

COUNTY OF
PRINCE GEORGE, VIRGINIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

COUNTY OF PRINCE GEORGE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

Prepared By:

Prince George County Finance Department

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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COUNTY OF PRINCE GEORGE, VIRGINIA

PRINCIPAL OFFICIALS ON JUNE 30, 2013

Board of Supervisors

William A. Robertson, Jr., Chairperson
William F. Gandel, Vice-Chairperson

Alan R. Carmichael

Jerry J. Skalsky

Henry D. Parker, Jr.

County School Board

Robert E. Cox, Jr., Chairperson,
Lewis E. Stevenson, Vice-Chairperson

Jerry F. Warren

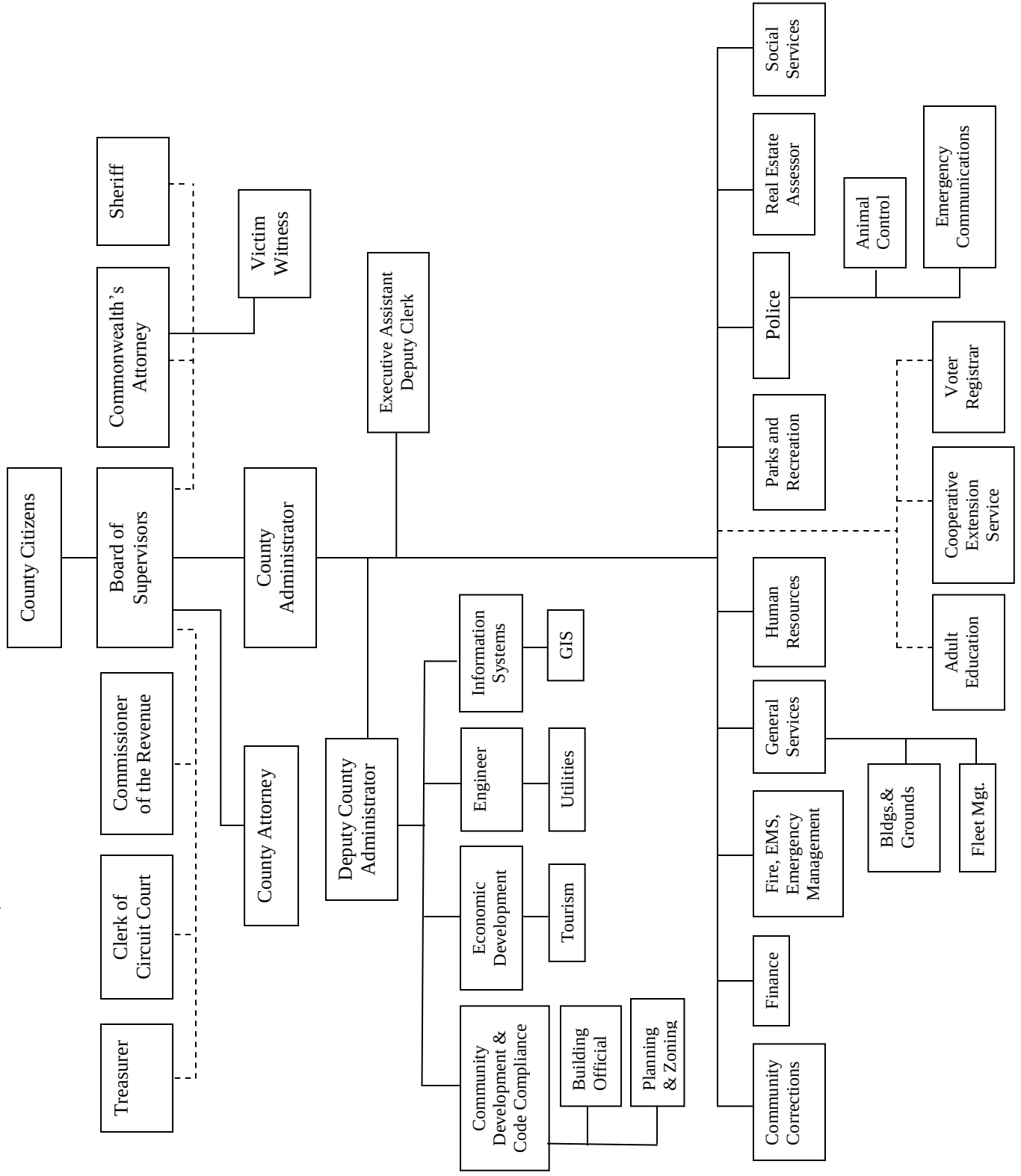
Roger Franklin

Kevin S. Foster

Other Officials

Chief Judge of the Circuit Court.....W. Allan Sharrett
Judge of the Circuit Court Nathan Lee
Clerk of the Circuit Court.....C. Bishop Knott, Jr.
Chief Judge of the General District Court Theodore J. Burr, Jr.
Judge of the General District Court.....C. Ridley Bain
Judge of the General District Court.....Bruce A. Clark
Judge of the General District Court.....Stephen D. Bloom
Judge of the Juvenile and Domestic Relations Court Carson E. Saunders, Jr.
Judge of the Juvenile and Domestic Relations Court Jacqueline Waymack
Clerk of the Combined CourtEllen T. Chiasson
Commonwealth's Attorney Jay C. Paul
Commissioner of the Revenue..... Darlene M. Rowsey
TreasurerJean N. Barker
Sheriff H.E. Allin, III
County AdministratorPercy C. Ashcraft
Superintendent of Schools..... Bobby Browder
Director of Social Services..... Shel Bolyard-Douglas

PRINCE GEORGE COUNTY, VA





Government Finance Officers Association

**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, 2012

Executive Director/CEO

COUNTY OF PRINCE GEORGE, VIRGINIA

Percy C. Ashcraft
County Administrator



BOARD OF SUPERVISORS

William A. Robertson, Jr.
William F. Gandel
Henry D. Parker, Jr.
Jerry J. Skalsky
Alan R. Carmichael

December 15, 2013

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, 2013. 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 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 35,725 people (2010 Census Bureau Estimate). The greater proportion of the County's land area remains rural, although areas of the County are experiencing rapid residential, commercial and industrial growth. Prince George is an independent political subdivision of the Commonwealth of Virginia, and has no subordinate political entities within its borders. A five-member Board of Supervisors governs the County. Other elected officials in the County government include the Clerk of Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff, and Treasurer. All elected officials are elected on a four-year cycle 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 5.8% for August 2013, as compared to 6.5% for August 2012. The state and national unemployment rates for August 2013 were 5.5% and 7.3%, respectively.

Major Initiatives in Fiscal Year 2013

Following the vision and strategic initiatives 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 2013 is as follows:

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 has been graded in order to be “building pad ready”. The land was transferred to Rolls Royce, through the Industrial Development Authority, on December 19, 2008. Rappahannock Construction Company (RCCI) was awarded the design-build contract for the two roads. The road construction started July 2009 and will be complete in December 2013. The Road A and B portions of Wells Station Road is currently open for traffic and under a final VDOT punch list review. The West Quaker Road will be completed by December 2013 by Perkinson Construction. Rolls Royce has completed construction of the first building which is now operational. The second Rolls-Royce building (Advanced Airfoil Machining Facility) will be complete in November 2013. The building site pad for the Commonwealth Center for Advanced Manufacturing (CCAM) is complete. CCAM was constructed by UVA Foundation and became operational on September 10, 2012. Four (4) additional shovel ready pad sites on forty acres have been completed on the campus in anticipation of supply chain development.

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).

Tyler Munis Financial System

The County began the implementation of a new financial software in July of 2011. The software was purchased to replace the old financial system implemented in the 1980's. The accounts payable module was first released in July of 2012, followed by the payroll system in October of 2012. By March of 2013, miscellaneous revenue receipting was implemented. The summer of 2013 will yield the implementation of the complete tax module for real estate and personal property. The fall of 2013 will have the Business License and Income Tax modules in place. The winter of 2014 will begin the implementation of the utilities billing module. The project will allow the County greater control over all financial transactions and provide a self-service portal for its citizens to be able to view and pay bills online.

Human Services Building Renovation

The Board of Supervisors authorized the renovation of the Human Services Building. \$600,000 was appropriated to renovate the second floor of the building for the Social Services Department. The department currently houses 21 employees. The employees assist citizens in applying for income assistance which fall under a vast array of federal and state programs.

The department is expected to move into the space before the end of calendar year 2013.

Sections of the Report

Fiscal year 2013 was the tenth 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.

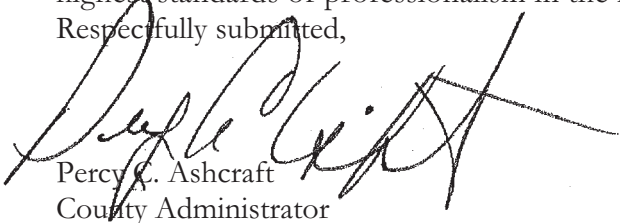
Awards and Acknowledgements

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, 2012. This was the ninth 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,



Percy C. Ashcraft
County Administrator

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

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 County of Prince George, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resource and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary comparison information, and schedule of pension and OPEB funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The 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.

