINISTRATION: (CONTINUED)

The following table summarizes the County's capital assets, net of depreciation, as of June 30, 2010. The County's total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totals \$145,782,396.

**County of Prince George, Virginia
Capital Assets (net of Depreciation)
Governmental and Business-Type Activities
For the Year Ended June 30, 2010**

	Governmental Activities 2010	Business-type Activities 2010
Land	\$ 2,252,906	\$ 101,371
Buildings and improvements	82,110,828	-
Utility plant	-	29,986,368
Equipment	17,994,750	413,519
Construction in progress	12,922,654	-
Total	\$ 115,281,138	\$ 30,501,258
Less accumulated depreciation	32,054,561	11,616,633
Net capital assets	\$ 83,226,577	\$ 18,884,625

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

At the end of fiscal year 2010, the County had total outstanding debt of \$82,698,196 (excluding compensated absences, bond premiums and OPEB, see Note 8 in the Notes to Financial Statements), in comparison; the County had \$93,162,417 outstanding at June 30, 2009. Of the \$82,698,196 of outstanding debt at June 30, 2010, \$35,446,272 is for general government purposes and \$44,169,191 is outstanding debt on behalf of the School Board. The Water and Sewer Fund has outstanding debt of \$3,082,733.

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 stable. The local unemployment rate was 7.4% for August 2010, as compared to 7.4% for August 2009. The state and national unemployment rates for August 2010 were 7.0% and 9.5%, respectively.

The FY 11 General Fund operating budget totaled \$45,299,918, which was a \$578,545 decrease over the FY 10 budget. There were no changes in tax rates for FY 11.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Supervisors, citizens, taxpayers, customers, and creditors of Prince George County, Virginia with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Prince George County, PO Box 68, Prince George, VA 23875, telephone (804) 722-8710.

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Assets
At June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 29,832,979	\$ 5,364,549	\$ 35,197,528	\$ 4,294,626
Restricted cash	17,513,988	-	17,513,988	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,978,426	-	1,978,426	-
Accounts receivable	499,597	258,287	757,884	253,927
Internal balances	187,887	(187,887)	-	-
Due from other governmental units	981,196	-	981,196	2,788,532
Total current assets	\$ 50,994,073	\$ 5,434,949	\$ 56,429,022	\$ 7,337,085
Noncurrent Assets:				
Capital assets (net of accumulated depreciation)				
Land	\$ 2,252,906	\$ 101,371	\$ 2,354,277	\$ 1,066,842
Buildings	15,940,492	-	15,940,492	16,601,644
Machinery and equipment	7,941,334	155,037	8,096,371	3,624,119
Jointly owned assets	44,169,191	-	44,169,191	-
Utility plant in service	-	18,628,217	18,628,217	-
Construction in progress	12,922,654	-	12,922,654	-
Total capital assets	\$ 83,226,577	\$ 18,884,625	\$ 102,111,202	\$ 21,292,605
Total assets	\$ 134,220,650	\$ 24,319,574	\$ 158,540,224	\$ 28,629,690
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 1,486,880	\$ 289,086	\$ 1,775,966	\$ 1,014,438
Accrued liabilities	-	-	-	5,981,897
Customers' deposits	-	94,495	94,495	-
Accrued interest payable	1,524,823	34,336	1,559,159	-
Unearned revenue	1,324,477	-	1,324,477	45,000
Current portion of long-term obligations	6,393,928	402,744	6,796,672	65,199
Total current liabilities	\$ 10,730,108	\$ 820,661	\$ 11,550,769	\$ 7,106,535
Noncurrent liabilities:				
Due in more than one year	75,512,541	2,730,660	78,243,201	1,587,112
Total liabilities	\$ 86,242,649	\$ 3,551,321	\$ 89,793,970	\$ 8,693,647
NET ASSETS				
Invested in capital assets, net of related debt	\$ 20,600,365	\$ 15,801,892	\$ 36,402,257	\$ 21,292,605
Unrestricted (deficit)	27,377,636	4,966,361	32,343,997	(1,356,562)
Total net assets	\$ 47,978,001	\$ 20,768,253	\$ 68,746,254	\$ 19,936,043
Total Liabilities and Net Assets	\$ 134,220,650	\$ 24,319,574	\$ 158,540,224	\$ 28,629,690

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, 2010

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,466,221	\$ 4,455	\$ 234,757	\$ -
Judicial administration	2,241,269	572,973	616,205	-
Public safety	12,554,537	894,482	2,334,875	-
Public works	1,789,189	396,658	22,991	-
Health and welfare	3,436,317	-	1,897,268	-
Education	14,895,354	-	-	-
Parks, recreation, and cultural	1,212,554	130,764	-	-
Community development	980,382	1,392	28,503	3,687,143
Interest on long-term debt	3,701,436	-	-	-
Total governmental activities	\$ 45,277,259	\$ 2,000,724	\$ 5,134,599	\$ 3,687,143
Business-type activities:				
Public Utilities	\$ 4,078,522	\$ 4,224,792	\$ -	\$ -
Total business-type activities	\$ 4,078,522	\$ 4,224,792	\$ -	\$ -
Total primary government	\$ 49,355,781	\$ 6,225,516	\$ 5,134,599	\$ 3,687,143
COMPONENT UNIT:				
School Board	\$ 60,262,220	\$ 1,533,607	\$ 47,427,593	\$ -
Total component unit	\$ 60,262,220	\$ 1,533,607	\$ 47,427,593	\$ -
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
\$ (4,227,009)	\$ -	\$ (4,227,009)	\$ -
(1,052,091)	-	(1,052,091)	-
(9,325,180)	-	(9,325,180)	-
(1,369,540)	-	(1,369,540)	-
(1,539,049)	-	(1,539,049)	-
(14,895,354)	-	(14,895,354)	-
(1,081,790)	-	(1,081,790)	-
2,736,656	-	2,736,656	-
(3,701,436)	-	(3,701,436)	-
<u>\$ (34,454,793)</u>	<u>\$ -</u>	<u>\$ (34,454,793)</u>	<u>\$ -</u>
\$ -	\$ 146,270	\$ 146,270	\$ -
\$ -	\$ 146,270	\$ 146,270	\$ -
<u>\$ (34,454,793)</u>	<u>\$ 146,270</u>	<u>\$ (34,308,523)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (11,301,021)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,301,021)</u>
\$ 28,233,803	\$ -	\$ 28,233,803	\$ -
1,768,721	-	1,768,721	-
797,218	-	797,218	-
2,178,533	-	2,178,533	-
811,012	-	811,012	-
252,785	-	252,785	-
1,314,801	-	1,314,801	-
698,287	-	698,287	-
741,781	-	741,781	-
512,337	54,196	566,533	6,594
146,753	34,055	180,808	15,467
-	-	-	13,711,951
3,789,308	-	3,789,308	-
(157,350)	157,350	-	-
<u>\$ 41,087,989</u>	<u>\$ 245,601</u>	<u>\$ 41,333,590</u>	<u>\$ 13,734,012</u>
\$ 6,633,196	\$ 391,871	\$ 7,025,067	\$ 2,432,991
41,344,805	20,376,382	61,721,187	17,503,052
<u>\$ 47,978,001</u>	<u>\$ 20,768,253</u>	<u>\$ 68,746,254</u>	<u>\$ 19,936,043</u>

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Fund Financial Statements

Balance Sheet
Governmental Funds
At June 30, 2010

	General	Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 25,505,478	\$ 3,637,039	\$ 690,462	\$ 29,832,979
Restricted cash	-	17,513,988	-	17,513,988
Receivables (net of allowance for uncollectibles):				
Taxes receivable	1,978,426	-	-	1,978,426
Accounts receivable	436,680	-	62,917	499,597
Due from other funds	187,887	-	-	187,887
Due from other governmental units	867,041	114,155	-	981,196
Total assets	<u>\$ 28,975,512</u>	<u>\$ 21,265,182</u>	<u>\$ 753,379</u>	<u>\$ 50,994,073</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 505,219	\$ 976,608	\$ 5,053	\$ 1,486,880
Unearned revenue	1,324,477	-	-	1,324,477
Deferred revenue	1,562,382	-	-	1,562,382
Total liabilities	<u>\$ 3,392,078</u>	<u>\$ 976,608</u>	<u>\$ 5,053</u>	<u>\$ 4,373,739</u>
Fund balances:				
Reserved for:				
Capital projects	\$ -	\$ 20,288,574	\$ -	\$ 20,288,574
Unreserved, designated for:				
Revenue Maximization	38,439	-	-	38,439
Housing	38,523	-	-	38,523
Community Corrections	150,043	-	-	150,043
Reported in:				
General fund	25,356,429	-	-	25,356,429
Special revenue funds	-	-	748,326	748,326
Total fund balances	<u>\$ 25,583,434</u>	<u>\$ 20,288,574</u>	<u>\$ 748,326</u>	<u>\$ 46,620,334</u>
Total liabilities and fund balances	<u>\$ 28,975,512</u>	<u>\$ 21,265,182</u>	<u>\$ 753,379</u>	<u>\$ 50,994,073</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
 At June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 46,620,334
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	83,226,577
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,524,823)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,562,382
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	(1,664,793)
County general obligation bonds	(35,446,272)
School Board state literary fund loans	(575,000)
School Board general obligation bonds	(43,594,191)
Other post employment benefits	(286,284)
School Board premium on bonds payable	<u>(339,929)</u>
Net assets of governmental activities	\$ <u>47,978,001</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, 2010

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 28,033,301	\$ -	\$ -	\$ -	\$ 28,033,301
Other local taxes	7,670,343	-	-	892,795	8,563,138
Permits, privilege fees, and regulatory licenses	453,302	-	-	-	453,302
Fines and forfeitures	411,747	-	-	-	411,747
Revenue from the use of money and property	413,899	98,438	-	-	512,337
Charges for services	1,135,675	-	-	-	1,135,675
Miscellaneous	37,008	105,447	-	4,299	146,754
Recovered costs	321,467	-	-	-	321,467
Intergovernmental revenues:					
Commonwealth	7,888,215	3,430,000	257,143	22,320	11,597,678
Federal	1,013,370	-	-	-	1,013,370
Total revenues	<u>\$ 47,378,327</u>	<u>\$ 3,633,885</u>	<u>\$ 257,143</u>	<u>\$ 919,414</u>	<u>\$ 52,188,769</u>
EXPENDITURES					
Current:					
General government administration	\$ 4,254,648	\$ 88,166	\$ -	\$ -	\$ 4,342,814
Judicial administration	2,103,408	57,973	-	-	2,161,381
Public safety	11,213,506	505,877	-	36,945	11,756,328
Public works	1,804,265	-	-	-	1,804,265
Health and welfare	3,379,645	-	-	-	3,379,645
Education	11,926,355	602,895	-	-	12,529,250
Parks, recreation, and cultural	1,100,437	903,500	-	-	2,003,937
Community development	626,396	4,964,320	-	267,625	5,858,341
Debt service:					
Principal retirement	-	-	4,275,478	11,289,093	15,564,571
Interest and other fiscal charges	-	-	2,819,185	1,007,468	3,826,653
Total expenditures	<u>\$ 36,408,660</u>	<u>\$ 7,122,731</u>	<u>\$ 7,094,663</u>	<u>\$ 12,601,131</u>	<u>\$ 63,227,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,969,667</u>	<u>\$ (3,488,846)</u>	<u>\$ (6,837,520)</u>	<u>\$ (11,681,717)</u>	<u>\$ (11,038,416)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 11,246	\$ 370	\$ 6,837,520	\$ 11,011,118	\$ 17,860,254
Transfers (out)	(6,837,890)	(11,011,118)	-	(168,596)	(18,017,604)
Issuance of debt	-	5,450,000	-	-	5,450,000
Total other financing sources (uses)	<u>\$ (6,826,644)</u>	<u>\$ (5,560,748)</u>	<u>\$ 6,837,520</u>	<u>\$ 10,842,522</u>	<u>\$ 5,292,650</u>
Net change in fund balances	\$ 4,143,023	\$ (9,049,594)	\$ -	\$ (839,195)	\$ (5,745,766)
Fund balances - beginning	21,440,411	29,338,168	-	1,587,521	52,366,100
Fund balances - ending	<u>\$ 25,583,434</u>	<u>\$ 20,288,574</u>	<u>\$ -</u>	<u>\$ 748,326</u>	<u>\$ 46,620,334</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, 2010

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

Net change in fund balances - total governmental funds	\$ (5,745,766)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details are as follows:

Depreciation expense	(3,100,841)
Capital asset additions	7,032,012

Transfer of joint tenancy assets from Primary Government to the Component Unit.	(1,813,488)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in deferred property taxes.	200,502
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Details supporting these changes are as follows:

Amortization of premium on bonds payable	21,246
Retirement of County general obligation bonds	13,198,467
Retirement of School Board general obligation bonds	2,251,104
Retirement of School Board literary fund loans	115,000
Issuance of debt	(5,450,000)

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	103,972
Change in other post employment benefits	(143,142)
Change in accrued compensated absences	(35,870)

Change in net assets of governmental activities	\$ <u>6,633,196</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets
 Proprietary Funds
 At June 30, 2010

	Enterprise Funds Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,364,549
Accounts receivable, net of allowance for uncollectibles	258,287
Total current assets	<u>\$ 5,622,836</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 101,371
Construction in process	
Utility plant in service	29,986,368
Machinery and equipment	413,519
Less accumulated depreciation	<u>(11,616,633)</u>
Total capital assets	<u>\$ 18,884,625</u>
Total noncurrent assets	<u>\$ 18,884,625</u>
Total assets	<u><u>\$ 24,507,461</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 289,086
Customers' deposits	94,495
Accrued interest payable	34,336
Due to other funds	187,887
Compensated absences - current portion	5,067
Bonds payable - current portion	397,677
Total current liabilities	<u>\$ 1,008,548</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 2,685,056
Compensated absences - net of current portion	45,604
Total noncurrent liabilities	<u>\$ 2,730,660</u>
Total liabilities	<u>\$ 3,739,208</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 15,801,892
Unrestricted	4,966,361
Total net assets	<u>\$ 20,768,253</u>
Total liabilities and net assets	<u><u>\$ 24,507,461</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, 2010

	Enterprise Funds Water and Sewer
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 1,357,491
Sewer revenues	2,392,458
Penalty/reconnection charges	56,532
Miscellaneous	34,055
Total operating revenues	<u>\$ 3,840,536</u>
OPERATING EXPENSES	
Water supply, treatment and pumping	\$ 562,158
Wastewater treatment, pumping and disposal	1,753,301
Administrative and operation	816,965
Other supplies and expenses	25,212
Depreciation	673,458
Total operating expenses	<u>\$ 3,831,094</u>
Operating income (loss)	<u>\$ 9,442</u>
NONOPERATING REVENUES (EXPENSES)	
Connection/capacity fees	\$ 418,311
Rental income	52,547
Interest income	1,649
South Central Wastewater Authority	(130,716)
Interest expense	(116,712)
Total nonoperating revenues	<u>\$ 225,079</u>
Income before transfers	\$ 234,521
Transfers in	<u>157,350</u>
Change in net assets	\$ 391,871
Net assets - beginning	<u>20,376,382</u>
Net assets - ending	<u><u>\$ 20,768,253</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, 2010