Other Information (Continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Prince George, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 13, 2013

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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, 2013. 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, 2013 by \$71,507,311 (net position). Of this amount, \$22,688,353 is unrestricted and may be used to meet the County's future obligations.

The County's total net position from Governmental Activities was \$49,397,609 on June 30, 2013, compared to \$48,042,439 total net position on June 30, 2012. Total net position represents the amount by which the County's assets exceeded its liabilities. The governmental net position increased \$1,355,170.

The total net position from Business-type activities (Water and Sewer Fund) was \$22,109,702 on June 30, 2013, compared to \$21,721,842 total net position on June 30, 2012. Net position increased \$387,860 during FY 2013.

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 2013 fiscal year and at the status of those financial resources at June 30, 2013, 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 position* presents information on all County assets and liabilities, with the difference between the two reported as *net position*. 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 position changed during the most recent fiscal year. All changes in net position 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 Position 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 position 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 Position
Governmental and Business-Type Activities
For the Years Ended June 30, 2013 and 2012**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 25,356,270	\$ 30,702,810	\$ 6,516,095	\$ 6,614,237	\$ 31,872,365	\$ 37,317,047
Capital assets	79,346,929	79,558,506	17,176,335	17,700,610	96,523,264	97,259,116
Total assets	<u>\$ 104,703,199</u>	<u>\$ 110,261,316</u>	<u>\$ 23,692,430</u>	<u>\$ 24,314,847</u>	<u>\$ 128,395,629</u>	<u>\$ 134,576,163</u>
Long-term liabilities						
outstanding	\$ 48,214,777	\$ 53,432,272	\$ 1,126,263	\$ 1,345,549	\$ 49,341,040	\$ 54,777,821
Current liabilities	6,919,813	8,786,605	456,465	1,247,456	7,376,278	10,034,061
Total liabilities	<u>\$ 55,134,590</u>	<u>\$ 62,218,877</u>	<u>\$ 1,582,728</u>	<u>\$ 2,593,005</u>	<u>\$ 56,717,318</u>	<u>\$ 64,811,882</u>
Deferred inflows of resources:						
Unavailable Revenue	\$ 171,000	\$ -	\$ -	\$ -	\$ 171,000	\$ -
Net position:						
Net investment in capital assets	\$ 32,649,611	\$ 28,371,837	\$ 15,885,286	\$ 16,208,880	\$ 48,534,897	\$ 44,580,717
Restricted Cash	284,061	730,241	-	-	284,061	730,241
Unrestricted	16,463,937	18,940,361	6,224,416	5,512,962	22,688,353	24,453,323
Total net position	<u>\$ 49,397,609</u>	<u>\$ 48,042,439</u>	<u>\$ 22,109,702</u>	<u>\$ 21,721,842</u>	<u>\$ 71,507,311</u>	<u>\$ 69,764,281</u>

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Net position (assets in excess of liabilities and deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. At June 30, 2013 the County's governmental assets exceeded liabilities and deferred inflows of resources by \$49,397,609 while business assets exceeded its liabilities by \$22,109,702. The largest portion of the County's net assets, 66% and 59% in 2013 and 2012, 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 position, 34% and 41% in 2013 and 2012, respectively, represents unrestricted net position, which may be used to meet the County's ongoing obligations. Unrestricted net position decreased in governmental activities in FY13 by \$2,476,424 and increased in business-type activities by \$711,454.

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, 2011 through June 30, 2013 follows:

**County of Prince George, Virginia
Changes in Net Position
Governmental and Business-Type Activities
For the Years Ended June 30, 2013 and 2012**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 2,160,878	\$ 1,823,885	\$ 4,044,255	\$ 4,076,488	\$ 6,205,133	\$ 5,900,373
Operating grants and contributions	5,013,258	5,203,184	-	-	5,013,258	5,203,184
General revenues:						
General property taxes	28,383,780	28,463,166	-	-	28,383,780	28,463,166
Other local taxes	6,867,373	7,373,261	-	-	6,867,373	7,373,261
Use of money and property	238,946	314,909	54,438	54,466	293,384	369,375
C/VA non-categorical aid	5,100,696	5,197,796	-	-	5,100,696	5,197,796
Other general revenues	330,799	60,435	49,073	33,033	379,872	93,468
Total revenues	\$ 48,095,730	\$ 48,436,636	\$ 4,147,766	\$ 4,163,987	\$ 52,243,496	\$ 52,600,623
Expenses:						
General government administration	\$ 4,927,971	\$ 4,887,534	\$ -	\$ -	\$ 4,927,971	\$ 4,887,534
Judicial administration	2,105,719	2,189,341	-	-	2,105,719	2,189,341
Public safety	13,620,239	13,139,882	-	-	13,620,239	13,139,882
Public works	1,985,467	2,008,209	-	-	1,985,467	2,008,209
Health and welfare	3,508,587	3,797,482	-	-	3,508,587	3,797,482
Education	15,976,873	15,792,643	-	-	15,976,873	15,792,643
Parks, recreation, and cultural	1,803,237	1,839,838	-	-	1,803,237	1,839,838
Community development	646,834	1,161,919	-	-	646,834	1,161,919
Interest and other fiscal charges	2,006,445	2,586,665	-	-	2,006,445	2,586,665
Water and sewer	-	-	3,919,095	4,907,268	3,919,095	4,907,268
Total expenses	\$ 46,581,372	\$ 47,403,513	\$ 3,919,095	\$ 4,907,268	\$ 50,500,467	\$ 52,310,781
Increase (decrease) in net position before transfers	\$ 1,514,358	\$ 1,033,123	\$ 228,671	\$ (743,281)	\$ 1,743,029	\$ 289,842
Transfers	(159,189)	(158,070)	159,189	158,070	-	-
Increase (decrease) in net position	\$ 1,355,169	\$ 875,053	\$ 387,860	\$ (585,211)	\$ 1,743,029	\$ 289,842
Net position, beginning	48,042,439	47,167,386	21,721,842	22,307,053	69,764,281	69,474,439
Net position, ending	\$ 49,397,608	\$ 48,042,439	\$ 22,109,702	\$ 21,721,842	\$ 71,507,310	\$ 69,764,281

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Governmental Activities

Governmental activities revenues decreased from \$48,436,636 to \$48,095,730 or \$340,906 in FY 13 over FY 12. Business license tax is the major contributor to the decrease in revenue. Licenses for contractors performing construction in the Fort Lee area of the county drove the decrease in revenue.

Governmental activities expenses decreased from \$47,403,513 to \$46,581,372 or 1.73%. Interest paid on long-term debt decreased \$580,220. The county refinanced debt in 2012 and paid down debt service in 2011 which contributed to this reduction.

Business-type activities

Charges for services decreased \$32,233 or 0.79% while total revenues decreased \$16,221 or 0.39% for the Water and Sewer Fund. The majority of the decrease was from a decrease in connection fees.

Total expenses for the Water Fund decreased from \$4,907,268 in FY12 to \$3,919,095 in FY13. The major repairs seen in 2012 were not repeated in 2013.

As a result of the above, net position in the Water and Sewer Fund increased \$387,860.

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 \$22,055,650. Of this amount \$4,277,299 is assigned for capital projects and \$1,210,370 is assigned to 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 \$16,283,920 of which \$14,555,614 represents unassigned fund balance of the General Fund. This amount represents 16.08% of General Fund and School Operating expenditures (including debt service). The Board of Supervisors has committed to maintaining an unassigned 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, 2013.

The net decrease to fund balance for the General Fund for 2013 was \$1,399,811. Significant reasons for this decrease in fund balance are as follows:

Other local taxes shows a decrease of \$1,118,866 and state taxes show an increase of \$1,321,472 this was related to a reclassification of state revenue. Property taxes were \$430,981 greater than budgeted due to the change in the property tax rates.

Increase costs to provide the mandated services of the comprehensive services act; \$310,000 was added to the adopted budget to cover this expense. The county transferred general fund balance to capital projects to cover capital projects throughout the year. Those capital projects were related to public safety and parks and recreation.

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

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 \$4,561,360, which was a decrease of \$2,604,774 over FY 12. In addition to expending \$664,337 on Crosspointe Centre Industrial Park towards the completion of the project, the County completed the renovation of a elementary school, transforming it into a community center and offices for the parks and recreation department, renovation of park facilities, implementing a new financial system, and upgrading public safety buildings. 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 \$7,181,966 and principal retirements of indebtedness totaled \$5,136,233 while interest expense totaled \$2,045,733.