	Enterprise Funds Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,918,158
Payments for operating activities	(2,399,493)
Payments to employees	(681,123)
Net cash provided by operating activities	<u>\$ 837,542</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ <u>54,186</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (210,737)
Connection/capacity charges	418,311
Principal payments on bonds	(349,650)
South Central Wastewater Authority	(130,716)
Interest payments	(120,470)
Net cash provided by (used in) capital and related financing activities	<u>\$ (393,262)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and rental income	\$ <u>54,196</u>
Net cash provided by investing activities	<u>\$ 54,196</u>
Net increase in cash and cash equivalents	\$ 552,662
Cash and cash equivalents - beginning	\$ 4,811,887
Cash and cash equivalents - ending	<u>\$ 5,364,549</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ <u>9,442</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	\$ 673,458
Decrease in accounts receivable	70,777
Increase in accounts payable	83,815
(Decrease) in accrued leave	(6,795)
Increase customer deposits	6,845
Total adjustments	<u>\$ 828,100</u>
Net cash provided by operating activities	<u>\$ 837,542</u>

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

Statement of Net Assets
Fiduciary Funds
At June 30, 2010

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 150,218	\$ 2,353,283
Guaranteed investment contracts	<u>1,088,655</u>	<u>-</u>
Total assets	\$ <u><u>1,238,873</u></u>	\$ <u><u>2,353,283</u></u>
LIABILITIES		
Amounts held for others	\$ <u>-</u>	\$ <u>2,353,283</u>
Total liabilities	\$ <u>-</u>	\$ <u>2,353,283</u>
NET ASSETS		
Held in trust for benefits	\$ <u>1,238,873</u>	\$ <u>-</u>
Total net assets	\$ <u>1,238,873</u>	\$ <u>-</u>
Total liabilities and net assets	\$ <u><u>1,238,873</u></u>	\$ <u><u>2,353,283</u></u>

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

Statement of Changes in Fiduciary Net Assets
Pension Trust Fund
Year Ended June 30, 2010

Additions:

Employer contributions	\$	145,000
Interest income		<u>41,835</u>
Total additions	\$	<u>186,835</u>

Deductions:

Members' benefits	\$	<u>79,283</u>
Total deductions	\$	<u>79,283</u>
Change in net assets	\$	107,552

Net assets - beginning of year		<u>1,131,321</u>
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Net assets - end of year	\$	<u><u>1,238,873</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, 2010

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, recreation, 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 Activities) 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, 2010 (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 reporting model, governments provide budgetary comparison information in their annual reports including the original budget, 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, 2010.

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, 2010.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

C. Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

Excluded from 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, 2010 were \$452,453. 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 two members to the fourteen 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, 2010 were \$1,254,935. 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, 2010 were \$294,148. 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, 2010 (Continued)

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

C. Other Related Organizations: (Continued)

Excluded from 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 \$395,754 to the Library for fiscal 2010. 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 \$93,222 to District 19 CSB during fiscal 2010. 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 reflects 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, 2010 (Continued)

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

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

Generally the effect of interfund activity has been eliminated from the County's government-wide financial statements. Exceptions to our general rule are payments-in-lieu of taxes where the amounts are equivalent to interfund services provided and other charges between the government's proprietary funds and various other functions of government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

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, 2010 (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, 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 Benefits Fund and the Performance Bond Fund.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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 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 \$298,750 at June 30, 2010 is comprised of property taxes in the amount of \$240,373 and utility accounts of \$58,377.

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, 2010 (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, 2010 (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.

O. Restricted Cash

The County has restricted assets totaling \$17,513,988 which consist of unexpended bond proceeds in the amount of \$17,329,180 and proffers in the amount of \$184,808 at June 30, 2010.

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 level for the General Fund and Fund level for other Governmental Funds. 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 department level for the General Fund and Fund level for the other Governmental Funds nor in any School Board category at June 30, 2010.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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.

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, 2010 were held by the County or in the County’s name by the County’s custodial banks; except \$18,368,579 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, 2010 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.

Interest Rate Risk

The County does not have a formal policy relating to interest rate risk.

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the external investment pools (Local Government Investment Pool and SNAP) are the same as the value of the pool shares. As the LGIP is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

<u>Rated Debt Investments' Values</u>	
	<u>Fair Quality Rating</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 18,368,579
SNAP	12,911,192
Total	<u>\$ 31,279,771</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 4—DUE TO/FROM OTHER GOVERNMENTS:

At June 30, 2010, 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	\$ 315,639	\$ -
Social Services	40,796	-
Comprehensive services	243,153	-
Constitutional officer reimbursements	117,333	-
Other funds	177,617	97,698
State sales tax	-	918,525
Federal Government:		
School grants	-	1,695,299
School food	-	77,010
Other funds	17,720	-
Social Services	68,938	-
Total due from other governments	<u>\$ 981,196</u>	<u>\$ 2,788,532</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	\$ 187,887	\$ -
Water and Sewer Fund	<u>-</u>	<u>187,887</u>
Total	<u>\$ 187,887</u>	<u>\$ 187,887</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 6—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

Primary Government:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,252,906	\$ -	\$ -	\$ 2,252,906
Construction in progress	<u>6,604,830</u>	<u>6,317,824</u>	<u>-</u>	<u>12,922,654</u>
 Total capital assets not being depreciated	 \$ <u>8,857,736</u>	 \$ <u>6,317,824</u>	 \$ <u>-</u>	 \$ <u>15,175,560</u>
 Capital assets being depreciated:				
Buildings and improvements	\$ 23,894,803	\$ -	\$ -	\$ 23,894,803
Machinery and equipment	18,065,421	111,293	181,964	17,994,750
Jointly owned assets	<u>59,989,061</u>	<u>602,895</u>	<u>2,375,931</u>	<u>58,216,025</u>
 Total capital assets being depreciated	 \$ <u>101,949,285</u>	 \$ <u>714,188</u>	 \$ <u>2,557,895</u>	 \$ <u>100,105,578</u>
 Less accumulated depreciation for:				
Buildings and improvements	\$ 7,316,398	\$ 637,913	\$ -	\$ 7,954,311
Equipment	8,927,963	1,307,417	181,964	10,053,416
Jointly owned assets	<u>13,453,766</u>	<u>1,155,511</u>	<u>562,443</u>	<u>14,046,834</u>
 Total accumulated depreciation	 \$ <u>29,698,127</u>	 \$ <u>3,100,841</u>	 \$ <u>744,407</u>	 \$ <u>32,054,561</u>
 Total capital assets being depreciated, net	 \$ <u>72,251,158</u>	 \$ <u>(2,386,653)</u>	 \$ <u>1,813,488</u>	 \$ <u>68,051,017</u>
 Governmental activities capital assets, net	 \$ <u><u>81,108,894</u></u>	 \$ <u><u>3,931,171</u></u>	 \$ <u><u>1,813,488</u></u>	 \$ <u><u>83,226,577</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)**Primary Government: (continued)**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ <u>101,371</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>101,371</u>
Total capital assets not being depreciated	\$ <u>101,371</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>101,371</u>
Capital assets being depreciated:				
Utility Plant	\$ <u>29,775,631</u>	\$ <u>210,737</u>	\$ <u>-</u>	\$ <u>29,986,368</u>
Vehicles and equipment	<u>413,519</u>	<u>-</u>	<u>-</u>	<u>413,519</u>
Total capital assets being depreciated	\$ <u>30,189,150</u>	\$ <u>210,737</u>	\$ <u>-</u>	\$ <u>30,399,887</u>
Less accumulated depreciation for:				
Utility Plant	\$ <u>10,693,291</u>	\$ <u>664,860</u>	\$ <u>-</u>	\$ <u>11,358,151</u>
Vehicles and equipment	<u>249,884</u>	<u>8,598</u>	<u>-</u>	<u>258,482</u>
Total accumulated depreciation	\$ <u>10,943,175</u>	\$ <u>673,458</u>	\$ <u>-</u>	\$ <u>11,616,633</u>
Total capital assets being depreciated, net	\$ <u>19,245,975</u>	\$ <u>(462,721)</u>	\$ <u>-</u>	\$ <u>18,783,254</u>
Business-type activities capital assets, net	\$ <u><u>19,347,346</u></u>	\$ <u><u>(462,721)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>18,884,625</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)**Discretely Presented Component Unit—School Board:**

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets, not being depreciated:				
Land	\$ <u>1,066,842</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,066,842</u>
Total capital assets not being depreciated	\$ <u>1,066,842</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,066,842</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 19,176,562	\$ 2,704,792	\$ -	\$ 21,881,354
Equipment	<u>7,212,665</u>	<u>1,800,011</u>	<u>498,863</u>	<u>8,513,813</u>
Total capital assets being depreciated	\$ <u>26,389,227</u>	\$ <u>4,504,803</u>	\$ <u>498,863</u>	\$ <u>30,395,167</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 4,282,951	\$ 996,759	\$ -	\$ 5,279,710
Equipment	<u>4,740,055</u>	<u>648,502</u>	<u>498,863</u>	<u>4,889,694</u>
Total accumulated depreciation	\$ <u>9,023,006</u>	\$ <u>1,645,261</u>	\$ <u>498,863</u>	\$ <u>10,169,404</u>
Total capital assets being depreciated, net	\$ <u>17,366,221</u>	\$ <u>2,859,542</u>	\$ <u>-</u>	\$ <u>20,225,763</u>
School Board capital assets, net	\$ <u>18,433,063</u>	\$ <u>2,859,542</u>	\$ <u>-</u>	\$ <u>21,292,605</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

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

Governmental activities:

General government administration	\$	309,142
Judicial administration		180,402
Public safety		1,250,862
Public works		48,391
Health and welfare		47,846
Education		1,155,511
Parks, recreation and cultural		97,559
Community development		<u>11,128</u>
Total Governmental activities	\$	<u><u>3,100,841</u></u>

Business-type activities \$ 673,458

Component Unit School Board \$ 1,082,818 *

* Transfer of jointly owned assets 562,443

Total accumulated depreciation increase \$ 1,645,261

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2010, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 11,246	\$ 6,837,890
Proprietary Funds	157,350	-
Capital Projects Fund	370	11,011,118
Debt Service Fund	6,837,520	-
Non-major Fund	<u>11,011,118</u>	<u>168,596</u>
Total	\$ <u><u>18,017,604</u></u>	\$ <u><u>18,017,604</u></u>

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government:

The following is a summary of long-term obligation transactions for the year ended June 30, 2010:

	<u>Amounts Payable at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 1,628,924	\$ 335,485	\$ 299,616	\$ 1,664,793	\$ 166,479
OPEB	143,142	143,142	-	286,284	-
General obligation bonds	<u>43,194,739</u>	<u>5,450,000</u>	<u>13,198,467</u>	<u>35,446,272</u>	<u>3,746,999</u>
Total incurred by County	<u>\$ 44,966,805</u>	<u>\$ 5,928,627</u>	<u>\$ 13,498,083</u>	<u>\$ 37,397,349</u>	<u>\$ 3,913,478</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 690,000	-	\$ 115,000	\$ 575,000	\$ 115,000
General Obligation Bonds	45,845,295	-	2,251,104	43,594,191	2,344,204
Premium on Bonds Payable	<u>361,175</u>	<u>-</u>	<u>21,246</u>	<u>339,929</u>	<u>21,246</u>
Total incurred by School Board	<u>\$ 46,896,470</u>	<u>\$ -</u>	<u>\$ 2,387,350</u>	<u>\$ 44,509,120</u>	<u>\$ 2,480,450</u>
Total Governmental Obligations	<u>\$ 91,863,275</u>	<u>\$ 5,928,627</u>	<u>\$ 15,885,433</u>	<u>\$ 81,906,469</u>	<u>\$ 6,393,928</u>

The general fund revenues are used to liquidate compensated absences and other long-term obligation amounts to include net pension obligations and net other post-employment benefit obligation.

	<u>Amounts Payable at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Enterprise Obligations:					
Compensated absences	\$ 72,836	\$ 14,525	\$ 36,690	\$ 50,671	\$ 5,067
General obligation bonds	<u>3,432,383</u>	<u>-</u>	<u>349,650</u>	<u>3,082,733</u>	<u>397,677</u>
Total Enterprise Obligations	<u>\$ 3,505,219</u>	<u>\$ 14,525</u>	<u>\$ 386,340</u>	<u>\$ 3,133,404</u>	<u>\$ 402,744</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2011	\$ 3,746,999	\$ 1,469,518
2012	2,434,837	1,333,103
2013	2,541,681	1,234,504
2014	2,640,148	1,130,195
2015	1,937,700	1,038,972
2016	2,083,758	963,047
2017	2,072,350	883,336
2018	2,033,674	803,280
2019	2,113,635	721,927
2020	1,362,688	635,107
2021	1,422,236	573,088
2022	1,488,436	507,304
2023	1,551,369	438,398
2024	1,040,362	366,531
2025	744,727	316,215
2026	640,246	276,913
2027	671,985	244,174
2028	710,018	209,384
2029	744,423	172,605
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	19,338
Total	<u>\$ 35,446,272</u>	<u>\$ 14,095,137</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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
2011	\$ 115,000	\$ 11,500	\$ 2,344,204	\$ 1,933,422	\$ 397,677	\$ 120,437
2012	115,000	9,200	2,431,657	1,813,536	428,841	103,675
2013	115,000	6,900	10,827,458	1,549,260	448,873	85,143
2014	115,000	4,600	2,618,800	1,281,704	479,995	65,459
2015	115,000	2,300	2,722,541	1,152,409	266,600	47,028
2016	-	-	2,833,712	1,016,530	153,832	37,767
2017	-	-	2,946,554	873,753	159,797	31,715
2018	-	-	3,061,154	724,718	165,995	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	\$ 575,000	\$ 34,500	\$ 43,594,191	\$ 13,979,490	\$ 3,082,733	\$ 561,358