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 \$22,109,702. 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 2013 was no exception. General fund expenditures totaled \$39,888,660, which was \$603,635 above the adopted budget and \$2,524,244 below the budget as amended. The transfer to the school board was \$1,510,492 under budget, public safety expenditures were \$607,400 under budget and general government administration were under budget by \$110,858. Details supporting comparison of final amended budget and actual results can be found on Exhibit 12. No appropriation category exceeded its amended appropriations during FY 13.

The County's General Fund budget was amended during FY 13 for federal and state revenues and other unanticipated revenues in the total amount of \$520,818. The most significant expenditure increases were noted in comprehensive services which budget increased \$320,000. The original General Fund budget as adopted was balanced with a reduction of fund balance in the amount of \$490,932. Actual results revealed a decrease of \$1,399,811.

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 5 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, 2013. The County's total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totals \$128,792,445.

**County of Prince George, Virginia
Capital Assets (net of Depreciation)
Governmental and Business-Type Activities
For the Year Ended June 30, 2013**

	Governmental Activities 2013	Business-type Activities 2013
Land	\$ 3,995,396	\$ 101,371
Buildings and improvements	72,910,728	-
Utility plant	-	30,182,708
Equipment	20,650,248	504,177
Construction in progress	18,595,483	-
Total	\$ 116,151,855	\$ 30,788,256
Less accumulated depreciation	36,804,926	13,611,921
Net capital assets	\$ 79,346,929	\$ 17,176,335

More information on the County's capital assets can be found in note 5 to the financial statements.

At the end of fiscal year 2013, the County had total outstanding debt of \$52,045,149 (excluding compensated absences, bond premiums and OPEB, see Note 7 in the Notes to Financial Statements), in comparison; the County had \$57,382,063 and \$61,444,362 outstanding at June 30, 2012 and 2011, respectfully. Of the \$52,045,149 of outstanding debt at June 30, 2013, \$22,533,225 is for general government purposes and \$28,220,875 is outstanding debt on behalf of the School Board. The Water and Sewer Fund has outstanding debt of \$1,291,049.

For more information regarding Prince George County's long-term obligations, see Note 7 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 5.8% for August 2013, as compared to 6.5% for August 2012. The state and national unemployment rates for August 2013 were 5.5% and 7.3%, respectively.

The FY 14 General Fund operating budget totaled \$47,537,035, which was a \$1,465,476 increase over the FY 13 budget. The real estate tax rate was increased from \$0.80 to \$0.82 per \$100 assessed value.

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 Position
At June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 22,436,437	\$ 3,406,963	\$ 25,843,400	\$ 6,576,111
Restricted cash	284,061	-	284,061	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,735,653	-	2,735,653	-
Accounts receivable	402,796	332,132	734,928	168,610
Internal balances	(1,500,000)	1,500,000	-	-
Due from Component Unit	-	1,277,000	1,277,000	(1,277,000)
Due from other governmental units	997,323	-	997,323	1,942,796
Total current assets	\$ 25,356,270	\$ 6,516,095	\$ 31,872,365	\$ 7,410,517
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 3,995,396	\$ 101,371	\$ 4,096,767	\$ 1,066,842
Construction in progress	18,595,483	-	18,595,483	-
Buildings	21,776,542	-	21,776,542	27,323,902
Machinery and equipment	6,758,633	220,270	6,978,903	3,499,431
Jointly owned assets	28,220,875	-	28,220,875	-
Utility plant in service	-	16,854,694	16,854,694	-
Total capital assets	\$ 79,346,929	\$ 17,176,335	\$ 96,523,264	\$ 31,890,175
Total assets	\$ 104,703,199	\$ 23,692,430	\$ 128,395,629	\$ 39,300,692
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 808,071	\$ 106,112	\$ 914,183	\$ 439,448
Accrued liabilities	-	-	-	6,134,780
Customers' deposits	-	116,452	116,452	-
Accrued interest payable	861,500	20,467	881,967	-
Long-term liabilities:				
Due within one year	5,250,242	213,434	5,463,676	39,321
Due in more than one year	48,214,777	1,126,263	49,341,040	4,288,794
Total liabilities	\$ 55,134,590	\$ 1,582,728	\$ 56,717,318	\$ 10,902,343
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	\$ 171,000	-	\$ 171,000	-
NET POSITION				
Net Investment in capital assets	\$ 32,649,611	\$ 16,923,983	\$ 49,573,594	\$ 31,890,175
Restricted cash - proffers	284,061	-	284,061	-
Unrestricted (deficit)	16,463,937	5,185,719	21,649,656	(3,491,826)
Total net position	\$ 49,397,609	\$ 22,109,702	\$ 71,507,311	\$ 28,398,349
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 104,703,199	\$ 23,692,430	\$ 128,395,629	\$ 39,300,692

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, 2013

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,927,971	\$ 44,476	\$ 243,314	\$ -
Judicial administration	2,105,719	788,800	599,399	-
Public safety	13,620,239	729,407	2,342,891	-
Public works	1,985,467	65,298	11,279	-
Health and welfare	3,508,587	-	1,812,868	-
Education	15,976,873	-	-	-
Parks, recreation, and cultural	1,803,237	125,298	-	-
Community development	646,834	407,599	3,507	-
Interest on long-term debt	2,006,445	-	-	-
Total governmental activities	\$ 46,581,372	\$ 2,160,878	\$ 5,013,258	\$ -
Business-type activities:				
Public Utilities	\$ 3,919,095	\$ 4,044,255	\$ -	\$ -
Total business-type activities	\$ 3,919,095	\$ 4,044,255	\$ -	\$ -
Total primary government	\$ 50,500,467	\$ 6,205,133	\$ 5,013,258	\$ -
COMPONENT UNIT:				
School Board	\$ 62,008,774	\$ 1,558,153	\$ 45,172,505	\$ -
Total component unit	\$ 62,008,774	\$ 1,558,153	\$ 45,172,505	\$ -
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				
Meals taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
County contribution to School Board, unrestricted				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - 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 Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	
\$ (4,640,181)	\$ -	\$ (4,640,181)	\$	-
(717,520)	-	(717,520)		-
(10,547,941)	-	(10,547,941)		-
(1,908,890)	-	(1,908,890)		-
(1,695,719)	-	(1,695,719)		-
(15,976,873)	-	(15,976,873)		-
(1,677,939)	-	(1,677,939)		-
(235,728)	-	(235,728)		-
(2,006,445)	-	(2,006,445)		-
<u>\$ (39,407,236)</u>	<u>\$ -</u>	<u>\$ (39,407,236)</u>	<u>\$</u>	<u>-</u>
\$ -	\$ 125,160	\$ 125,160	\$	-
\$ -	\$ 125,160	\$ 125,160	\$	-
<u>\$ (39,407,236)</u>	<u>\$ 125,160</u>	<u>\$ (39,282,076)</u>	<u>\$</u>	<u>-</u>
\$ -	\$ -	\$ -	\$	(15,278,117)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>(15,278,117)</u>
\$ 28,383,780	\$ -	\$ 28,383,780	\$	-
1,933,998	-	1,933,998		-
832,303	-	832,303		-
1,493,187	-	1,493,187		-
802,468	-	802,468		-
287,472	-	287,472		-
837,049	-	837,049		-
680,896	-	680,896		-
238,946	54,438	293,384		-
330,799	49,073	379,872		33,412
-	-	-		14,580,897
5,100,696	-	5,100,696		-
(159,189)	159,189	-		-
<u>\$ 40,762,405</u>	<u>\$ 262,700</u>	<u>\$ 41,025,105</u>	<u>\$</u>	<u>14,614,309</u>
\$ 1,355,170	\$ 387,860	\$ 1,743,029	\$	(663,808)
48,042,439	21,721,842	69,764,281		29,062,157
<u>\$ 49,397,609</u>	<u>\$ 22,109,702</u>	<u>\$ 71,507,310</u>	<u>\$</u>	<u>28,398,349</u>

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Fund Financial Statements

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Balance Sheet
Governmental Funds
At June 30, 2013

	General	Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 16,963,648	\$ 4,318,585	\$ 1,154,204	\$ 22,436,437
Restricted cash	-	284,061	-	284,061
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,735,653	-	-	2,735,653
Accounts receivable	329,327	-	73,469	402,796
Due from other governmental units	997,323	-	-	997,323
Total assets	<u>\$ 21,025,951</u>	<u>\$ 4,602,646</u>	<u>\$ 1,227,673</u>	<u>\$ 26,856,270</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 749,482	\$ 41,286	\$ 17,303	\$ 808,071
Due to other funds	1,500,000	-	-	1,500,000
Total liabilities	<u>\$ 2,249,482</u>	<u>\$ 41,286</u>	<u>\$ 17,303</u>	<u>\$ 2,308,071</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>\$ 2,492,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,492,549</u>
Fund balances				
Restricted:				
Proffers	<u>\$ -</u>	<u>\$ 284,061</u>	<u>\$ -</u>	<u>\$ 284,061</u>
Total restricted	<u>\$ -</u>	<u>\$ 284,061</u>	<u>\$ -</u>	<u>\$ 284,061</u>
Committed:				
Subsequent years expenditures	<u>\$ 1,269,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,269,724</u>
Total committed	<u>\$ 1,269,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,269,724</u>
Assigned:				
Public safety	\$ 60,000	\$ -	\$ 193,239	\$ 253,239
Parks and recreation	398,582	-	-	398,582
Economic development	-	-	700,944	700,944
Other capital purposes	-	4,277,299	-	4,277,299
Asset forfeiture	-	-	76,520	76,520
Tourism	-	-	239,667	239,667
Total assigned	<u>\$ 458,582</u>	<u>\$ 4,277,299</u>	<u>\$ 1,210,370</u>	<u>\$ 5,946,251</u>
Unassigned:				
General	<u>\$ 14,555,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,555,614</u>
Total fund balance	<u>\$ 16,283,920</u>	<u>\$ 4,561,360</u>	<u>\$ 1,210,370</u>	<u>\$ 22,055,650</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 21,025,951</u>	<u>\$ 4,602,646</u>	<u>\$ 1,227,673</u>	<u>\$ 26,856,270</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 Position
 At June 30, 2013

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	22,055,650
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		79,346,929
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(861,500)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		2,321,549
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:		
Compensated absences		(1,367,008)
County general obligation bonds		(22,533,225)
School Board state literary fund loans		(230,000)
School Board general obligation bonds		(27,990,875)
Net OPEB obligation		(1,067,720)
School Board premium on bonds payable		(276,191)
Net position of governmental activities	\$	<u>49,397,609</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, 2013

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 28,076,404	\$ -	\$ -	\$ -	\$ 28,076,404
Other local taxes	5,677,134	-	-	1,190,239	6,867,373
Permits, privilege fees, and regulatory licenses	421,103	-	-	-	421,103
Fines and forfeitures	719,967	-	-	-	719,967
Revenue from the use of money and property	226,134	12,812	-	-	238,946
Charges for services	995,085	-	-	24,723	1,019,808
Miscellaneous	184,010	127,544	-	19,245	330,799
Recovered costs	200,873	-	-	115,976	316,849
Intergovernmental revenues:					
Commonwealth	8,639,391	-	-	632,994	9,272,386
Federal	841,568	-	-	-	841,568
Total revenues	<u>\$ 45,981,669</u>	<u>\$ 140,356</u>	<u>\$ -</u>	<u>\$ 1,983,177</u>	<u>\$ 48,105,202</u>
EXPENDITURES					
Current:					
General government administration	\$ 4,546,495	\$ 566,666	\$ -	\$ -	\$ 5,113,161
Judicial administration	2,122,535	-	-	-	2,122,535
Public safety	11,210,884	1,408,839	-	837,339	13,457,062
Public works	1,988,541	-	-	-	1,988,541
Health and welfare	3,520,115	102,199	-	-	3,622,314
Education	13,292,762	-	-	-	13,292,762
Parks, recreation, and cultural	3,118,571	451,263	-	-	3,569,834
Community development	88,759	671,948	-	528,214	1,288,922
Debt service:					
Principal retirement	-	-	5,136,233	-	5,136,233
Interest and other fiscal charges	-	-	2,045,733	-	2,045,733
Total expenditures	<u>\$ 39,888,660</u>	<u>\$ 3,200,916</u>	<u>\$ 7,181,966</u>	<u>\$ 1,365,554</u>	<u>\$ 51,637,097</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,093,009</u>	<u>\$ (3,060,560)</u>	<u>\$ (7,181,966)</u>	<u>\$ 617,623</u>	<u>\$ (3,531,894)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 935,510	\$ 7,181,966	\$ 241,518	\$ 8,358,994
Transfers (out)	(7,492,820)	(479,724)	-	(545,639)	(8,518,183)
Total other financing sources (uses)	<u>\$ (7,492,820)</u>	<u>\$ 455,786</u>	<u>\$ 7,181,966</u>	<u>\$ (304,121)</u>	<u>\$ (159,189)</u>
Net change in fund balances	\$ (1,399,811)	\$ (2,604,774)	\$ -	\$ 313,502	\$ (3,691,083)
Fund balances - beginning	17,683,731	7,166,134	-	896,868	25,746,733
Fund balances - ending	<u>\$ 16,283,920</u>	<u>\$ 4,561,360</u>	<u>\$ -</u>	<u>\$ 1,210,370</u>	<u>\$ 22,055,650</u>

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$ (3,691,083)
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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	(3,572,879)
Capital asset additions	4,691,090

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(41,653)
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Transfer of joint tenancy assets from Primary Government to the Component Unit.	(1,288,135)
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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 unavailable property taxes.	307,376
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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 position. Also, governmental funds report the effect of 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	2,493,775
Retirement of School Board general obligation bonds	2,527,458
Retirement of School Board literary fund loans	115,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Details supporting these changes are as follows:

Change in accrued interest payable	17,045
Change in net OPEB obligation	(306,902)
Change in compensated absences	82,832

Change in net position of governmental activities	\$ <u>1,355,170</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 At June 30, 2013

	<u>Enterprise Funds Water and Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,406,963
Due from other funds	143,373
Due from component unit	122,058
Accounts receivable, net of allowance for uncollectibles	332,132
Total current assets	\$ <u>4,004,526</u>
Noncurrent assets:	
Due from other funds	\$ 1,356,627
Due from Component Unit	1,154,942
Capital assets (net of accumulated depreciation):	
Land	\$ 101,371
Utility plant in service	16,854,694
Machinery and equipment	220,270
Total capital assets	\$ <u>17,176,335</u>
Total noncurrent assets	\$ <u>19,687,904</u>
 Total assets	 \$ <u><u>23,692,430</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 106,112
Customers' deposits	116,452
Accrued interest payable	20,467
Compensated absences - current portion	4,865
Bonds payable - current portion	208,569
Total current liabilities	\$ <u>456,465</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 43,783
Bonds payable - net of current portion	1,082,480
Total noncurrent liabilities	\$ <u>1,126,263</u>
Total liabilities	\$ <u>1,582,728</u>
NET POSITION	
Net investment in capital assets	\$ 16,923,983
Unrestricted	5,185,719
Total net position	\$ <u>22,109,702</u>
 Total liabilities and net position	 \$ <u><u>23,692,430</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2013

	Enterprise Funds Water and Sewer
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 1,426,762
Sewer revenues	2,427,762
Penalty/reconnection charges	62,371
Miscellaneous	49,073
Total operating revenues	<u>\$ 3,965,968</u>
OPERATING EXPENSES	
Water supply, treatment and pumping	\$ 618,785
Wastewater treatment, pumping and disposal	1,509,913
Administrative and operation	841,010
Other supplies and expenses	130,955
Depreciation	635,807
Total operating expenses	<u>\$ 3,736,470</u>
Operating income (loss)	<u>\$ 229,498</u>
NONOPERATING REVENUES (EXPENSES)	
Connection/capacity fees	\$ 127,360
Rental income	54,438
South Central Wastewater Authority	(130,839)
Interest expense	(51,786)
Total nonoperating revenues (expenses)	<u>\$ (827)</u>
Income (loss) before transfers	\$ 228,671
Transfers in	<u>159,189</u>
Change in net position	\$ 387,860
Net position - beginning	<u>21,721,842</u>
Net position - ending	<u><u>\$ 22,109,702</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, 2013

	Enterprise Funds Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,959,909
Payments for operating activities	(2,831,859)
Payments to employees	(527,483)
Net cash provided by (used for) operating activities	\$ <u>600,567</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Loan to other funds	\$ (1,500,000)
Loan to component unit	(1,277,000)
Transfers from other funds	<u>159,189</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>(2,617,811)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (111,532)
Connection/capacity charges	127,360
Principal payments on bonds	(200,681)
City of Petersburg - sewer line	(558,422)
South Central Wastewater Authority	(130,839)
Interest payments	(53,350)
Net cash provided by (used for) capital and related financing activities	\$ <u>(927,464)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Rental income	\$ <u>54,438</u>
Net cash provided by (used for) investing activities	\$ <u>54,438</u>
Net increase in cash and cash equivalents	\$ (2,890,270)
Cash and cash equivalents - beginning	\$ <u>6,297,233</u>
Cash and cash equivalents - ending	\$ <u><u>3,406,963</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>229,498</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 635,807
(Increase) Decrease in accounts receivable	(15,128)
Increase / (Decrease) in accounts payable	(246,771)
Increase / (Decrease) in compensated absences	(11,908)
Increase / (Decrease) in customer deposits	<u>9,069</u>
Total adjustments	\$ <u>371,069</u>
Net cash provided by (used for) operating activities	\$ <u><u>600,567</u></u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 At June 30, 2013

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 114,641	\$ 124,401
Accounts receivable	-	67,744
Guaranteed investment contracts	<u>1,328,480</u>	<u>-</u>
Total assets	\$ <u><u>1,443,121</u></u>	\$ <u><u>192,145</u></u>
LIABILITIES		
Amounts held for others	\$ <u>-</u>	\$ <u>192,145</u>
Total liabilities	\$ <u>-</u>	\$ <u>192,145</u>
NET POSITION		
Held in trust for benefits	\$ <u>1,443,121</u>	\$ <u>-</u>
Total net position	\$ <u>1,443,121</u>	\$ <u>-</u>
Total liabilities and net position	\$ <u><u>1,443,121</u></u>	\$ <u><u>192,145</u></u>

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

Statement of Changes in Fiduciary Net Position
Pension Trust Fund
Year Ended June 30, 2013

Additions:

Employer contributions	\$	104,500
Interest income		<u>48,721</u>
Total additions	\$	<u>153,221</u>

Deductions:

Members' benefits	\$	<u>81,565</u>
Total deductions	\$	<u>81,565</u>
Change in net position	\$	71,656

Net position - beginning of year		<u>1,371,465</u>
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Net position - end of year	\$	<u><u>1,443,121</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

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COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013

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 Position 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 Position - The Statement of Net Position 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 Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 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, 2013 (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 unit. 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, 2013.