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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.	\$ 350,880
\$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%	14,980
\$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%	104,492
\$4,350,000 General Obligation Note Series 2002, shared with the Enterprise Fund, issued December 17, 2002, due in varying annual installments through August 1, 2013 with interest payable semiannually at varying rates	2,480,625
\$8,000,000 General Obligation Note 2003B series issued January 24, 2003 due in varying annual installments through February 1, 2023, interest payable semiannually	5,857,284
\$9,500,000 General Obligation Bond issued January 22, 2004 due in varying installments through January 1, 2019, interest payable semiannually at 3.64%	6,290,334
\$5,300,000 General Obligation Public Refunding Note Series 2008C issued July 22, 2008 due in varying annual installments through August 1, 2028 interest payable semiannually at 5.78%	5,155,177
\$12,400,000 Revenue Anticipation Note, issued February 20, 2008 Payable on August 1, 2011, interest payable semiannually at 3.00%	1,400,000
\$7,350,000 Public Improvement Bond, issued February 20, 2008, due in various semi-annual payments though February 1, 2038, interest payable semiannually at 4.25%	7,280,000

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

General Obligations—Incurred by the County: (Continued)

\$880,000 RZED 2010A, issued March 15, 2010, due in various semi-annual payments through February 15, 2025, interest payable semiannually at an average rate of 5.5%, subsidized by the Federal Government at .35%	\$ 880,000
\$3,800,000 General Obligation Note, Series 2009A, issued August 13, 2009, due in various semi-annual installments through February 1, 2024, interest payable semiannually at 3.90%	3,615,000
\$770,000 General Obligation Bond Series 2010B, issued March 15, 2010, due in various semi-annual payments through February 15, 2025, interest payable semiannually at 3.271%	770,000
\$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>1,247,500</u>
Total General Obligation Bonds	\$ 35,446,272
Other post employment benefits	286,284
Compensated absences	<u>1,664,793</u>
Total incurred by the County	<u>\$ 37,397,349</u>

General Obligations—Incurred by the School Board:

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

Premium on bond	\$ <u>339,929</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%	\$ 125,000
\$1,000,000 issued May 26, 1995, due in annual installments of \$50,000 through July 1, 2015, interest payable annually at 2%	250,000
\$800,000, issued May 26, 1995, due in annual installments of \$40,000 through July 1, 2015, interest payable annually at 2%	<u>200,000</u>
Total State Literary Fund Loans	<u>\$ 575,000</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

\$3,843,528 issued June, 1998 due in semiannual installments of varying amounts and interest rates through January, 2018	\$ 1,776,212
\$14,540,000 issued June, 1998 due in semiannual installments of varying amounts and interest rates through July, 2017	7,700,000
\$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%	6,348,594
\$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%	3,366,441
\$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semiannually at 4.06%	6,492,944
\$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, 2033, interest at 4.25%	<u>9,610,000</u>
Total General Obligation Bonds	\$ 43,594,191
Total Incurred by School Board	<u>44,509,120</u>
Total Governmental Long-term Obligations	<u><u>\$ 81,906,469</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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	\$	232,939
\$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%		404,054
\$902,022 General Obligation Note Series 2001, issued November 1, 2001, due in varying annual installments through June 15, 2016, interest at 4.15%		342,224
\$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 2013		234,120
\$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		354,375
\$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>1,515,021</u>
Total General Obligation Bonds	\$	3,082,733
Compensated Absences		<u>50,671</u>
Total Incurred by Enterprise Fund	\$	<u><u>3,133,404</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2010:

	Amounts Payable July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Amounts Due Within One Year
Compensated absences	\$ 513,138	\$ 201,655	\$ 289,160	\$ 425,633	\$ 65,199
OPEB	<u>613,339</u>	<u>613,339</u>	<u>-</u>	<u>1,226,678</u>	<u>-</u>
Total	<u>\$ 1,126,477</u>	<u>\$ 814,994</u>	<u>\$ 289,160</u>	<u>\$ 1,652,311</u>	<u>\$ 65,199</u>

NOTE 9—DEFERRED AND UNEARNED 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 totals \$1,562,382 and unearned revenue totals \$1,324,477 and is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,562,382 at year end.

Unearned Revenue – Unearned revenue consists of property taxes due subsequent to June 30, 2010 but paid in advance by the taxpayers totaled \$1,308,918 at year end and grants received but unearned totaling \$15,559 at year end.

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, 2010 (Continued)

NOTE 10—CONTINGENT LIABILITIES: (CONTINUED)

At June 30, 2010, the County had the following construction contracts outstanding:

<u>Project</u>	<u>Contractor</u>	<u>Balance June 30, 2010</u>
North Elementary	Southwood Builders	\$ <u>168,226</u>
Total		\$ <u><u>168,226</u></u>
Crosspointe Centre	Rappahannock Construction Company	\$ 4,335,171
Prince George Library	Kenbridge Construction	<u>1,878,795</u>
Total		\$ <u><u>6,213,966</u></u>

NOTE 11—LITIGATION:

At June 30, 2010, 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, 2010 (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)

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 of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for 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 adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. 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/2009-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer 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 5.00% of their annual salary to the VRS. This 5.00% 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 its 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 contribution rates for the fiscal year ended 2010 were 12.82% and 10.42% of annual covered payroll.

The School Board's contributions for professional employees were \$2,038,289, \$2,711,538 and \$2,858,358 for the fiscal years ended June 30, 2010, 2009 and 2008, respectively and these contributions represented 8.81%, 8.81% and 10.30%, respectively of current covered payroll.

C. Annual Pension Cost

For fiscal year 2010, the County's annual pension cost of \$1,505,992 was equal to the County's required and actual contributions. For fiscal year 2010, the School Board's annual pension cost of \$460,971, was equal to the School Board's required and actual contributions.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (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 Ended		Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:				
June 30, 2010	\$	1,505,992	100%	-
June 30, 2009		1,487,700	100%	-
June 30, 2008		1,216,007	100%	-
School Board:				
Non-Professional:				
June 30, 2010	\$	460,971	100%	-
June 30, 2009		463,491	100%	-
June 30, 2008		401,465	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County'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. County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the County's plan was 73.81% funded. The actuarial accrued liability for benefits was \$39,827,076 and the actuarial value of assets was \$29,395,331, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,431,745. The covered payroll (annual payroll of active employees covered by the plan) was \$11,794,218, and ratio of the UAAL to the covered payroll was 88.45%.

As of June 30, 2009, the most recent actuarial valuation date, the County School Board's plan was 79.92% funded. The actuarial accrued liability for benefits was \$14,035,894 and the actuarial value of assets was \$11,217,153, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,818,741. The covered payroll (annual payroll of active employees covered by the plan) was \$4,414,812, and ratio of the UAAL to the covered payroll was 63.85%.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 13—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

D. Funded Status and Funding Progress: (Continued)

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 (AAL) for benefits.

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, 2010 the program membership consisted of the following:

Eligible Members	79
Retirees and beneficiaries	45

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 \$15 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, 2010 totaled \$145,000. The program's funding provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At June 30, 2010 the plan had net assets available for benefits totaling \$1,113,067. Unfunded past service costs total \$323,427 and will be fully amortized in 5 years. The plan additions fund the cost of administering the plan.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 14—LENGTH OF SERVICE AWARD PENSION PROGRAM:

B. Funding Policy: (Continued)

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
County:		
June 30, 2010 \$	129,905	100%
June 30, 2009	126,134	100%
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, 2010 consist of guaranteed investment contracts which have a value of \$1,088,655 at year end.

D. Funded Status and Funding Progress:

As of January 1, 2010, the most recent actuarial valuation date, the County's plan was 77.48% funded. The actuarial accrued liability for benefits was \$1,436,494 and the actuarial value of assets was \$1,113,067, resulting in an unfunded actuarial accrued liability (UAAL) of \$323,427. The plan is being amortized over a ten year period and the amortization period is still open.

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 (AAL) for benefits.

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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

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

NOTE 17—OTHER POST-EMPLOYMENT BENEFITS PROGRAM:

County:

A. Plan Description

The County and School Board Post-Retirement Medical Plan is a single-employer defined benefit healthcare plan which offers health insurance for retired employees. The plan is administered by the County and School Board. Retired employees, who were enrolled in the group health insurance plan for the 24 months prior to retirement date and who retire under the VRS plan are eligible to elect post-retirement coverage in the plan. The plan has no separate financial report.

B. Funding Policy

The County and School Board establish employer contribution rates for plan participants as part of the budgetary process each year. They also determine how the plan will be funded each year whether it will partially fund the plan or fully fund the plan. For participating retirees the County and School Board contribute zero per month towards the monthly premium and the retiree contributes all remaining funds towards the monthly premium. Retirees pay 100 % of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are allowed 36 months of COBRA.

C. Annual OPEB Cost and Net OPEB Obligation

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC and for FY 10 totaled \$208,042 for the County and \$913,539 for the School Board. The estimated pay as you go cost for OPEB benefits is \$64,900 for the County and \$300,200 for the School Board. The County and School Board are required to contribute the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's and School Board's OPEB cost for the year, the amount actually contributed to the plan and the net OPEB obligation:

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 17—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation: (continued)

	<u>County</u>	<u>Board</u>
Annual required contribution	\$ 208,042	\$ 913,539
Interest on net OPEB obligation	5,726	24,534
Adjustment to annual required contribution	(5,726)	(24,534)
Annual OPEB cost (expense)	\$ 208,042	\$ 913,539
Contributions made	64,900	300,200
Contribution percentage made	31%	33%
Increase (decrease) in net OPEB obligation	\$ 143,142	\$ 613,339
Net OPEB obligation - beginning of year	143,142	613,339
Net OPEB obligation - end of year	<u>\$ 286,284</u>	<u>\$ 1,226,678</u>

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010 is as follows:

	<u>County</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 1,527,695	\$ 8,199,057
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability	1,527,695	8,199,057
Funded ratio (actuarial value of plan assets / AAL)	0%	0%
Covered payroll (active plan members)	10,633,115	31,977,421
UAAL as a percentage of covered payroll	14%	26%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2010 (Continued)

NOTE 17—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation: (continued)

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant's benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Interest Assumptions

Unfunded

Discount rate	4.0%
Payroll growth	N/A

The General Fund revenues are used to pay all net pension obligation as well as any net other postemployment benefit obligation amounts.

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Required Supplementary Information

Note to Required Supplementary Information:

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

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 27,535,298	\$ 27,535,298	\$ 28,033,301	\$ 498,003
Other local taxes	6,274,011	6,274,011	7,670,343	1,396,332
Permits, privilege fees, and regulatory licenses	837,140	837,140	453,302	(383,838)
Fines and forfeitures	331,800	331,800	411,747	79,947
Revenue from the use of money and property	933,940	933,940	413,899	(520,041)
Charges for services	1,030,500	1,037,753	1,135,675	97,922
Miscellaneous	9,000	20,798	37,008	16,210
Recovered costs	306,505	350,756	321,467	(29,289)
Intergovernmental revenues:				
Commonwealth	7,657,309	7,895,058	7,888,215	(6,843)
Federal	962,960	1,118,922	1,013,370	(105,552)
Total revenues	<u>\$ 45,878,463</u>	<u>\$ 46,335,476</u>	<u>\$ 47,378,327</u>	<u>\$ 1,042,851</u>
EXPENDITURES				
Current:				
General government administration:				
Legislative:				
Board of supervisors	<u>\$ 181,535</u>	<u>\$ 284,486</u>	<u>\$ 264,654</u>	<u>\$ 19,832</u>
General and financial administration:				
County administrator	<u>\$ 495,992</u>	<u>\$ 481,226</u>	<u>\$ 480,925</u>	<u>\$ 301</u>
Human resources	338,056	327,344	319,731	7,613
Legal services	174,509	169,271	152,129	17,142
Commissioner of revenue	439,483	426,292	419,202	7,090
Treasurer	487,778	473,116	465,115	8,001
Assessor	525,286	509,334	459,758	49,576
Finance	553,055	536,453	441,043	95,410
General services	117,735	114,202	108,745	5,457
Information Technology	540,697	526,156	452,677	73,479
County garage	399,200	418,409	412,849	5,560
Other general and financial administration	<u>142,382</u>	<u>142,382</u>	<u>79,846</u>	<u>62,536</u>
Total general and financial administration	<u>\$ 4,214,173</u>	<u>\$ 4,124,185</u>	<u>\$ 3,792,020</u>	<u>\$ 332,165</u>
Board of elections:				
Registrar	<u>\$ 215,005</u>	<u>\$ 208,555</u>	<u>\$ 197,974</u>	<u>\$ 10,581</u>
Total general government administration	<u>\$ 4,610,713</u>	<u>\$ 4,617,226</u>	<u>\$ 4,254,648</u>	<u>\$ 362,578</u>
Judicial administration:				
Courts:				
Circuit court	<u>\$ 120,264</u>	<u>\$ 129,664</u>	<u>\$ 129,626</u>	<u>\$ 38</u>
General district court	40,070	46,468	46,419	49
Magistrate	500	485	153	332
Sheriff	933,491	909,858	899,254	10,604
Law library	-	34,555	5,836	28,719

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Courts: (Continued)				
Victim witness	\$ 72,605	\$ 71,969	\$ 65,618	\$ 6,351
Clerk of Circuit Court	469,332	455,211	451,800	3,411
Total courts	\$ 1,636,262	\$ 1,648,210	\$ 1,598,706	\$ 49,504
Commonwealth's attorney:				
Commonwealth's attorney	\$ 536,871	\$ 526,010	\$ 504,702	\$ 21,308
Total judicial administration	\$ 2,173,133	\$ 2,174,220	\$ 2,103,408	\$ 70,812
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 4,831,601	\$ 4,691,690	\$ 4,640,085	\$ 51,605
Law enforcement grants	-	318,766	122,599	196,167
Crater police academy	26,607	26,607	26,606	1
Emergency communication center	1,086,697	1,059,524	1,026,239	33,285
Total law enforcement and traffic control	\$ 5,944,905	\$ 6,096,587	\$ 5,815,529	\$ 281,058
Fire and rescue services:				
Volunteer fire departments	\$ 262,675	\$ 291,669	\$ 244,148	\$ 47,521
Volunteer emergency crew	27,300	26,481	13,271	13,210
LOSAP volunteers	145,000	145,000	145,000	-
Fire and rescue service	1,594,196	1,577,858	1,323,857	254,001
Total fire and rescue services	\$ 2,029,171	\$ 2,041,008	\$ 1,726,276	\$ 314,732
Correction and detention:				
Confinement and care of prisoners	\$ 1,521,300	\$ 1,617,800	\$ 1,617,707	\$ 93
Juvenile services - VJCCCA	91,437	87,327	87,327	-
Court services	6,900	6,900	6,248	652
Local Community Corrections	781,233	971,899	814,961	156,938
Total correction and detention	\$ 2,400,870	\$ 2,683,926	\$ 2,526,243	\$ 157,683
Inspections:				
Building	\$ 752,318	\$ 800,932	\$ 784,624	\$ 16,308
Other protection:				
Animal control	\$ 369,673	\$ 358,520	\$ 352,106	\$ 6,414
Emergency services	17,820	17,820	8,728	9,092
Total other protection	\$ 387,493	\$ 376,340	\$ 360,834	\$ 15,506
Total public safety	\$ 11,514,757	\$ 11,998,793	\$ 11,213,506	\$ 785,287