Discretely Presented Component Unit - 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, 2013.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (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, 2013 were \$340,454. 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, 2013 were \$1,907,480. 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, 2013 were \$252,291. 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, 2013 (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 \$543,713 to the Library for fiscal 2013. 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 \$96,218 to District 19 CSB during fiscal 2013. The County provided funding of \$308,896 to Crater Youth Care Commission during fiscal 2013. The County provided funding of \$30,470 to Virginia Gateway Region during fiscal 2013.

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 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, 2013 (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 unavailable 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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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

1. Governmental Funds

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

General Fund - The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported 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.

Special Revenue Funds: Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds are considered nonmajor governmental funds and consist of the Economic Development Fund, Community Corrections Fund, Asset Forfeiture Fund and Tourism Fund.

Capital Projects Fund – The Capital Projects Fund accounts and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major governmental fund.

Debt Service Fund – The Debt Service Fund Accounts for and reports resources that are restricted, committed or assigned to expenditure for principal and interest or to report financial resources being accumulated for future debt service. The Debt Service fund is considered a major governmental fund.

2. Proprietary Funds

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.

3. Fiduciary Funds (Trust and Agency 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, 2013 (Continued)

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

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

4. Component Unit

The Prince George County School Board has the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Prince George and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Adult Basic Education and School Cafeteria Fund are considered to be nonmajor funds.

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.

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. 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.

G. Receivables and Payables

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 \$325,130 at June 30, 2013 is comprised of property taxes in the amount of \$248,952 and utility accounts of \$76,178.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 5/December 5	June 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

H. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life 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 unit, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	40
Machinery and Equipment	5-20
Utility Plant	30-50
Buses	10

I. Compensated Absences

County employees are granted vacation and sick pay in varying amounts based on years of service. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at specified rates. The cost of accumulated vacation and sick pay expected to be paid from future expendable resources is accounted for as a liability in the government-wide statements and proprietary statements.

All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. For governmental fund types, the amount of accumulated unpaid vacation leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirement or resignation. For the County's Water and Sewer Fund, the cost of vacation and sick leave is recorded as a liability when earned.

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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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

The County reports fund balances in accordance with GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes and modifies or rescinds fund balance commitments and assignments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment or assignment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes). The County's Board of Supervisor's has not delegated this authority to assign amounts to any individual for the fiscal year ending June 30, 2013.

In the General Fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis expenditures and other financing sources and uses.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

M. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. 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 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.

N. Restricted Cash

The County has restricted assets which consist of proffers in the amount of \$284,061 at June 30, 2013.

O. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

P. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2013.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. This also includes uncollected property taxes due prior to June 30. Under the accrual basis, 2nd amounts prepaid on the 2nd half installments are reported as deferred inflows of resources.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

R. Adoption of Accounting Principles

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and deferred outflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on an entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The net position was not restated as of June 30, 2012 for any items.

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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

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

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, 2013.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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, 2013 were held by the County or in the County’s name by the County’s custodial banks; except \$604 of the Virginia Local Government Investment Pool where the underlying securities were uninsured and held by the investment’s counterparty. The County does not have a formal policy related to credit risk of investments.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2013 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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)**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>Rated Debt Investments</u>	<u>AAAm</u>
Local Government Investment Pool	\$ 604
SNAP	4,970,064
Total	<u>\$ 4,970,668</u>

NOTE 4—DUE TO/FROM OTHER GOVERNMENTS:

At June 30, 2013, the County has amounts due from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 385,542	\$ -
Social Services	46,956	-
Comprehensive services	228,532	-
Constitutional officer reimbursements	113,328	-
Communication tax	99,939	-
Other funds	43,366	193,432
State sales tax	-	930,082
Federal Government:		
School grants	-	819,282
Social Services	79,660	-
Total due from other governments	<u>\$ 997,323</u>	<u>\$ 1,942,796</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 5—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2013:

Primary Government:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,252,906	\$ 1,742,490	\$ -	\$ 3,995,396
Construction in progress	<u>20,196,001</u>	<u>1,575,867</u>	<u>3,176,385</u>	<u>18,595,483</u>
Total capital assets not being depreciated	<u>\$ 22,448,907</u>	<u>\$ 3,318,357</u>	<u>\$ 3,176,385</u>	<u>\$ 22,590,879</u>
Capital assets being depreciated:				
Buildings	\$ 28,930,362	\$ 3,036,165	\$ -	\$ 31,966,527
Machinery and equipment	19,181,140	1,512,953	43,845	20,650,248
Jointly owned assets	<u>43,176,856</u>	<u>-</u>	<u>2,232,655</u>	<u>40,944,201</u>
Total capital assets being depreciated	<u>\$ 91,288,358</u>	<u>\$ 4,549,118</u>	<u>\$ 2,276,500</u>	<u>\$ 93,560,976</u>
Accumulated depreciation:				
Buildings	\$ 9,347,911	\$ 842,074	\$ -	\$ 10,189,985
Machinery and equipment	12,517,325	1,376,482	2,192	13,891,615
Jointly owned assets	<u>12,313,523</u>	<u>1,354,323</u>	<u>944,520</u>	<u>12,723,326</u>
Total accumulated depreciation	<u>\$ 34,178,759</u>	<u>\$ 3,572,879</u>	<u>\$ 946,712</u>	<u>\$ 36,804,926</u>
Total capital assets being depreciated, net	<u>\$ 57,109,599</u>	<u>\$ 976,239</u>	<u>\$ 1,329,788</u>	<u>\$ 56,756,050</u>
Governmental activities capital assets, net	<u>\$ 79,558,506</u>	<u>\$ 4,294,596</u>	<u>\$ 4,506,173</u>	<u>\$ 79,346,929</u>

The following is a summary of capital project activity for the fiscal year ending June 30, 2013:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Crosspointe	\$ 16,985,045	\$ 664,636	\$ -	\$ 17,649,681
Building inspection software	319,926	7,611	327,537	-
New animal shelter	2,475,368	373,480	2,848,848	-
Financial system replacement	415,662	427,941	-	843,603
Human services building	<u>-</u>	<u>102,199</u>	<u>-</u>	<u>102,199</u>
	<u>\$ 20,196,001</u>	<u>\$ 1,575,867</u>	<u>\$ 3,176,385</u>	<u>\$ 18,595,483</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)**Primary Government: (continued)**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 101,371	\$ -	\$ -	\$ 101,371
Total capital assets not being depreciated	\$ 101,371	\$ -	\$ -	\$ 101,371
Capital assets being depreciated:				
Utility Plant	\$ 30,161,834	\$ 20,874	\$ -	\$ 30,182,708
Machinery and equipment	413,519	90,658	-	504,177
Total capital assets being depreciated	\$ 30,575,353	\$ 111,532	\$ -	\$ 30,686,885
Accumulated depreciation:				
Utility Plant	\$ 12,700,326	\$ 627,688	\$ -	\$ 13,328,014
Machinery and equipment	275,788	8,119	-	283,907
Total accumulated depreciation	\$ 12,976,114	\$ 635,807	\$ -	\$ 13,611,921
Total capital assets being depreciated, net	\$ 17,599,239	\$ (524,275)	\$ -	\$ 17,074,964
Business-type activities capital assets, net	\$ 17,700,610	\$ (524,275)	\$ -	\$ 17,176,335