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 351,910	\$ 336,353	\$ 283,700	\$ 52,653
Central Virginia Waste Management Authority	17,450	16,925	10,840	6,085
Total sanitation and waste removal	\$ 369,360	\$ 353,278	\$ 294,540	\$ 58,738
Maintenance of general buildings and grounds:				
General properties	\$ 1,577,798	\$ 1,554,964	\$ 1,403,690	\$ 151,274
Engineering	119,608	116,020	106,035	9,985
Total maintenance of general buildings and grounds	\$ 1,697,406	\$ 1,670,984	\$ 1,509,725	\$ 161,259
Total public works	\$ 2,066,766	\$ 2,024,262	\$ 1,804,265	\$ 219,997
Health and welfare:				
Health:				
Supplement of local health department	\$ 224,749	\$ 224,749	\$ 222,849	\$ 1,900
Mental health and mental retardation:				
District 19 CSB	\$ 93,222	\$ 93,222	\$ 93,222	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,135,205	\$ 2,080,033	\$ 1,866,411	\$ 213,622
Comprehensive services	791,234	915,675	911,113	4,562
Disability Services Board	-	4,138	-	4,138
Other social services	18,814	18,361	18,361	-
Tax Relief for the Elderly & Disabled	175,000	253,000	252,954	46
Revenue maximization	27,400	27,400	14,735	12,665
Total welfare	\$ 3,147,653	\$ 3,298,607	\$ 3,063,574	\$ 235,033
Total health and welfare	\$ 3,465,624	\$ 3,616,578	\$ 3,379,645	\$ 236,933
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	\$ 13,340,240	\$ 13,340,240	\$ 11,898,463	\$ 1,441,777
Contribution to local colleges	27,892	27,892	27,892	-
Total education	\$ 13,368,132	\$ 13,368,132	\$ 11,926,355	\$ 1,441,777
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 753,609	\$ 732,723	\$ 704,683	\$ 28,040

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2010 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to regional library	\$ 395,754	\$ 395,754	\$ 395,754	\$ -
Total parks, recreation, and cultural	\$ 1,149,363	\$ 1,128,477	\$ 1,100,437	\$ 28,040
Community development:				
Planning and community development:				
Planning department	\$ 421,089	\$ 337,838	\$ 327,588	\$ 10,250
Zoning board	5,200	5,043	3,133	1,910
Planning district commission	23,725	23,725	23,725	-
Planning commission	26,550	25,753	20,445	5,308
Geographic information systems	103,770	111,655	108,969	2,686
Total planning and community development	\$ 580,334	\$ 504,014	\$ 483,860	\$ 20,154
Environmental management:				
Contribution to soil and water conservation district	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Litter control program	44,520	55,618	54,917	701
Resource conservation and development council	3,000	3,000	3,000	-
Total environmental management	\$ 62,520	\$ 73,618	\$ 72,917	\$ 701
Cooperative extension program:				
Extension office	\$ 77,373	\$ 75,051	\$ 69,619	\$ 5,432
Total community development	\$ 720,227	\$ 652,683	\$ 626,396	\$ 26,287
Total expenditures	\$ 39,068,715	\$ 39,580,371	\$ 36,408,660	\$ 3,171,711
Excess (deficiency) of revenues over (under) expenditures	\$ 6,809,748	\$ 6,755,105	\$ 10,969,667	\$ 4,214,562
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 11,246	\$ 11,246	\$ -
Transfers (out)	\$ (6,837,150)	(6,837,150)	(6,837,890)	(740)
Total other financing sources and (uses)	\$ (6,837,150)	\$ (6,825,904)	\$ (6,826,644)	\$ (740)
Net change in fund balances	\$ (27,402)	\$ (70,799)	\$ 4,143,023	\$ 4,213,822
Fund balances - beginning	27,402	70,799	21,440,411	21,369,612
Fund balances - ending	\$ -	\$ -	\$ 25,583,434	\$ 25,583,434

Schedules of Funding Progress: Virginia Retirement System,
Length of Service Awards Pension Program and
Other Post Employment Benefits

Virginia Retirement System

County

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial 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)
6/30/2009	\$ 29,395,331	\$ 39,827,076	\$ 10,431,745	73.81%	\$ 11,794,218	88.45%
6/30/2008	27,490,803	36,043,661	8,552,858	76.27%	10,759,371	79.49%
6/30/2007	24,340,180	31,195,474	6,855,294	78.02%	9,208,837	74.44%

School Board Non-professionals:

6/30/2009	\$ 11,217,153	\$ 14,035,894	\$ 2,818,741	79.92%	\$ 4,414,812	63.85%
6/30/2008	10,646,488	13,014,378	2,367,890	81.81%	4,211,950	56.22%
6/30/2007	9,449,813	12,062,679	2,612,866	78.34%	4,092,313	63.85%

Length of Service Awards Pension Program

County

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)
(1)	(2)	(3)	(4)	(5)
1/1/2010	\$ 1,113,067	\$ 1,436,494	\$ 323,427	77.48%
1/1/2009	1,021,112	1,358,971	337,859	75.14%
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%

Other Post Employment Benefits

County

Valuation Date	Value of Assets (AVA)	Accrued Liability (AAL)	(Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	\$ -	\$ 1,527,695	\$ 1,527,695	0.00%	\$ 10,633,115	14.37%

School Board

6/30/2008	\$ -	\$ 8,199,057	\$ 8,199,057	0.00%	\$ 31,977,421	25.64%
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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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Revenue from local sources:				
Revenue from the use of money and property	\$ -	\$ -	\$ 98,438	\$ 98,438
Miscellaneous	-	50	105,447	105,397
Intergovernmental revenues:				
Commonwealth	-	3,000,000	3,430,000	430,000
Total revenues	\$ -	\$ 3,000,050	\$ 3,633,885	\$ 633,835
EXPENDITURES				
Current:				
General government administration				
Exterior building repairs	\$ -	\$ 45,991	\$ 14,678	\$ 31,313
Financial system replacement	-	485,924	-	485,924
Broadband implementation	-	348,304	73,488	274,816
Miscellaneous outlays / projects	-	39,510	-	39,510
Total general government	\$ -	\$ 919,729	\$ 88,166	\$ 831,563
Judicial administration:				
Courtroom renovations	\$ -	\$ 58,200	\$ 57,973	\$ 227
Public safety				
Fire / EMS apparatus	\$ 100,000	\$ 516,066	\$ -	\$ 516,066
Inspections	-	309,360	231,839	77,521
Public safety building renovation	-	1,652,011	142,075	1,509,936
PGPD project	-	29,055	29,055	-
New animal shelter	-	1,233,672	102,908	1,130,764
Total public safety	\$ 100,000	\$ 3,740,164	\$ 505,877	\$ 3,234,287
Education				
North Elementary School	\$ -	\$ 3,638,051	\$ 602,895	\$ 3,035,156
Total education	\$ -	\$ 3,638,051	\$ 602,895	\$ 3,035,156

County Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2010 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES: (CONTINUED)				
Parks, recreation, and cultural:				
Riverside Park Access Road	\$ -	\$ 361,230	\$ -	\$ 361,230
Park and playground development	125,000	125,000	9,714	115,286
Library	-	2,951,380	893,786	2,057,594
Total parks, recreation and cultural	\$ 125,000	\$ 3,437,610	\$ 903,500	\$ 2,534,110
Community development:				
Crosspointe center development	\$ -	\$ 17,344,062	\$ 4,964,320	\$ 12,379,742
Improvements to sites	-	300,000	-	300,000
Human services building	-	150,000	-	150,000
Transportation projects	-	100,000	-	100,000
Total community development	\$ -	\$ 17,894,062	\$ 4,964,320	\$ 12,929,742
Total expenditures	\$ 225,000	\$ 29,687,816	\$ 7,122,731	\$ 22,565,085
Excess (deficiency) of revenues over (under) expenditures	\$ (225,000)	\$ (26,687,766)	\$ (3,488,846)	\$ 23,198,920
OTHER FINANCING SOURCES (USES)				
Transfer in	\$ -	\$ -	\$ 370	\$ 370
Transfers (out)	-	(11,011,118)	(11,011,118)	-
Issuance of debt	-	-	5,450,000	5,450,000
Total other financing sources and (uses)	\$ -	\$ (11,011,118)	\$ (5,560,748)	\$ 5,450,370
Net change in fund balances	\$ (225,000)	\$ (37,698,884)	\$ (9,049,594)	\$ 28,649,290
Fund balances - beginning	225,000	37,698,884	29,338,168	(8,360,716)
Fund balances - ending	\$ -	\$ -	\$ 20,288,574	\$ 20,288,574

County Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Intergovernmental revenues:				
Commonwealth	-	-	257,143	257,143
Total revenues	\$ 5,000	\$ 5,000	\$ 257,143	\$ 252,143
EXPENDITURES				
Debt Service - School Obligations:				
Principal retirement	\$ 2,366,110	\$ 2,344,509	\$ 2,366,104	\$ (21,595)
Interest and other fiscal charges	2,069,595	1,836,444	2,070,080	(233,636)
Total debt service school obligations	\$ 4,435,705	\$ 4,180,953	\$ 4,436,184	\$ (255,231)
Debt Service - County Obligations:				
Principal retirement	\$ 1,724,380	\$ 1,909,380	\$ 1,909,374	\$ 6
Interest and other fiscal charges	682,065	751,817	749,105	2,712
Total debt service county obligations	\$ 2,406,445	\$ 2,661,197	\$ 2,658,479	\$ 2,718
Total:				
Principal retirement	\$ 4,090,490	\$ 4,253,889	\$ 4,275,478	\$ (21,589)
Interest and other fiscal charges	2,751,660	2,588,261	2,819,185	(230,924)
Total debt service obligations	\$ 6,842,150	\$ 6,842,150	\$ 7,094,663	\$ (252,513)
Excess (deficiency) of revenues over (under) expenditures	\$ (6,837,150)	\$ (6,837,150)	\$ (6,837,520)	\$ (370)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 6,837,150	\$ 6,837,150	\$ 6,837,520	\$ 370
Total other financing sources and uses	\$ 6,837,150	\$ 6,837,150	\$ 6,837,520	\$ 370
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet
Nonmajor Governmental Funds
At June 30, 2010

	<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	\$ 339,446	\$ 47,899	\$ 303,117	\$ 690,462
Receivables (net of allowance for uncollectibles):				
Accounts receivable	<u>62,917</u>	<u>-</u>	<u>-</u>	<u>62,917</u>
Total assets	<u>\$ 402,363</u>	<u>\$ 47,899</u>	<u>\$ 303,117</u>	<u>\$ 753,379</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>\$ 436</u>	<u>\$ -</u>	<u>\$ 4,617</u>	<u>\$ 5,053</u>
Total liabilities	<u>\$ 436</u>	<u>\$ -</u>	<u>\$ 4,617</u>	<u>\$ 5,053</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditures	<u>\$ 401,927</u>	<u>\$ 47,899</u>	<u>\$ 298,500</u>	<u>\$ 748,326</u>
Total fund balances	<u>\$ 401,927</u>	<u>\$ 47,899</u>	<u>\$ 298,500</u>	<u>\$ 748,326</u>
Total liabilities and fund balances	<u>\$ 402,363</u>	<u>\$ 47,899</u>	<u>\$ 303,117</u>	<u>\$ 753,379</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Economic Development Fund	Asset Forfeiture Fund	Tourism Fund	Total Nonmajor Governmental Funds
REVENUES				
Other local taxes	\$ 698,287	\$ -	\$ 194,508	\$ 892,795
Miscellaneous	-	4,299	-	4,299
Intergovernmental revenues:				
Commonwealth	-	22,320	-	22,320
Total revenues	<u>\$ 698,287</u>	<u>\$ 26,619</u>	<u>\$ 194,508</u>	<u>\$ 919,414</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 36,945	\$ -	\$ 36,945
Community Development	207,899	-	59,726	267,625
Debt service:				
Principal retirement	11,289,093	-	-	11,289,093
Interest and other fiscal charges	<u>1,007,468</u>	<u>-</u>	<u>-</u>	<u>1,007,468</u>
Total expenditures	<u>\$ 12,504,460</u>	<u>\$ 36,945</u>	<u>\$ 59,726</u>	<u>\$ 12,601,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (11,806,173)</u>	<u>\$ (10,326)</u>	<u>\$ 134,782</u>	<u>\$ (11,681,717)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 11,011,118	\$ -	\$ -	\$ 11,011,118
Transfers (out)	<u>-</u>	<u>(11,246)</u>	<u>(157,350)</u>	<u>(168,596)</u>
Total other financing sources and uses	<u>\$ 11,011,118</u>	<u>\$ (11,246)</u>	<u>\$ (157,350)</u>	<u>\$ 10,842,522</u>
Net change in fund balances	\$ (795,055)	\$ (21,572)	\$ (22,568)	\$ (839,195)
Fund balances - beginning	<u>1,196,982</u>	<u>69,471</u>	<u>321,068</u>	<u>1,587,521</u>
Fund balances - ending	<u><u>\$ 401,927</u></u>	<u><u>\$ 47,899</u></u>	<u><u>\$ 298,500</u></u>	<u><u>\$ 748,326</u></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, 2010

	Economic Development Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Other local taxes	\$ 620,000	\$ 620,000	\$ 698,287	\$ 78,287
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Total revenues	\$ 620,000	\$ 620,000	\$ 698,287	\$ 78,287
EXPENDITURES				
Current:				
Public Safety:				
Law enforcement and traffic control:				
Drug enforcement	\$ -	\$ -	\$ -	\$ -
Community Development:				
Planning and community development:				
Tourism initiatives	\$ -	\$ -	\$ -	\$ -
Economic development	-	210,589	207,899	2,690
Total community development	\$ -	\$ 210,589	\$ 207,899	\$ 2,690
Debt service:				
Principal retirement	\$ -	\$ 11,289,095	\$ 11,289,093	\$ 2
Interest and other fiscal charges	-	1,008,473	1,007,468	1,005
Total debt service	\$ -	\$ 12,297,568	\$ 12,296,561	\$ 1,007
Total expenditures	\$ -	\$ 12,508,157	\$ 12,504,460	\$ 3,697
Excess (deficiency) of revenues over (under) expenditures	\$ 620,000	\$ (11,888,157)	\$ (11,806,173)	\$ 81,984
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 11,011,118	\$ 11,011,118	\$ -
Transfers (out)	-	-	-	-
Total other financing sources and (uses)	\$ -	\$ 11,011,118	\$ 11,011,118	\$ -
Net change in fund balances	\$ 620,000	\$ (877,039)	\$ (795,055)	\$ 81,984
Fund balances - beginning	(620,000)	877,039	1,196,982	319,943
Fund balances - ending	\$ -	\$ -	\$ 401,927	\$ 401,927

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		
\$ -	\$ -	\$ -	\$ -	\$ 330,000	\$ 330,000	\$ 194,508	\$ (135,492)
-	789	4,299	3,510	-	-	-	-
-	23,221	22,320	(901)	-	-	-	-
\$ -	\$ 24,010	\$ 26,619	\$ 2,609	\$ 330,000	\$ 330,000	\$ 194,508	\$ (135,492)
\$ -	\$ 82,911	\$ 36,945	\$ 45,966	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 68,750	\$ 68,750	\$ 59,726	\$ 9,024
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 68,750	\$ 68,750	\$ 59,726	\$ 9,024
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 82,911	\$ 36,945	\$ 45,966	\$ 68,750	\$ 68,750	\$ 59,726	\$ 9,024
\$ -	\$ (58,901)	\$ (10,326)	\$ 48,575	\$ 261,250	\$ 261,250	\$ 134,782	\$ (126,468)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	(11,246)	(11,246)	-	(261,250)	(261,250)	(157,350)	103,900
\$ -	\$ (11,246)	\$ (11,246)	\$ -	\$ (261,250)	\$ (261,250)	\$ (157,350)	\$ 103,900
\$ -	\$ (70,147)	\$ (21,572)	\$ 48,575	\$ -	\$ -	\$ (22,568)	\$ (22,568)
-	70,147	69,471	(676)	-	-	321,068	321,068
\$ -	\$ -	\$ 47,899	\$ 47,899	\$ -	\$ -	\$ 298,500	\$ 298,500

Combining Balance Sheet
 Agency Funds
 At June 30, 2010

	Agency Funds			
	Special Welfare Fund	Fringe Benefits Fund	Performance Bond Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,934	\$ 2,099,165	\$ 252,184	\$ 2,353,283
Total assets	\$ 1,934	\$ 2,099,165	\$ 252,184	\$ 2,353,283
LIABILITIES				
Amounts held for others	\$ 1,934	\$ 2,099,165	\$ 252,184	\$ 2,353,283
Total liabilities	\$ 1,934	\$ 2,099,165	\$ 252,184	\$ 2,353,283

Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2010

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>1,518</u>	\$ <u>8,313</u>	\$ <u>7,897</u>	\$ <u>1,934</u>
Liabilities:				
Amounts held for others	\$ <u>1,518</u>	\$ <u>8,313</u>	\$ <u>7,897</u>	\$ <u>1,934</u>
Fringe Benefits Fund:				
Assets:				
Cash and cash equivalents	\$ <u>1,968,959</u>	\$ <u>6,262,926</u>	\$ <u>6,132,720</u>	\$ <u>2,099,165</u>
Liabilities:				
Amounts held for others	\$ <u>1,968,959</u>	\$ <u>6,262,926</u>	\$ <u>6,132,720</u>	\$ <u>2,099,165</u>
Performance Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>190,272</u>	\$ <u>201,348</u>	\$ <u>139,436</u>	\$ <u>252,184</u>
Liabilities:				
Amounts held for others	\$ <u>190,272</u>	\$ <u>201,348</u>	\$ <u>139,436</u>	\$ <u>252,184</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ <u>2,160,749</u>	\$ <u>6,472,587</u>	\$ <u>6,280,053</u>	\$ <u>2,353,283</u>
Total assets	\$ <u>2,160,749</u>	\$ <u>6,472,587</u>	\$ <u>6,280,053</u>	\$ <u>2,353,283</u>
Liabilities:				
Amounts held for others	\$ <u>2,160,749</u>	\$ <u>6,472,587</u>	\$ <u>6,280,053</u>	\$ <u>2,353,283</u>
Total liabilities	\$ <u>2,160,749</u>	\$ <u>6,472,587</u>	\$ <u>6,280,053</u>	\$ <u>2,353,283</u>

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Discretely Presented Component Unit – School Board

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Combining Balance Sheet
Discretely Presented Component Unit - School Board
At June 30, 2010

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 4,021,974	\$ 272,652	\$ 4,294,626
Receivables (net of allowance for uncollectibles):			
Accounts receivable	253,927	-	253,927
Due from other governmental units	<u>2,550,122</u>	<u>238,410</u>	<u>2,788,532</u>
Total assets	<u>\$ 6,826,023</u>	<u>\$ 511,062</u>	<u>\$ 7,337,085</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,009,249	\$ 5,189	\$ 1,014,438
Accrued liabilities	5,816,573	165,324	5,981,897
Deferred revenue	<u>-</u>	<u>45,000</u>	<u>45,000</u>
Total liabilities	<u>\$ 6,825,823</u>	<u>\$ 215,513</u>	<u>\$ 7,041,336</u>
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ -	\$ 295,549	\$ 295,549
Undesignated	<u>200</u>	<u>-</u>	<u>200</u>
Total fund balances	<u>\$ 200</u>	<u>\$ 295,549</u>	<u>\$ 295,749</u>
Total liabilities and fund balances	<u>\$ 6,826,023</u>	<u>\$ 511,062</u>	<u>\$ 7,337,085</u>

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

Total fund balances per above	\$ 295,749
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,292,605
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,652,311)
Net assets of governmental activities	<u>\$ 19,936,043</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, 2010

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 6,594	\$ -	\$ 6,594
Charges for services	124,844	1,408,763	1,533,607
Miscellaneous	15,467	-	15,467
Recovered costs	435,739	-	435,739
Intergovernmental revenues:			
County contribution to school board	11,898,463	-	11,898,463
Commonwealth	35,121,915	423,052	35,544,967
Federal	10,272,247	1,610,379	11,882,626
Total revenues	<u>\$ 57,875,269</u>	<u>\$ 3,442,193</u>	<u>\$ 61,317,462</u>
EXPENDITURES			
Current:			
Education	\$ 57,968,204	\$ 3,249,975	\$ 61,218,179
Total expenditures	<u>\$ 57,968,204</u>	<u>\$ 3,249,975</u>	<u>\$ 61,218,179</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (92,935)	\$ 192,218	\$ 99,283
Net change in fund balances	\$ (92,935)	\$ 192,218	\$ 99,283
Fund balances - beginning	93,135	103,331	196,466
Fund balances - ending	<u>\$ 200</u>	<u>\$ 295,549</u>	<u>\$ 295,749</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	\$ 99,283
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	2,128,872
Depreciation expense	(1,082,818)
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 compensated absences	87,505
Change in other post employment benefits	(613,339)
Transfer of joint tenancy assets from Component Unit to the Primary Government.	<u>1,813,488</u>
Change in net assets of governmental activities	<u>\$ 2,432,991</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, 2010

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 6,594	\$ 6,594
Charges for services	145,000	145,000	124,844	(20,156)
Miscellaneous	27,500	27,500	15,467	(12,033)
Recovered costs	480,000	480,000	435,739	(44,261)
Intergovernmental revenues:				
County contribution to School Board	13,340,240	13,340,240	11,898,463	(1,441,777)
Commonwealth	38,026,321	38,026,321	35,121,915	(2,904,406)
Federal	8,508,027	8,508,027	10,272,247	1,764,220
Total revenues	\$ 60,527,088	\$ 60,527,088	\$ 57,875,269	\$ (2,651,819)
EXPENDITURES				
Current:				
Education				
Instruction - regular	\$ 42,423,401	\$ 42,423,401	\$ 40,581,680	\$ 1,841,721
Instruction - Title 1	766,859	766,859	683,442	83,417
Administrative, attendance & health services	3,057,442	3,057,442	2,932,344	125,098
Pupil transportation	5,028,927	5,060,538	5,060,538	-
Operation and maintenance of school plant	5,773,527	5,773,527	5,542,052	231,475
Facilities	553,943	714,101	714,101	-
Technology	2,499,830	2,499,830	2,454,047	45,783
Contingencies	423,159	231,390	-	231,390
Total education	\$ 60,527,088	\$ 60,527,088	\$ 57,968,204	\$ 2,558,884
Total expenditures	\$ 60,527,088	\$ 60,527,088	\$ 57,968,204	\$ 2,558,884
Excess (deficiency) of revenues over (under) expenditures				
	\$ -	\$ -	\$ (92,935)	\$ (92,935)
Net change in fund balances	\$ -	\$ -	\$ (92,935)	\$ (92,935)
Fund balances - beginning		-	93,135	93,135
Fund balances - ending	\$ -	\$ -	\$ 200	\$ 200

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, 2010

	School Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 1,771,658	\$ 1,771,658	\$ 1,408,763	\$ -
Intergovernmental revenues:				
Commonwealth	420,051	420,051	423,052	-
Federal	1,354,963	1,354,963	1,610,379	-
Total revenues	<u>\$ 3,546,672</u>	<u>\$ 3,546,672</u>	<u>\$ 3,442,193</u>	<u>\$ -</u>
EXPENDITURES				
Current:				
Education				
Instruction	\$ 943,320	\$ 943,320	\$ 760,557	\$ 182,763
School food services	2,713,352	2,713,352	2,489,418	223,934
Total expenditures	<u>\$ 3,656,672</u>	<u>\$ 3,656,672</u>	<u>\$ 3,249,975</u>	<u>\$ 406,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (110,000)</u>	<u>\$ (110,000)</u>	<u>\$ 192,218</u>	<u>\$ 406,697</u>
Net change in fund balances	\$ (110,000)	\$ (110,000)	\$ 192,218	\$ 406,697
Fund balances - beginning	110,000	110,000	103,331	(6,669)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,549</u>	<u>\$ 400,028</u>

Statistical Table of Contents

Description / Table Name	Table Number
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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 Eight Fiscal Years
(accrual basis of accounting)

Governmental Activities	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 13,316,464	\$ 20,600,365
Restricted	6,520,781	-	-	-	-	-	-	-
Unrestricted	14,679,476	9,853,377	18,333,160	20,550,928	21,926,560	24,936,425	28,028,342	27,377,636
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>	<u>\$ 41,344,806</u>	<u>\$ 47,978,001</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	\$ 15,914,863	\$ 15,801,892
Unrestricted	(327,938)	472,596	712,013	1,393,528	2,411,666	4,228,623	4,461,519	4,966,361
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>	<u>\$ 20,376,382</u>	<u>\$ 20,768,253</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	\$ 29,231,327	\$ 36,402,257
Restricted	6,520,781	-	-	-	-	-	-	-
Unrestricted	14,351,538	10,325,973	19,045,173	21,944,456	24,338,226	29,165,048	32,489,861	32,343,997
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>	<u>\$ 61,721,188</u>	<u>\$ 68,746,254</u>

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

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities								
General Government Administration	\$ 3,100,066	\$ 3,665,344	\$ 3,356,184	\$ 3,646,174	\$ 3,945,059	\$ 4,524,653	\$ 4,912,326	\$ 4,466,221
Judicial Administration	1,751,972	1,724,752	1,559,938	1,664,985	1,914,889	2,018,229	2,268,022	2,241,269
Public Safety	6,917,643	7,691,212	8,219,961	9,282,848	10,024,872	11,333,146	12,941,920	12,554,537
Public Works	1,604,338	1,311,353	1,812,987	2,009,006	1,738,472	1,934,442	2,955,347	1,789,189
Health and Welfare	2,407,623	2,558,779	2,579,140	2,784,708	2,991,083	3,148,144	3,604,839	3,436,317
Education	9,459,216	18,345,959	10,315,023	15,458,698	13,963,513	16,531,372	27,698,650	14,895,354
Parks, Recreation, and Cultural	693,964	766,038	854,883	823,136	1,019,420	1,041,353	986,137	1,212,554
Community Development	1,095,467	852,970	851,895	1,573,969	1,909,449	1,860,965	7,577,851	980,382
Interest on Long-Term Debt	2,758,412	2,734,163	3,219,339	2,617,150	2,633,447	2,619,296	4,234,390	3,701,436
Total Governmental Activities Expenses	\$ 29,788,701	\$ 39,650,570	\$ 32,769,350	\$ 39,860,674	\$ 40,140,204	\$ 45,011,600	\$ 67,179,482	\$ 45,277,259
Business-Type Activities								
Public Utilities	\$ 3,341,108	\$ 3,377,125	\$ 3,659,594	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346	\$ 3,920,804	\$ 4,078,522
Total Business-Type Activities Expenses	\$ 3,341,108	\$ 3,377,125	\$ 3,659,594	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346	\$ 3,920,804	\$ 4,078,522
Total Primary Government Expenses	\$ 33,129,809	\$ 43,027,695	\$ 36,428,944	\$ 43,278,354	\$ 44,133,301	\$ 48,951,946	\$ 71,100,286	\$ 49,355,781
Program Revenues								
Governmental Activities								
Charges for Services								
General Government Administration	\$ 126,658	\$ 137,996	\$ 0	\$ 126,652	\$ 142,375	\$ -	\$ 312	\$ 4,455
Judicial Administration	451,949	388,051	507,318	378,717	423,874	475,295	477,248	572,973
Public Safety	27,814	438,845	554,902	1,207,031	1,156,680	1,386,124	869,831	894,482
Public Works	124,698	143,617	309,048	203,998	201,579	390,298	407,362	396,658
Parks, Recreation, and Cultural	38,639	62,682	59,377	113,637	92,558	112,023	119,881	130,764
Community Development	963	1,203	2,179	4,605	4,320	5,031	3,784	1,392
Operating Grants and Contributions	4,956,069	3,572,252	4,899,540	5,062,436	5,476,358	5,718,613	5,788,348	5,134,599
Capital Grants and Contributions	193,288	441,185	69,715	1,948,596	405,998	21,779,285	6,010,436	3,687,143
Total Governmental Activities Program Revenues	\$ 5,920,078	\$ 5,185,831	\$ 6,402,079	\$ 9,045,672	\$ 7,903,742	\$ 29,866,669	\$ 13,677,202	\$ 10,822,466
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	\$ 4,085,219	\$ 4,224,792
Total Business-Type Activities Program Revenues	\$ 3,089,670	\$ 3,485,827	\$ 3,664,823	\$ 3,972,998	\$ 4,080,718	\$ 4,610,809	\$ 4,085,219	\$ 4,224,792
Total Primary Government Program Revenues	\$ 9,009,748	\$ 8,671,658	\$ 10,066,902	\$ 13,018,670	\$ 11,984,460	\$ 34,477,478	\$ 17,762,421	\$ 15,047,258