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Capital assets, not being depreciated:				
Land	\$ 1,066,842	\$ -	\$ -	\$ 1,066,842
Total capital assets not being depreciated	\$ 1,066,842	\$ -	\$ -	\$ 1,066,842
Capital assets being depreciated:				
Buildings	\$ 37,278,845	\$ 2,323,175	\$ -	\$ 39,602,020
Machinery and equipment	9,894,192	415,430	-	10,309,622
Total capital assets being depreciated	\$ 47,173,037	\$ 2,738,605	\$ -	\$ 49,911,642
Accumulated depreciation:				
Buildings	\$ 10,631,481	\$ 1,646,637	\$ -	\$ 12,278,118
Machinery and equipment	6,075,069	735,122	-	6,810,191
Total accumulated depreciation	\$ 16,706,550	\$ 2,381,759	\$ -	\$ 19,088,309
Total capital assets being depreciated, net	\$ 30,466,487	\$ 356,846	\$ -	\$ 30,823,333
School Board capital assets, net	\$ 31,533,329	\$ 356,846	\$ -	\$ 31,890,175

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 339,947
Judicial administration	183,462
Public safety	1,379,671
Public works	34,493
Health and welfare	47,034
Education	1,354,323
Parks, recreation and cultural	201,195
Community development	32,754
Total Governmental activities	\$ 3,572,879
Business-type activities	\$ 635,807
Component Unit School Board	\$ 1,437,239 *
* Transfer of jointly owned assets	944,520
Total accumulated depreciation increase	\$ 2,381,759

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 6—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2013, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 7,492,820
Proprietary Fund	159,189	-
Capital Projects Fund	935,510	479,724
Debt Service Fund	7,181,966	-
Non-major Funds	<u>241,518</u>	<u>545,639</u>
Total	<u>\$ 8,518,183</u>	<u>\$ 8,518,183</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.

The following is a summary of due to/from other funds/Component Units at June 30, 2013:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government:		
General Fund	\$ -	\$ 1,500,000
Water and Sewer Fund	<u>1,500,000</u>	<u>-</u>
Total	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Entity-Wide		
Component Unit School Board	\$ -	\$ 1,277,000
Water and Sewer Fund	<u>1,277,000</u>	<u>-</u>
Total	<u>\$ 1,277,000</u>	<u>\$ 1,277,000</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS:**Primary Government:**

The following is a summary of long-term obligation transactions for the year ended June 30, 2013:

	Balance at July 1, 2012	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2013	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 1,449,840	\$ 248,324	\$ 331,156	\$ 1,367,008	\$ 13,671
Net OPEB obligation	760,818	377,472	70,570	1,067,720	-
General obligation bonds	<u>25,027,000</u>		<u>2,493,775</u>	<u>22,533,225</u>	<u>2,481,525</u>
Total incurred by County	<u>\$ 27,237,658</u>	<u>\$ 625,796</u>	<u>\$ 2,895,501</u>	<u>\$ 24,967,953</u>	<u>\$ 2,495,196</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 345,000	\$ -	\$ 115,000	\$ 230,000	\$ 115,000
General Obligation Bonds	30,518,333	-	2,527,458	27,990,875	2,618,800
Premium on Bonds	<u>297,437</u>	<u>-</u>	<u>21,246</u>	<u>276,191</u>	<u>21,246</u>
Total incurred by School Board	<u>\$ 31,160,770</u>	<u>\$ -</u>	<u>\$ 2,663,704</u>	<u>\$ 28,497,066</u>	<u>\$ 2,755,046</u>
Total Governmental Obligations	<u>\$ 58,398,428</u>	<u>\$ 625,796</u>	<u>\$ 5,559,205</u>	<u>\$ 53,465,019</u>	<u>\$ 5,250,242</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 postemployment benefit obligation.

	Balance at July 1, 2012	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2013	Amounts Due Within One Year
Enterprise Fund Obligations:					
Compensated absences	\$ 60,556	\$ 5,484	\$ 17,392	\$ 48,648	\$ 4,865
General obligation bonds	<u>1,491,730</u>	<u>-</u>	<u>200,681</u>	<u>1,291,049</u>	<u>208,569</u>
Total Enterprise Fund Obligations	<u>\$ 1,552,286</u>	<u>\$ 5,484</u>	<u>\$ 218,073</u>	<u>\$ 1,339,697</u>	<u>\$ 213,434</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government: (Continued)**

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2014	\$ 2,481,525	\$ 666,545
2015	1,863,700	607,835
2016	1,975,800	564,800
2017	1,929,200	520,015
2018	1,854,000	476,988
2019	1,895,000	434,862
2020	1,138,000	389,566
2021	1,172,000	354,723
2022	1,209,000	317,729
2023	1,240,000	279,435
2024	740,000	240,034
2025	400,000	213,965
2026	275,000	195,181
2027	285,000	184,181
2028	300,000	172,425
2029	310,000	160,050
2030	325,000	147,263
2031	340,000	133,450
2032	350,000	119,000
2033	365,000	104,125
2034	380,000	88,612
2035	400,000	72,463
2036	415,000	55,463
2037	435,000	37,825
2038	455,000	19,338
Total	\$ <u>22,533,225</u>	\$ <u>6,555,873</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize school and enterprise long-term 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
2014	\$ 115,000	\$ 4,600	\$ 2,618,800	\$ 1,281,704	\$ 208,569	\$ 44,971
2015	115,000	2,300	2,722,541	1,152,409	118,488	38,474
2016	-	-	2,833,712	1,016,530	122,943	33,935
2017	-	-	2,946,554	873,753	127,565	29,225
2018	-	-	3,061,154	724,718	132,362	24,339
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	-	-	965,594	194,740	-	-
2027	-	-	495,000	164,456	-	-
2028	-	-	515,000	144,038	-	-
2029	-	-	535,000	122,794	-	-
2030	-	-	555,000	100,725	-	-
2031	-	-	580,000	77,138	-	-
2032	-	-	605,000	52,488	-	-
2033	-	-	630,000	26,775	-	-
Total	\$ <u>230,000</u>	\$ <u>6,900</u>	\$ <u>27,990,875</u>	\$ <u>8,683,274</u>	\$ <u>1,291,049</u>	\$ <u>215,651</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 7—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:

General Obligation Bonds:

\$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	\$ 660,625
\$5,233,000 General Obligation Refunding Note, Series 2012 A issued May 10, 2012 due in varying installments through February 1, 2019, interest payable semiannually at 1.70%	4,503,000
\$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%	7,030,000
\$880,000 RZED 2010A, issued March 15, 2010, due in various semi-annual payments though February 15, 2025, interest payable semiannually at average rate of 5.5%, subsidized by the Federal Government at .35%	689,000
\$770,000 General Obligation Bond Series 2010B, issued March 15, 2010, due in various semi-annual payments though February 15, 2025, interest payable semiannually at 3.271%	686,000
\$9,009,000 General Obligation Refunding Note, Series 2012B, issued May 24, 2012, due in various semi-annual payments though February 11, 2024, interest payable semiannually at 2.25%	8,249,000
\$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>715,600</u>
Total General Obligation Bonds	\$ 22,533,225
Net OPEB obligation	1,067,720
Compensated absences	<u>1,367,008</u>
Total incurred by the County	<u><u>\$ 24,967,953</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

General Obligations—Incurred by the School Board:

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

Premium on bond	\$ <u>276,191</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%	\$ 50,000
\$1,000,000 issued May 26, 1995, due in annual installments of \$50,000 through July 1, 2015, interest payable annually at 2%	100,000
\$800,000, issued May 26, 1995, due in annual installments of \$40,000 through July 1, 2015, interest payable annually at 2%	<u>80,000</u>
Total State Literary Fund Loans	\$ <u>230,000</u>
<u>General Obligation Bonds:</u>	
\$3,843,528 issued June, 1998 due in semiannual installments of varying amounts and interest rates through January, 2018	\$ 1,157,829
\$14,540,000 issued June, 1998 due in semiannual installments of varying amounts and interest rates through July, 2017	5,180,000
\$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%	4,571,357
\$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%	2,859,576
\$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semiannually at 4.06%	5,457,113
\$10,150,000 Public Improvement Bond issued February 20, 2008, payable in various semi-annual installments through February 1, 2033, interest at 4.25%	<u>8,765,000</u>
Total General Obligation Bonds	\$ 27,990,875
Total Incurred by School Board	<u>28,497,066</u>
Total Governmental Long-term Obligations	\$ <u><u>53,465,019</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government: (Continued)****Incurred by Enterprise Fund:**

The following is a summary of long-term obligations incurred by the Enterprise Fund:

General Obligation Bonds:

\$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	\$ 94,375
 \$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>1,196,674</u>
Total General Obligation Bonds	\$ 1,291,049
 Compensated Absences	 <u>48,648</u>
Total Incurred by Enterprise Fund	\$ <u><u>1,339,697</u></u>

Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2013:

	Balance at July 1, 2012	Increases	Decreases	Balance at June 30, 2013	Amounts Due Within One Year
Compensated absences	\$ 375,439	\$ 84,185	\$ 66,417	\$ 393,207	\$ 39,321
Net OPEB obligation	<u>2,815,990</u>	<u>1,533,425</u>	<u>414,507</u>	<u>3,934,908</u>	<u>-</u>
Total	\$ <u><u>3,191,429</u></u>	\$ <u><u>1,617,610</u></u>	\$ <u><u>66,417</u></u>	\$ <u><u>4,328,115</u></u>	\$ <u><u>39,321</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 8— UNEARNED /UNAVAILABLE REVENUE:

The following is a summary of unearned/unavailable revenue for the year ended June 30, 2013:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unearned revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 2,321,549
Prepaid property taxes due in December 2013, but paid in advance by the taxpayers.	171,000	171,000
Total unearned	<u>\$ 171,000</u>	<u>\$ 2,492,549</u>

NOTE 9—COMMITMENTS AND 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.