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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)	\$ (53,502,280)	\$ (34,454,793)
Business-Type Activities	(251,438)	108,702	5,229	555,318	87,621	670,463	164,415	146,270
Total Primary Government Net Expense	<u>\$ (24,120,061)</u>	<u>\$ (34,356,037)</u>	<u>\$ (26,362,042)</u>	<u>\$ (30,259,684)</u>	<u>\$ (32,148,841)</u>	<u>\$ (14,474,468)</u>	<u>\$ (53,337,865)</u>	<u>\$ (34,308,523)</u>
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	\$ 27,104,556	\$ 28,233,803
Other Local Taxes	5,049,032	4,746,306	5,544,585	6,175,296	6,626,221	7,395,231	8,818,359	8,563,138
Unrestricted Revenues from Use of								
Money and Property	499,634	348,833	614,725	974,010	1,958,759	1,647,038	1,145,446	512,337
Miscellaneous	154,243	306,013	222,188	151,132	459,721	266,954	128,819	146,753
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	3,863,597	3,789,308
Gain on Disposal of Capital Assets	911,278	(4,651)	-	-	-	-	-	-
Transfers	-	(648,561)	(1,482,453)	9,175	(11,280)	(1,605,550)	(157,450)	(157,350)
Total Governmental Activities	<u>\$ 26,803,439</u>	<u>\$ 28,001,054</u>	<u>\$ 34,942,403</u>	<u>\$ 33,712,803</u>	<u>\$ 36,548,833</u>	<u>\$ 37,911,919</u>	<u>\$ 40,903,327</u>	<u>\$ 41,087,989</u>
Business-Type Activities								
Unrestricted Revenues from Use of								
Money and Property	\$ 23,540	\$ 34,458	\$ 31,067	\$ 59,529	\$ 88,648	\$ 60,985	\$ 46,607	\$ 54,196
Miscellaneous	64,616	25,978	31,611	26,350	39,252	34,735	30,935	34,055
Transfers	-	648,561	1,482,453	(9,175)	11,280	1,605,550	157,450	157,350
Total Business-Type Activities	<u>\$ 88,156</u>	<u>\$ 708,997</u>	<u>\$ 1,545,131</u>	<u>\$ 76,704</u>	<u>\$ 139,180</u>	<u>\$ 1,701,270</u>	<u>\$ 234,992</u>	<u>\$ 245,601</u>
Total Primary Government	<u>\$ 26,891,595</u>	<u>\$ 28,710,051</u>	<u>\$ 36,487,534</u>	<u>\$ 33,789,507</u>	<u>\$ 36,688,013</u>	<u>\$ 39,613,189</u>	<u>\$ 41,138,319</u>	<u>\$ 41,333,590</u>
Change in Net Assets								
Governmental Activities	\$ 2,934,816	\$ (6,463,685)	\$ 8,575,132	\$ 2,897,801	\$ 4,312,371	\$ 22,766,988	\$ (12,598,953)	\$ 6,633,196
Business-Type Activities	(163,282)	817,699	1,550,360	632,022	226,801	2,371,733	399,407	391,871
Total Primary Government Change in Net Assets	<u>\$ 2,771,534</u>	<u>\$ (5,645,986)</u>	<u>\$ 10,125,492</u>	<u>\$ 3,529,823</u>	<u>\$ 4,539,172</u>	<u>\$ 25,138,721</u>	<u>\$ (12,199,546)</u>	<u>\$ 7,025,067</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

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

General Fund	2001	2002	2003	2004	2005
Reserved	\$ 522,269	\$ 524,371	\$ -	\$ -	\$ -
Unreserved, Designated for Revenue Maximization	-	-	-	136,089	110,593
Unreserved, Designated for Housing	-	-	-	-	-
Unreserved, Designated for Capital Projects	-	-	-	-	-
Unreserved, Designated for Community Corrections	-	-	-	-	-
Unreserved	<u>6,739,524</u>	<u>7,926,373</u>	<u>6,536,975</u>	<u>7,947,889</u>	<u>9,890,093</u>
Total General Fund	\$ <u>7,261,793</u>	\$ <u>8,450,744</u>	\$ <u>6,536,975</u>	\$ <u>8,083,978</u>	\$ <u>10,000,686</u>
All Other Governmental Funds					
Reserved for capital projects	\$ -	\$ -	\$ 6,520,781	\$ 8,674,019	\$ 8,592,971
Unreserved, reported in Debt Service Fund	-	-	-	-	36,204
Unreserved, reported in Special Revenue Funds	102,035	1,037,142	1,176,067	1,041,887	1,023,399
Unreserved, reported in Capital Projects Fund	<u>-</u>	<u>-</u>	<u>8,464,529</u>	<u>2,085,349</u>	<u>-</u>
Total All Other Governmental Funds	\$ <u>102,035</u>	\$ <u>1,037,142</u>	\$ <u>16,161,377</u>	\$ <u>11,801,255</u>	\$ <u>9,652,574</u>
Total Governmental Funds	\$ <u>7,363,828</u>	\$ <u>9,487,886</u>	\$ <u>22,698,352</u>	\$ <u>19,885,233</u>	\$ <u>19,653,260</u>

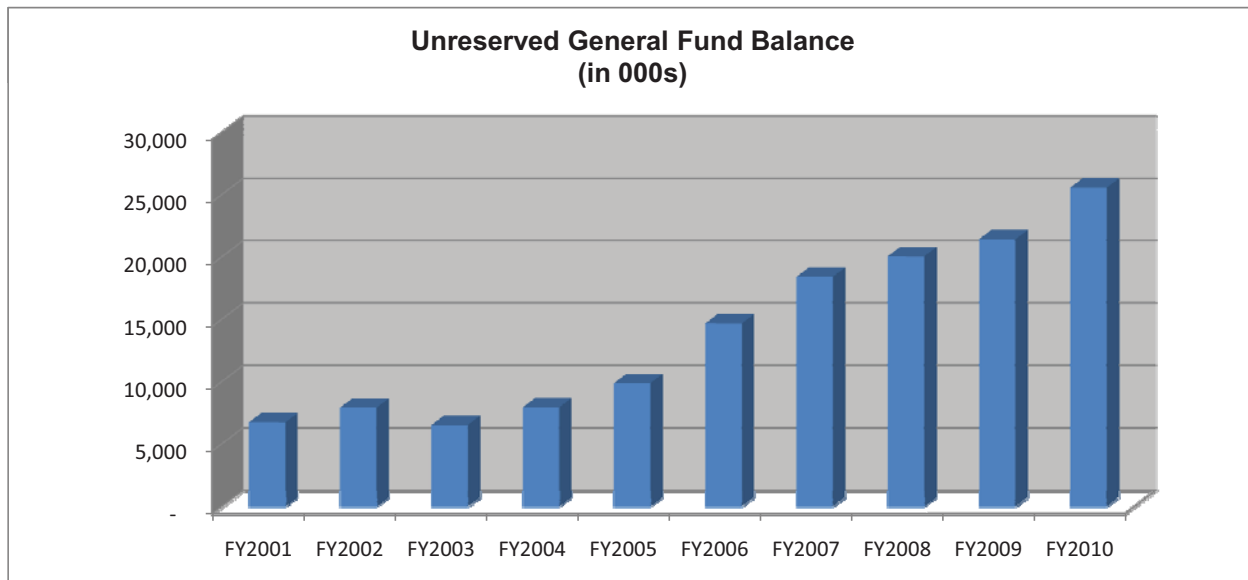


Table 3

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ -	\$ -	\$ -	\$ -	-
93,393	75,839	54,740	26,140	38,439
146,488	140,959	61,943	36,944	38,523
-	-	-	-	-
-	-	-	-	150,043
<u>14,681,925</u>	<u>18,209,267</u>	<u>19,946,161</u>	<u>21,377,327</u>	<u>25,356,429</u>
<u>\$ 14,921,806</u>	<u>\$ 18,426,065</u>	<u>\$ 20,062,844</u>	<u>\$ 21,440,411</u>	<u>\$ 25,583,434</u>
\$ 6,042,481	\$ 4,040,010	\$ 39,377,808	\$ 29,338,168	\$ 20,288,574
-	-	-	-	-
1,213,996	942,658	1,939,520	1,587,521	748,326
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 7,256,477</u>	<u>\$ 4,982,668</u>	<u>\$ 41,317,328</u>	<u>\$ 30,925,689</u>	<u>\$ 21,036,900</u>
<u>\$ 22,178,283</u>	<u>\$ 23,408,733</u>	<u>\$ 61,380,172</u>	<u>\$ 52,366,100</u>	<u>\$ 46,620,334</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

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

	2003	2004	2005	2006
Revenues				
General Property Taxes	\$ 16,782,867	\$ 17,692,361	\$ 26,083,566	\$ 22,617,327
Other Local Taxes	4,552,933	4,746,306	5,544,585	6,175,296
Permits, Privilege Fees, and Licenses	496,099	407,295	523,801	706,915
Fines and Forfeitures	311,994	265,058	375,931	297,727
Revenue from Use of Money and Property	499,634	348,833	614,725	974,010
Charges for Services	458,727	500,041	533,092	1,029,998
Miscellaneous	154,243	306,013	222,188	151,132
Recovered Costs	298,083	217,457	491,308	270,772
Intergovernmental Revenues:				
Local Government	-	243,778	-	-
Commonwealth	7,143,193	7,271,816	7,156,337	9,745,610
Federal	1,554,554	1,976,219	1,295,327	1,179,723
Total Revenues	\$ 32,252,327	\$ 33,975,177	\$ 42,840,860	\$ 43,148,510
Expenditures				
General Government Administration	\$ 2,392,619	\$ 3,653,384	\$ 2,995,994	\$ 3,405,619
Judicial Administration	1,667,166	1,570,131	1,422,426	1,524,110
Public Safety	6,811,424	7,294,996	7,933,359	8,478,865
Public Works	1,451,517	1,445,116	1,664,820	1,584,135
Health and Welfare	2,439,430	2,493,353	2,519,191	2,726,733
Education	9,525,982	10,580,791	8,781,909	10,561,403
Parks, Recreation, and Cultural	662,285	728,822	797,057	866,007
Community Development	685,989	681,710	896,444	1,017,693
Capital Projects	16,302,792	7,764,472	4,948,743	7,669,800
Debt Service:				
Principal Retirement	6,104,723	6,550,479	6,523,336	3,216,287
Interest and Other Fiscal Charges	2,705,235	2,884,011	3,107,101	2,427,093
Total Expenditures	\$ 50,749,162	\$ 45,647,265	\$ 41,590,380	\$ 43,477,745
Excess (deficiency) of revenues over (under) expenditures	\$ (18,496,835)	\$ (11,672,088)	\$ 1,250,480	\$ (329,235)
Other Financing Sources (Uses)				
Transfers in	\$ 1,710,689	\$ 7,100,276	\$ 13,069,186	\$ 5,497,004
Transfers (out)	(1,710,689)	(7,748,837)	(14,551,639)	(5,487,829)
Proceeds of general obligation debt	22,827,500	9,500,000	-	11,935,253
Premium on Bonds	-	-	-	424,912
Retirement of bond anticipation notes	-	-	-	(9,938,180)
Sale of Capital Assets	1,116,832	7,529	-	423,099
Total Other Financing Sources (Uses)	\$ 23,944,332	\$ 8,858,968	\$ (1,482,453)	\$ 2,854,259
Net Change in Fund Balances	\$ 5,447,497	\$ (2,813,120)	\$ (231,973)	\$ 2,525,024
Debt Service as a Percentage of Noncapital Expenditures	25.6%	24.9%	26.3%	15.6%

Data for years prior to 2002 is not available at publication.

Table 4

	2007	2008	2009	2010
\$	23,597,753	\$ 25,959,745	\$ 26,778,786	\$ 28,033,301
	6,626,221	7,395,231	8,818,359	8,563,138
	733,173	1,032,075	396,316	453,302
	295,893	336,579	340,961	411,747
	1,958,759	1,647,038	1,145,446	512,337
	992,320	1,000,117	1,141,141	1,135,675
	451,285	266,954	128,818	146,754
	476,616	502,252	418,352	321,467
	-	-	-	-
	8,624,196	12,321,427	14,590,546	11,597,678
	1,128,285	1,095,736	1,071,835	1,013,370
\$	<u>44,884,501</u>	<u>\$ 51,557,154</u>	<u>\$ 54,830,560</u>	<u>\$ 52,188,769</u>
\$	3,801,800	\$ 4,264,176	\$ 4,660,952	\$ 4,254,648
	1,788,031	1,911,988	2,089,073	2,103,408
	9,385,203	10,285,574	11,076,575	11,250,451
	1,703,355	1,876,896	1,812,627	1,804,265
	2,945,060	3,122,249	3,512,350	3,379,645
	9,666,163	9,811,924	12,690,392	11,926,355
	1,005,038	980,438	1,097,109	1,100,437
	1,913,858	1,942,574	1,239,599	894,021
	5,574,828	11,237,307	18,022,853	7,122,731
	3,414,797	3,942,622	8,978,291	15,564,571
	2,723,642	2,673,379	3,807,361	3,826,653
\$	<u>43,921,775</u>	<u>\$ 52,049,127</u>	<u>\$ 68,987,182</u>	<u>\$ 63,227,185</u>
\$	<u>962,726</u>	<u>\$ (491,973)</u>	<u>\$ (14,156,622)</u>	<u>\$ (11,038,416)</u>
\$	8,477,352	\$ 9,821,871	\$ 8,167,466	\$ 17,860,254
	(8,488,632)	(11,427,421)	(8,324,916)	(18,017,604)
	-	39,900,000	5,300,000	5,450,000
	-	168,962	-	-
	-	-	-	-
	279,004	-	-	-
\$	<u>267,724</u>	<u>\$ 38,463,412</u>	<u>\$ 5,142,550</u>	<u>\$ 5,292,650</u>
\$	<u>1,230,450</u>	<u>\$ 37,971,439</u>	<u>\$ (9,014,072)</u>	<u>\$ (5,745,766)</u>
	16.0%	14.4%	25.1%	34.5%

COUNTY OF PRINCE GEORGE, VIRGINIA

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

	2001	2002	2003	2004
Source				
Real Property Taxes	\$ 9,952,082	\$ 11,859,858	\$ 12,227,413	\$ 13,026,414
Real & Personal Public Service Corporation Taxes	564,057	610,025	633,216	681,882
Personal Property Taxes	3,293,273	3,825,026	3,495,273	3,534,437
Machinery & Tools Taxes	113,108	58,356	275,974	281,212
Penalties & Interest	180,345	165,442	150,991	168,416
Total, General Property Taxes	\$ 14,102,865	\$ 16,518,707	\$ 16,782,867	\$ 17,692,361
Local Sales and Use Taxes	\$ 1,016,375	\$ 1,130,684	\$ 999,578	\$ 1,110,034
Consumer Utility Taxes	940,357	1,001,222	1,049,842	988,608
Cable Franchise Taxes	62,903	62,906	59,410	51,490
Business License	480,965	463,475	542,613	603,667
Motor Vehicle Licenses	487,815	508,520	525,366	543,514
Bank Stock Taxes	74,328	63,500	63,108	66,236
Recordation Taxes	135,331	144,695	162,998	213,753
Rental Tax	6,741	6,292	5,330	4,844
Transient Occupancy Taxes	213,183	213,791	181,855	172,729
Communication taxes	-	-	-	-
Taxicab licenses	5,200	5,470	1,850	-
E911 Taxes	320,786	423,729	456,649	469,151
Meals Taxes	522,645	541,377	504,334	522,280
Total, Other Local Taxes	\$ 4,266,629	\$ 4,565,661	\$ 4,552,933	\$ 4,746,306
Total General Governmental Tax Revenues	\$ 18,369,494	\$ 21,084,368	\$ 21,335,800	\$ 22,438,667

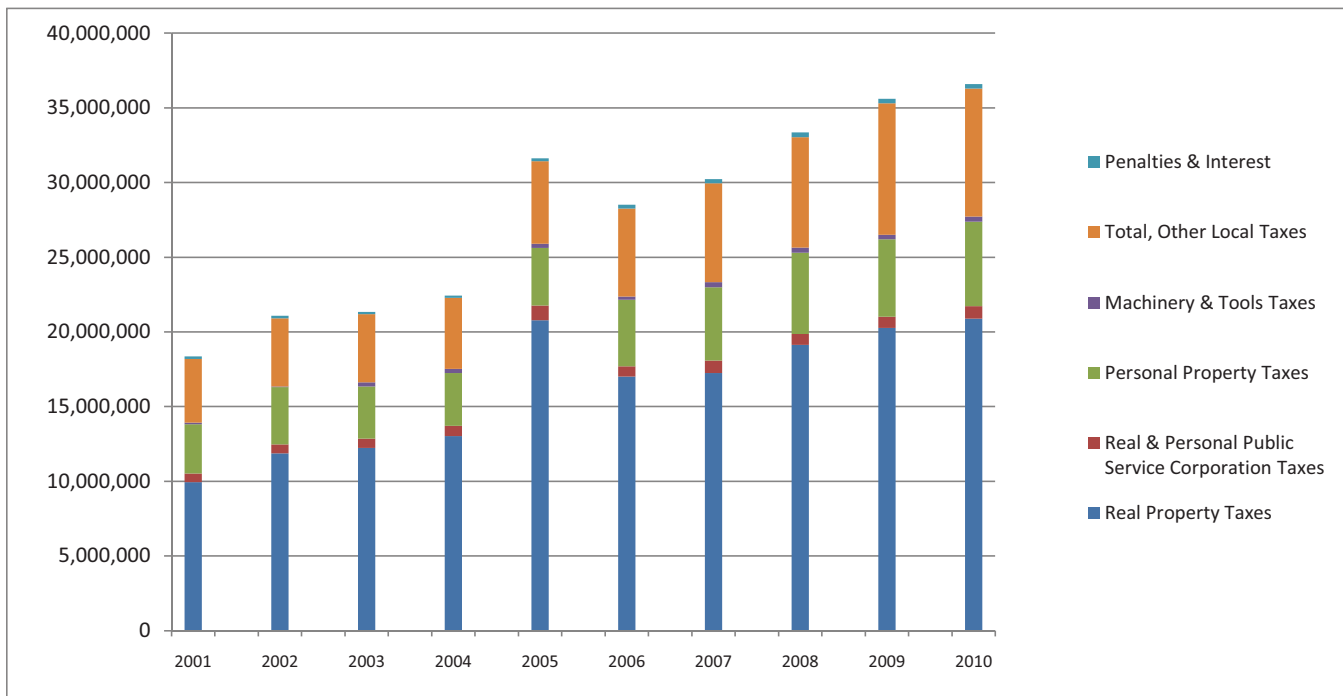


Table 5

	2005	2006	2007	2008	2009	2010
\$	20,780,707	\$ 17,010,527	\$ 17,250,136	\$ 19,130,413	\$ 20,266,075	\$ 20,882,673
	995,625	676,261	838,405	727,245	741,904	833,742
	3,839,232	4,460,413	4,895,952	5,449,410	5,186,845	5,666,494
	274,589	211,649	337,676	335,969	297,517	336,920
	193,413	258,477	275,584	316,708	286,445	313,472
\$	<u>26,083,566</u>	<u>\$ 22,617,327</u>	<u>\$ 23,597,753</u>	<u>\$ 25,959,745</u>	<u>\$ 26,778,786</u>	<u>\$ 28,033,301</u>
\$	1,091,419	\$ 1,141,290	\$ 1,333,959	\$ 1,427,664	\$ 1,837,964	\$ 1,768,721
	1,462,710	1,534,247	1,299,391	778,530	798,962	797,218
	50,642	43,103	56,974	1,915	(1,909)	7
	631,522	674,259	733,948	998,688	2,275,872	2,178,533
	681,175	708,033	728,165	800,986	823,067	811,012
	79,135	84,743	84,412	80,301	81,240	83,585
	388,976	524,378	487,000	542,669	282,594	252,785
	3,808	3,531	3,404	2,385	2,388	1,578
	195,738	200,358	555,486	602,451	513,651	516,806
	-	-	522,138	1,474,445	1,358,465	1,314,801
	1,650	1,900	-	-	-	-
	452,893	468,144	222,863	54,401	122,397	139,805
	504,917	513,273	598,481	630,796	723,668	698,287
\$	<u>5,544,585</u>	<u>\$ 5,897,259</u>	<u>\$ 6,626,221</u>	<u>\$ 7,395,231</u>	<u>\$ 8,818,359</u>	<u>\$ 8,563,138</u>
\$	<u>31,628,151</u>	<u>\$ 28,514,586</u>	<u>\$ 30,223,974</u>	<u>\$ 33,354,976</u>	<u>\$ 35,597,145</u>	<u>\$ 36,596,439</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	Mobile Homes
2001	\$ 963,479,340	\$ 140,886,418	\$ 1,104,365,758	\$ 157,653,474	\$ 17,858,127	10,108,068
2002	1,079,245,691	158,456,786	1,237,702,477	167,960,641	21,159,378	10,470,209
2003	1,130,897,654	156,769,459	1,287,667,113	172,692,969	18,149,925	10,122,843
2004	1,265,149,140	167,859,400	1,433,008,540	172,558,951	15,217,236	9,714,944
2005	2,022,653,496	303,609,911	2,326,263,407	194,513,246	18,389,743	9,600,239
2006	1,566,773,203	250,402,650	1,817,175,853	198,735,156	20,174,643	10,143,919
2007	1,812,825,997	284,491,563	2,097,317,560	214,481,355	22,479,110	10,112,446
2008	2,065,799,353	335,401,908	2,401,201,261	229,808,695	22,377,197	10,172,937
2009	2,199,209,735	379,328,355	2,578,538,090	219,663,799	19,980,100	10,457,422
2010	2,227,563,595	385,081,597	2,612,645,192	234,885,176	22,355,354	10,426,530

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.

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.

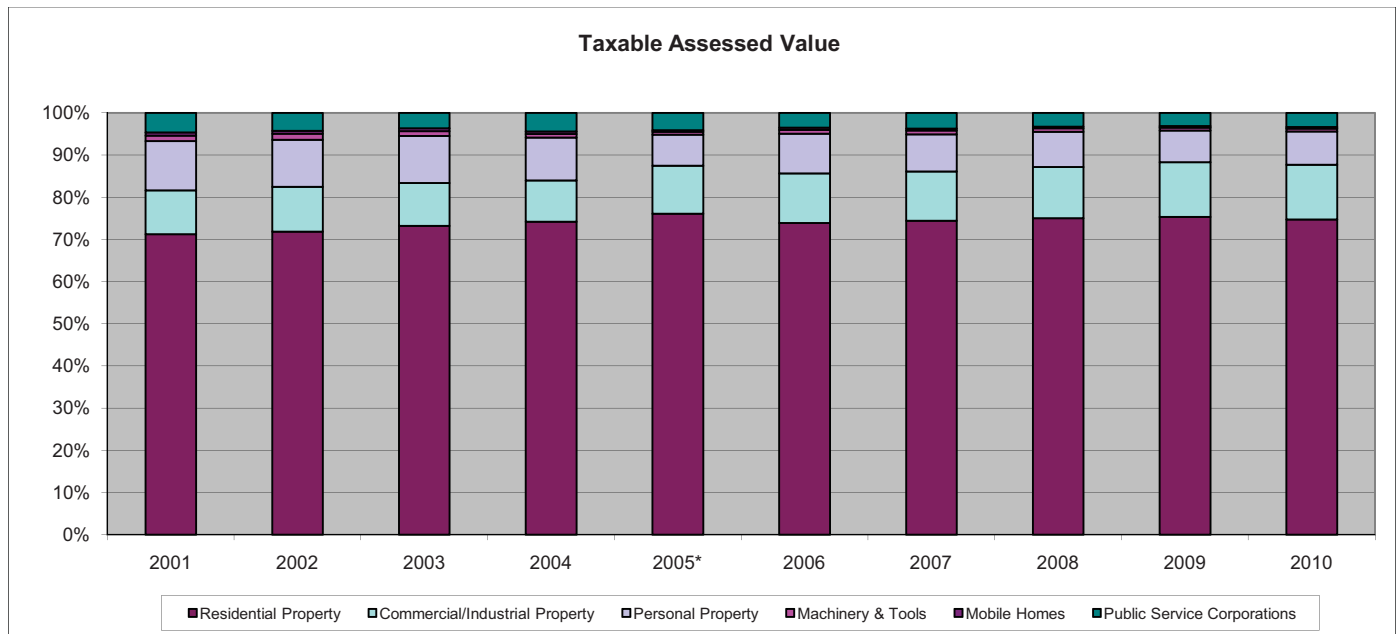


Table 6

Public Service Corporations	Total Taxable Assessed Value	Real Estate Direct Tax Rate	Personal Property Direct Tax Rate
\$ 62,681,271	\$ 1,352,666,698	\$ 0.90	\$ 4.00
64,463,316	1,501,756,021	0.95	4.00
56,511,816	1,545,144,666	0.95	4.00
75,682,416	1,706,182,087	0.90	4.00
110,551,010	2,659,317,645	0.90	4.00
74,958,876	2,121,188,447	0.88	4.00
91,330,546	2,435,721,017	0.80	4.00
90,463,693	2,754,023,783	0.80	4.00
91,883,661	2,920,523,072	0.80	4.00
100,234,074	2,980,546,326	0.80	4.00

Principal Property Taxpayers
Current Year and Nine Years Prior

Taxpayer	2010			2001		
	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)	\$ 76,761,000	1	2.58%	\$ 33,493,700	1	2.48%
Ace Hardware Corp	60,321,238	2	2.02%	N/A		
Crossings Holdings LLC	18,238,025	3	0.61%	N/A		
Perdue Farms, Inc	17,597,257	4	0.59%	7,844,700	6	0.58%
Crossings Center LLP	15,200,500	5	0.51%	11,202,300	3	0.83%
Jefferson Pointe	13,394,400	6	0.45%	7,886,200	5	0.58%
Rolls-Royce Crosspointe LLC	12,962,800	7	0.43%	N/A		
Lowe's Home Centers, Inc	12,535,552	8	0.42%	N/A		
Standard Motor Products	11,266,000	9	0.38%	12,437,800	2	0.92%
Surya VA, Inc	10,659,350	10	0.36%	4,576,600	10	0.34%
Wachovia Bank NA	N/A			10,012,500	4	0.74%
Robert Daniel Jr	N/A			6,157,381	7	0.46%
BL Associates LLC	N/A			5,121,800	8	0.38%
Bailey's Ridge Apartments, LLC	N/A			4,817,800	9	0.36%

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

Property Tax Levies and Collections
Last Ten 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, 2010	
		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	17,171,765	15,033,320	87.55%	1,143,902	16,177,222	94.21%
2007	18,635,631	16,471,448	88.39%	1,266,159	17,737,607	95.18%
2008	20,474,647	19,006,888	92.83%	272,044	19,278,932	94.16%
2009	21,139,550	19,930,582	94.28%	218,620	20,149,202	95.32%
2010	20,893,527	20,385,261	97.57%	-	20,385,261	97.57%

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, 2010	
		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%	355,353	5,302,607	98.76%
2008	6,053,157	5,394,924	89.13%	12,705	5,407,629	89.34%
2009	5,225,646	5,033,733	96.33%	37,561	5,071,294	97.05%
2010	6,142,759	5,628,933	91.64%	-	5,628,933	91.64%

Note: FY2007 Personal Property Levy does not include Personal Property Tax Relief Act (PPTRA) payments from the Commonwealth of Virginia. As of calendar 2006, PPTRA payments were provided to localities as block grants unrelated to actual personal property tax payments for the year.