At June 30, 2013, the County had the following construction contracts outstanding:

Project	Contractor	Balance June 30, 2013
Crosspointe Centre	Rappahannock Construction Company	\$ 434,768
Animal Shelter	Daniel and Company	280,431
Enterprise Resource Software	Tyler Technologies	<u>963,561</u>
Total		<u>\$ 1,678,760</u>

NOTE 10—LITIGATION:

At June 30, 2013, 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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 11—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.

NOTE 12—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 (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 12—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multipliers. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. 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 (CAFR) that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf> or 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 compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's non-professional contribution rates for the fiscal year ended 2013 were 16.15% and 10.92% of annual covered payroll, respectively.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 12—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

B. Funding Policy (Continued)

The School Board's contributions for professional employees were \$3,501,731, \$1,933,899, and \$1,381,099 to the teacher cost-sharing pool for the fiscal years ended June 30, 2013, 2012 and 2011, respectively and these contributions represented 11.66%, 6.33%, and 3.93% from 2013, 2012, and 2011, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2013, the County annual pension cost of \$1,741,977 was equal to the County's required and actual contributions. For fiscal year 2013, the School Board's annual pension cost of \$427,963 was equal to the School Board's required and actual contributions.

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, 2013	\$	1,741,977	100%	-
June 30, 2012		1,505,652	100%	-
June 30, 2011		1,586,153	100%	-
School Board:				
Non-Professional:				
June 30, 2013	\$	427,963	100%	-
June 30, 2012		382,113	100%	-
June 30, 2011		398,214	100%	-

(1) Employer portion only

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, 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% for Plan 1 employees and 2.25% for Plan 2 employees. 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 and the School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 12—DEFINED BENEFIT PENSION PLAN: (CONTINUED)

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the County's plan was 64.49% funded. The actuarial accrued liability for benefits was \$51,222,227, and the actuarial value of assets was \$33,034,810 resulting in an unfunded actuarial accrued liability (UAAL) of \$18,187,417. The covered payroll (annual payroll of active employees covered by the plan) was \$10,649,978 and ratio of the UAAL to the covered payroll was 170.77%.

As of June 30, 2012, the most recent actuarial valuation date, the School Board's plan was 72.09% funded. The actuarial accrued liability for benefits was \$12,013,207, and the actuarial value of assets was \$16,663,709, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,650,502. The covered payroll (annual payroll of active employees covered by the plan) was \$4,042,249, and ratio of the UAAL to the covered payroll was 115.05%.

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 liability for benefits.

NOTE 13—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. Benefits and refunds of the postemployment defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. No separate financial report is issued for the plan.

As of January 1, 2013 the program membership consisted of the following:

Eligible Members	85
Retirees and beneficiaries	36

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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 13—LENGTH OF SERVICE AWARD PENSION PROGRAM: (CONTINUED)

B. Funding Policy: (Continued)

The contributions to the plan for the fiscal year ended June 30, 2013 totaled \$104,500. The program's funding provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At June 30, 2013 the plan had net position available for benefits totaling \$1,355,116. Unfunded past service costs total \$371,695 and will be fully amortized in 5 years. The plan additions fund the cost of administering the plan.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
County:		
June 30, 2013	\$ 130,478	100%
June 30, 2012	134,037	100%
June 30, 2011	138,122	100%
June 30, 2010	129,905	100%
June 30, 2009	126,134	100%
June 30, 2008	99,784	100%

C. Investments:

Investments at June 30, 2013 consist of guaranteed investment contracts which have a value of \$1,355,116 at year end.

D. Funded Status and Funding Progress:

As of January 1, 2013, the most recent actuarial valuation date, the County's plan was 78.5% funded. The actuarial accrued liability for benefits was \$1,726,811 and the actuarial value of assets was \$1,355,116, resulting in an unfunded actuarial accrued liability (UAAL) of \$371,695. The plan is being amortized over a ten year period and the amortization period is still open. The UAAL is being amortized as a level dollar on a closed amortization period basis.

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—LANDFILL POSTCLOSURE CARE COSTS:

The County closed its landfill prior to the date mandated by state and federal laws and regulations and the Department of Environmental Quality in the Commonwealth of Virginia has indicated the County is no longer liable for post closure care monitoring and maintenance.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 15—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 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE:

County and School Board:

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 13 totaled \$378,214 for the County and \$1,536,199 for the School Board. The estimated pay as you go cost for OPEB benefits is \$71,570 for the County and \$414,507 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 twenty-eight 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, 2013 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)**County and School Board: (Continued)****C. Annual OPEB Cost and Net OPEB Obligation: (Continued)**

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 378,214	\$ 1,536,199
Interest on net OPEB obligation	18,157	67,883
Adjustment to annual required contribution	(18,899)	(70,657)
Annual OPEB cost (expense)	\$ 377,472	\$ 1,533,425
Contributions made	70,570	414,507
Contribution percentage made	19%	27%
Increase (decrease) in net OPEB obligation	\$ 306,902	\$ 1,118,918
Net OPEB obligation - beginning of year	760,818	2,815,990
Net OPEB obligation - end of year	<u>\$ 1,067,720</u>	<u>\$ 3,934,908</u>

For the past three fiscal years the County's and School Board's annual pension cost, the percentage of annual OPEB cost contributed to the plan, and net pension obligation for fiscal year 2013 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (1)</u>	<u>Percentage of Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
June 30, 2013	\$ 377,472	19%	\$ 1,065,720
June 30, 2012	377,472	19%	759,818
June 30, 2011	258,230	35%	453,916
School Board:			
June 30, 2013	\$ 1,533,425	27%	\$ 3,934,908
June 30, 2012	1,533,425	27%	2,815,990
June 30, 2011	1,100,294	57%	1,697,072

(1) Employer portion only

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)

County and School Board: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013 is as follows:

	<u>County</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 3,150,454	\$ 13,550,047
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability	3,150,454	13,550,047
Funded ratio (actuarial value of plan assets / AAL)	0%	0%
Covered payroll (active plan members)	10,619,626	31,074,008
UAAL as a percentage of covered payroll	30%	44%

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.

E. 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. The remaining amortization period at June 30, 2013 for the UAAL is 30 years. The UAAL is being amortized as a level percentage of projected payroll on a closed amortization period basis.

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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2013 (Continued)

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE: (CONTINUED)

County and School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.0%
Payroll growth	2.5%
Inflation rate	4.0%
Health care trend rate	9.0%

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

NOTE 17—GOVERNMENTAL ACCOUNTING STANDARD BOARD (GASB) STATEMENTS:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The County has not determined the impact of this pronouncement on its financial statements.

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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, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 27,645,423	\$ 27,645,423	\$ 28,076,404	\$ 430,981
Other local taxes	6,796,000	6,796,000	5,677,134	(1,118,866)
Permits, privilege fees, and regulatory licenses	397,900	397,900	421,103	23,203
Fines and forfeitures	502,800	502,800	719,967	217,167
Revenue from the use of money and property	289,502	289,502	226,134	(63,368)
Charges for services	846,361	846,361	995,085	148,724
Miscellaneous	-	48,886	184,010	135,124
Recovered costs	133,840	133,840	200,873	67,033
Intergovernmental revenues:				
Commonwealth	6,876,720	7,317,920	8,639,391	1,321,472
Federal	892,083	922,815	841,568	(81,247)
Total revenues	<u>\$ 44,380,629</u>	<u>\$ 44,901,447</u>	<u>\$ 45,981,669</u>	<u>\$ 1,080,222</u>
EXPENDITURES				
Current:				
General government administration:				
Legislative:				
Board of supervisors	<u>\$ 118,455</u>	<u>\$ 161,455</u>	<u>\$ 153,509</u>	<u>\$ 7,946</u>
General and financial administration:				
County administrator	\$ 537,773	\$ 553,714	553,714	\$ 0
Human resources	205,148	205,280	203,666	1,615
Legal services	244,840	289,842	289,154	688
Commissioner of revenue	391,199	391,199	378,719	12,480
Treasurer	493,053	493,053	491,081	1,972
Assessor	470,169	509,170	474,796	34,374
Finance	544,112	544,111	542,472	1,639
Information Technology	561,935	567,075	547,163	19,912
County garage	385,693	554,693	553,045	1,648
Other general and financial administration	<u>128,520</u>	<u>143,510</u>	<u>128,231</u>	<u>15,279</u>
Total general and financial administration	<u>\$ 3,962,442</u>	<u>\$ 4,251,647</u>	<u>\$ 4,162,040</u>	<u>\$ 89,607</u>
Board of elections:				
Registrar	<u>\$ 244,251</u>	<u>\$ 244,251</u>	<u>\$ 230,946</u>	<u>\$ 13,305</u>
Total general government administration	<u>\$ 4,325,148</u>	<u>\$ 4,657,353</u>	<u>\$ 4,546,495</u>	<u>\$ 110,858</u>
Judicial administration:				
Courts:				
Circuit court	\$ 123,477	\$ 135,277	\$ 135,196	\$ 81
General district court	25,425	33,425	33,150	275
Magistrate	400	400	-	400
Sheriff	907,641	909,729	883,116	26,613
Law library	-	22,011	6,185	15,826