Ratios of Outstanding Debt by Type
Last Seven Fiscal Years

Fiscal Year	Governmental Activities					Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds/ Notes		Capital Leases	Virginia Public School Authority Bonds	Literary Fund Loans	General Obligation Bonds/ Notes			
	Supported by General Taxes	Supported by Dedicated Revenue							
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	5.85%	1,684
2008	19,381,827	25,191,677	-	48,029,824	805,000	3,811,281	97,219,609	8.85%	2,653
2009	23,047,444	20,147,295	-	45,845,295	690,000	3,432,383	93,162,417	8.24%	2,470
2010	26,484,067	8,962,205	-	43,594,191	575,000	3,082,733	82,698,196	7.31%	2,154

(1) Reference table 12

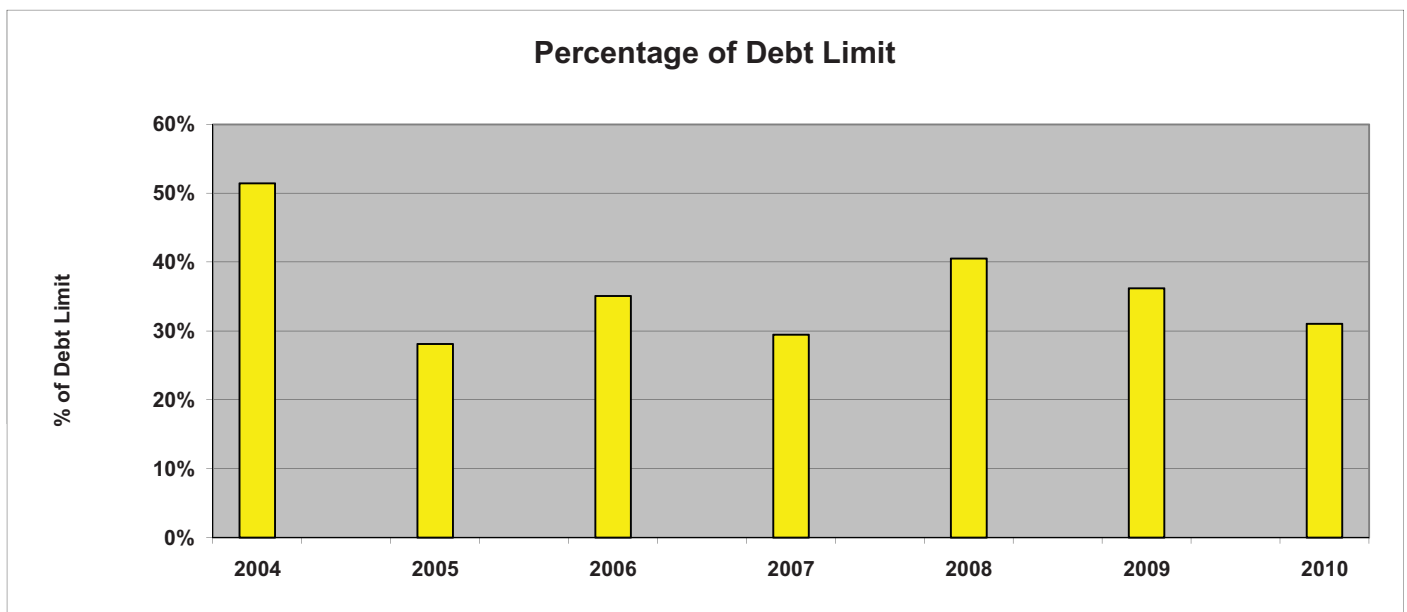
Ratios of General Bonded Debt by Type
Last Seven Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Percentage of Estimated Actual Value of Property	Per Capita
	General Obligation	Capital Leases	Virginia Public School Authority Bonds	Literary Fund Loans	Total		
2004	\$ 39,070,964	\$ 103,631	\$ 28,166,377	\$ 1,265,000	\$ 68,605,972	4.02%	\$ 1,999
2005	34,122,097	-	26,810,532	1,150,000	62,082,629	2.33%	1,692
2006	26,663,045	-	33,167,371	1,035,000	60,865,416	2.87%	1,668
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
2009	43,194,739	-	45,845,295	690,000	89,730,034	3.07%	2,379
2010	35,446,272	-	43,594,191	575,000	79,615,463	2.62%	2,031

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

Computation of Legal Debt Margin
Last Seven Fiscal Years

	2004	2005	2006	2007	2008	2009	2010
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	\$ 2,578,538,090	\$ 2,612,645,192
Debt Limit (10% of Real Property Assessed Value)	143,300,854	232,626,341	181,717,585	209,731,756	240,120,126	257,853,809	261,264,519
Debt Applicable to Limit	73,729,931	65,329,996	63,725,145	61,809,058	97,219,609	93,305,559	81,069,795
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>	<u>\$ 164,548,250</u>	<u>\$ 180,194,724</u>
Total net debt applicable to the limit as a percentage of debt limit	51.5%	28.1%	35.1%	29.5%	40.5%	36.2%	31.0%



Demographic and Economic Statistics
Last Ten Years

Year	Population	Student Enrollment	Per Capita Personal Income	Median Household Income	Median Age	Average Unemployment Rate	Educational Attainment: Bachelor's Degree or Higher
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)	50,649 (f)	32.1 (b)	3.6% (e)	19.4% (a)
2005	36,694 (a)	6,039 (d)	25,712 (f)	55,476 (f)	32.1 (b)	3.8% (e)	19.4% (a)
2006	36,694 (a)	6,193 (d)	28,778 (h)	57,883 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2007	36,647 (g)	6,297 (d)	29,986 (h)	59,780 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2008	37,723 (g)	6,305 (d)	N/A	N/A	32.1 (b)	4.3% (e)	14.0% (e)
2009	38,393 (g)	6,158 (d)	25,869 (i)	67,985 (i)	32.1 (b)	7.0% (j)	19.4% (i)

(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

(h) US Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis (Prince George + Hopewell)

N/A - Not Available

Principal Employers

Current Year and Nine Years Ago

Employer	2009			2000		
	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+	7.2%	1	1000+	7.8%	1
County of Prince George	1000+	7.2%	2	1000+	7.8%	2
Food Lion	500-999	5.4%	3	500-999	5.9%	4
U.S. Department of Justice	500-999	5.4%	4	250-499	2.9%	7
U.S. Army Non-Appropriated Funds Division	250-499	2.7%	5	250-499	2.9%	5
Standard Motor Products	250-499	2.7%	6	100-249	2.9%	9
Riverside Regional Jail	250-499	2.7%	7	N/A	N/A	N/A
Perdue Products	250-499	2.7%	8	N/A	N/A	N/A
U.S. Department of Army and Air Force	250-499	2.7%	9	250-499	2.9%	6
Ace Hardware Corporation	100-249	1.4%	10	N/A	N/A	N/A
Manpower International	N/A	N/A	N/A	500-999	5.9%	3
The Pro Source Group	N/A	N/A	N/A	250-499	2.9%	8
Alrod Inc	N/A	N/A	N/A	100-249	1.6%	10
Total Employment	13,853			12,809		

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

County Government Employees
Last Six Fiscal Years

Function/Program	Positions as of June 30					
	2005	2006	2007	2008	2009	2010
General Government Administration						
County Administration	5	5	5	4	4	4
Human Resources	2	3	3	3	3	3
County Attorney	2	2	2	2	2	2
Commissioner of the Revenue	5	5	5	5	5	6
Treasurer	6	6	6	6	6	7
Real Estate Assessor	6	6	6	6	6	6
Finance	5	5	5	6	6	6
Information Technology	2	5	5	5	5	5
County Garage	4	4	4	4	4	4
Registrar	2	2	2	2	2	3
Judicial Administration						
Circuit Court	1	1	1	1	1	1
Commonwealth's Attorney	3	5	6	7	7	7
Sheriff	9	9	11	11	11	11
Victim Witness	1	1	1	1	1	1
Clerk of Circuit Court	5	5	5	5	5	5
Public Safety						
Police	51	54	54	56	56	56
Fire & EMS	10	11	11	14	14	11
VJCCCA	1	1	1	1	1	1
Community Corrections/ Pretrial	9	9	9	9	9	10
Building Inspections	8	9	10	11	11	10
Animal Control	3	3	4	5	5	6
Dispatch Center	13	14	14	14	14	14
Public Works						
General Properties	10	6	6	7	7	8
Refuse Disposal	-	-	-	3	3	3
Engineering/Utilities	11	12	13	13	13	13
Health and Welfare						
Social Services	20	20.5	20	20	20	21
Housing Assistance	3	3	3	3	-	-
Parks, Recreation & Cultural						
Parks and Recreation	6	6	7	7	7	7
Community Development						
Planning Department	4	5	6	6	6	4
Economic Development	2	1	1	1	1	1
GIS	-	1	1	1	1	1
Capital Projects	1	1	-	-	-	-
Total	210	220.5	227	239	236	234

Source - Human Resources

Data for years prior to 2005 are not available

Operating Indicators by Function/ Program
Last Six Fiscal Years

	2005	2006	2007	2008	2009	2010
General Government Administration						
Real Property Parcels	12,705	12,961	13,272	13,362	13,568	13,597
Public Safety						
Physical Arrests	577	561	523	577	573	528
Traffic Violations	5,796	5,127	5,243	5,355	7,018	7,842
Police Stations	1	1	1	1	1	1
Police Personnel and Officers	54	54	56	57	56	56
Fire Protection						
EMS Service Calls	2,140	2,055	2,297	2,500	2,417	2,374
Fire Service Calls	973	1,097	1,117	1,249	1,205	1,060
Fire Stations	6	6	6	6	6	6
EMS Stations	1	1	1	1	1	1
Volunteer Fire and EMS Personnel	250	275	290	350	438	314
Professional Paramedic/Firefighter	5	7	7	9	9	6
Building Official						
Single Family Resid. Building Permits	245	216	249	172	121	68
Commercial Building Permits	54	65	163	98	115	37
Health and Welfare						
Request for Services (Social Services)	426	466	536	622	638	715
Food Stamp Applications	N/A	630	576	525	897	903
Parks, Recreation & Cultural						
Youth League Participants	1,750	2,112	2,072	2,100	2,286	2,481
Community Development						
Employment	13,767	13,986	15,441	14,648	13,853	13,853
Component Unit - School Board						
Students Enrolled	6,162	6,059	6,062	6,189	6,305	6,158

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

Capital Asset Statistics by Function
Last Six Fiscal Years

	2005	2006	2007	2008	2009	2010
General Government Administration						
Administration Buildings	1	1	1	1	1	1
Public Safety						
Police Department:						
Buildings	1	1	1	1	1	1
Vehicles	74	73	73	74	74	73
Child Safety Seat Trailer	1	1	1	1	1	1
Electronic Sign Board	1	1	1	1	1	1
Public Safety Boat	0	1	1	1	1	1
Emergency Management						
Buildings	1	1	1	1	1	1
Sheriff's Department:						
Vehicles	12	12	12	12	12	12
Fire Department:						
Vehicles	0	0	0	0	67	60
Animal Control:						
Buildings	1	1	1	1	1	1
Community Corrections						
Buildings	1	1	1	1	1	1
Courts:						
Buildings	1	1	1	1	1	1
Operations						
Garage:						
Buildings	1	1	1	1	1	1
Vehicles	3	3	3	3	3	3
Refuse:						
Sites	1	1	1	1	1	1
Recycling Centers	2	2	2	2	2	2
Buildings and Grounds:						
Buildings	1	1	1	1	1	1
Community Development						
Building Inspections						
Vehicles	6	6	7	8	8	7
Culture and Recreation						
Parks and Recreation						
Pier/Overlook/Nature Park	0	0	1	1	1	1
Playing Fields	7	7	7	7	7	7
Multi-Purpose Fields	2	2	2	2	2	2
Tennis Courts	3	3	3	3	3	3
Pavilions	3	3	3	3	3	3
Historical Society	1	1	1	1	1	1
Health & Welfare						
Social Services						
Building	1	1	1	1	1	1
Food Bank	1	1	1	1	1	1
Vehicles	7	7	7	7	7	5
Component Unit - School Board						
Education						
High Schools	1	1	1	1	1	1
Junior High Schools	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1
Elementary Schools	5	5	5	5	5	5
Education Center	1	1	1	1	1	1
Administration Buildings	1	1	1	1	1	1
School Buses - Active	78	77	77	78	84	87
School Buses - Spare	15	17	17	19	17	15

Source: Individual County Departments

Data prior to FY 05 is not available at publication.

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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, 2010, which collectively comprise the County of Prince George, Virginia's basic financial statements and have issued our report thereon dated September 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, 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*.

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
September 27, 2010

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 Independent Auditor's Report

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

Compliance

We have audited the County of Prince George, Virginia's Compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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'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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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 the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify deficiencies in internal control over compliance that might be deficiencies, 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, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
September 27, 2010

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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:		
Promoting Safe and Stable Families	93.556	\$ 7,076
Temporary Assistance for Needy Families (TANF)	93.558	163,120
Refugee and Entrant Assistance - State Administered Programs	93.566	936
Low-Income Home Energy Assistance	93.568	9,486
Child Care and Development Block Grant	93.575	63,164
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	49,770
ARRA - Child Care and Development Block Grant	93.713	22,938
Chafee Education and Training Vouchers Program	93.599	7,161
Child Welfare Services - State Grants	93.645	582
Foster Care - Title IV-E	93.658	94,573
ARRA - Foster Care - Title IV-E	93.658	2,077
Adoption Assistance	93.659	36,336
ARRA - Adoption Assistance	93.659	3,231
Social Services Block Grant	93.667	71,851
Chafee Foster Care Independence Program	93.674	1,384
Children's Health Insurance Program (CHIP)	93.767	8,727
Medical Assistance Program	93.778	113,414
Total Department of Health and Human Services		\$ 655,826
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Emergency Management Performance Grants	97.042	\$ 25,231
Non-Profit Security Program	97.008	8,497
State Homeland Security Program (SHSP)	97.073	17,036
Total U. S. Department of Homeland Security		\$ 50,764
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food distribution	10.555	\$ 135,965
Department of Education:		
National school breakfast program	10.553	277,245
National School lunch program	10.555	868,118
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	191,448
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5,437
Total Department of Agriculture		\$ 1,478,213
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments in Lieu of Taxes	15.226	\$ 14,720
Total Department of the Interior		\$ 14,720

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2010

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Services:		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	\$ 53,995
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG)	16.803	<u>27,122</u>
Total Department of Justice		\$ <u>81,117</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and Community Highway Safety	20.600	\$ <u>14,057</u>
Total Department of Transportation		\$ <u>14,057</u>
Department of Education:		
Direct Payments:		
Impact Aid	84.041	\$ 3,333,610
Pass Through Payments:		
Department of Education:		
Adult Education - Basic Grants to States	84.002	329,051
Title I Grants to Local Educational Agencies	84.010	528,978
Title I Grants to Local Educational Agencies - ARRA	84.389	154,289
Title I State Agency Program for Neglected and Delinquent Children	84.013	41,757
Special Education-Grants to States	84.027	1,026,870
Special Education -Grants to States - ARRA	84.391	644,497
Special Education - Preschool Grants	84.173	29,771
Career and Technical Education - Basic Grants to States	84.048	74,338
Safe and Drug-Free Schools and Communities - State Grants	84.186	10,461
Improving Teacher Quality State Grants	84.367	186,397
State Grants for Innovative Programs	84.298	514
Education Technology State Grants	84.318	23,552
State Fiscal Stabilization Fund (SFSF) - Education State Grants ARRA	84.394	<u>4,000,981</u>
Total Department of Education		\$ <u>10,385,066</u>
Department of Defense:		
Direct Payments:		
Junior ROTC Program	12.000	\$ 95,093
Support for K-12 Student Achievement at Military Connected Schools	12.030	<u>121,140</u>
Total Department of Defense		\$ <u>216,233</u>
Total Federal Assistance		\$ <u><u>12,895,996</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

Note 1 - General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Prince George, Virginia under programs of the federal government for the year ended June 30, 2010 . The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of operations of the County of Prince George, Virginia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County of Prince George, Virginia.

Note 2 - Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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	\$ 1,013,370
Total primary government	\$ 1,013,370

Component Unit Public Schools:

School Operating Fund	\$ 10,272,247
School Special Revenue Fund	1,610,379
Total component unit public schools	\$ 11,882,626
Total federal expenditures per basic financial statements	\$ 12,895,996

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 12,895,996
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COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

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

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553 / 10.555	Child Nutrition Cluster
10.561	SNAP Cluster
84.010 / 84.389	Title I Cluster
84.027 / 84.173 / 84.391	Special Education Cluster
84.394	State Fiscal Stabilization Fund Education State Grants - ARRA

Dollar threshold used to distinguish between Type A and Type B programs \$ 386,880

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.