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Courts: (Continued)				
Victim witness	\$ 57,877	\$ 57,518	\$ 55,642	\$ 1,876
Clerk of Circuit Court	487,757	487,756	462,602	25,154
Total courts	\$ 1,602,577	\$ 1,646,116	\$ 1,575,891	\$ 70,224
Commonwealth's attorney:				
Commonwealth's attorney	\$ 541,927	\$ 546,656	\$ 546,643	\$ 13
Total judicial administration	\$ 2,144,504	\$ 2,192,772	\$ 2,122,535	\$ 70,237
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 4,770,070	\$ 4,783,015	\$ 4,663,260	\$ 119,755
Law enforcement grants	-	348,911	27,872	321,039
Total law enforcement and traffic control	\$ 4,770,070	\$ 5,131,926	\$ 4,691,132	\$ 440,794
Fire and rescue services:				
Volunteer fire departments	\$ 190,715	\$ 286,444	\$ 253,373	\$ 33,071
Volunteer emergency crew	17,035	17,035	17,027	8
LOSAP volunteers	104,500	104,500	104,500	-
Fire and rescue service	1,467,168	1,555,420	1,534,207	21,213
Total fire and rescue services	\$ 1,779,418	\$ 1,963,399	\$ 1,909,107	\$ 54,292
Correction and detention:				
Confinement and care of prisoners	\$ 2,193,512	\$ 2,205,012	\$ 2,204,592	\$ 420
Juvenile services - VJCCCA	70,463	70,463	70,463	0
Court services	19,250	19,250	15,976	3,274
Total correction and detention	\$ 2,283,225	\$ 2,294,725	\$ 2,291,031	\$ 3,694
Inspections:				
Building	\$ 1,061,822	\$ 1,061,822	\$ 996,879	\$ 64,943
Other protection:				
Animal control	\$ 369,156	\$ 406,044	\$ 388,671	\$ 17,373
Emergency services	953,468	960,368	934,064	26,304
Total other protection	\$ 1,322,624	\$ 1,366,412	\$ 1,322,735	\$ 43,677
Total public safety	\$ 11,217,159	\$ 11,818,284	\$ 11,210,884	\$ 607,400

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 68,148	\$ 73,748	\$ 70,347	\$ 3,401
Total sanitation and waste removal	\$ 68,148	\$ 73,748	\$ 70,347	\$ 3,401
Maintenance of general buildings and grounds:				
General properties	\$ 1,890,895	\$ 1,905,127	\$ 1,903,384	\$ 1,743
Engineering	15,986	15,986	14,811	1,175
Total maintenance of general buildings and grounds	\$ 1,906,881	\$ 1,921,113	\$ 1,918,194	\$ 2,919
Total public works	\$ 1,975,029	\$ 1,994,861	\$ 1,988,541	\$ 6,320
Health and welfare:				
Health:				
Supplement of local health department	\$ 222,377	\$ 222,377	\$ 222,377	\$ -
Mental health and mental retardation:				
District 19 CSB	\$ 96,123	\$ 96,123	\$ 96,018	\$ 105
Welfare:				
Public assistance and welfare administration	\$ 1,949,809	\$ 1,951,848	\$ 1,802,422	\$ 149,426
Comprehensive services	865,000	1,182,961	1,175,505	7,456
Tax Relief for the Elderly & Disabled	250,000	250,000	223,793	26,207
Total welfare	\$ 3,064,809	\$ 3,384,809	\$ 3,201,720	\$ 183,089
Total health and welfare	\$ 3,383,309	\$ 3,703,309	\$ 3,520,115	\$ 183,194
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	\$ 14,803,254	\$ 14,803,254	\$ 13,292,762	\$ 1,510,492
Total education	\$ 14,803,254	\$ 14,803,254	\$ 13,292,762	\$ 1,510,492
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 779,269	\$ 833,219	\$ 832,368	\$ 851
Property acquisition	-	1,742,500	1,742,490	\$ 10

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013 (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	543,713	543,713	543,713	-
Total parks, recreation, and cultural	\$ 1,322,982	\$ 3,119,432	\$ 3,118,571	\$ 861
Community development:				
Planning and community development:				
Planning district commission	\$ 23,221	\$ 23,221	\$ 23,221	\$ -
Total planning and community development	\$ 23,221	\$ 23,221	\$ 23,221	\$ -
Environmental management:				
Contribution to soil and water conservation district	\$ 14,250	\$ 14,250	\$ 14,250	\$ -
Resource conservation and development council	2,850	2,850	2,850	-
Total environmental management	\$ 17,100	\$ 17,100	\$ 17,100	\$ -
Cooperative extension program:				
Extension office	\$ 73,319	\$ 83,319	\$ 48,438	\$ 34,881
Total community development	\$ 113,640	\$ 123,640	\$ 88,759	\$ 34,881
Total expenditures	\$ 39,285,025	\$ 42,412,904	\$ 39,888,660	\$ 2,524,244
Excess (deficiency) of revenues over (under) expenditures	\$ 5,095,604	\$ 2,488,543	\$ 6,093,009	\$ 3,604,466
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,277,000	\$ 1,277,000	\$ -	\$ (1,277,000)
Transfers (out)	(6,786,536)	(7,551,042)	(7,492,820)	58,222
Total other financing sources (uses)	\$ (5,509,536)	\$ (6,274,042)	\$ (7,492,820)	\$ (1,218,778)
Net change in fund balances	\$ (413,932)	\$ (3,785,499)	\$ (1,399,811)	\$ 2,385,688
Fund balances - beginning	413,932	3,785,499	17,683,731	13,898,232
Fund balances - ending	\$ -	\$ -	\$ 16,283,920	\$ 16,283,920

Schedule of Pension and OPEB Funding Progress
Last Three Fiscal Years

Virginia Retirement System

County

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2012	\$ 33,034,810	\$ 51,222,227	\$ 18,187,417	64.49%	\$ 10,649,978	170.77%
6/30/2011	32,554,640	49,385,599	16,830,959	65.92%	11,406,503	147.56%
6/30/2010	30,785,894	45,772,702	14,986,808	67.26%	11,635,308	128.80%

School Board Non-professionals:

6/30/2012	\$ 12,013,207	\$ 16,663,709	\$ 4,650,502	72.09%	\$ 4,042,249	115.05%
6/30/2011	11,967,400	16,190,168	4,222,768	73.92%	4,282,755	98.60%
6/30/2010	11,573,623	15,545,199	3,971,576	74.45%	4,358,569	91.12%

Length of Service Awards Pension Program

County

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)
(1)	(2)	(3)	(4)	(5)
1/1/2013	\$ 1,355,116	\$ 1,726,811	\$ 371,695	78.48%
1/1/2012	1,293,308	1,649,652	356,344	78.40%
1/1/2011	1,220,788	1,571,499	350,711	77.68%
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%

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
County						
7/1/2010	\$ -	\$ 3,150,454	\$ 3,150,454	0.00%	\$ 10,619,626	29.67%
7/1/2011	-	3,150,454	3,150,454	0.00%	10,619,626	29.67%
7/1/2012	-	3,150,454	3,150,454	0.00%	10,619,626	29.67%
School Board						
7/1/2010	\$ -	\$ 13,550,047	\$ 13,550,047	0.00%	\$ 31,074,008	43.61%
7/1/2011	-	13,550,047	13,550,047	0.00%	31,074,008	43.61%
7/1/2012	-	13,550,047	13,550,047	0.00%	31,074,008	43.61%

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Other Supplementary Information

County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Revenue from the use of money and property	\$ -	\$ -	\$ 12,812	\$ 12,812
Miscellaneous	50,000	134,000	127,544	(6,456)
Total revenues	\$ 50,000	\$ 134,000	\$ 140,356	\$ 6,356
EXPENDITURES				
Current:				
General government administration				
Financial system replacement	\$ -	\$ 1,019,548	\$ 427,941	\$ 591,607
Broadband implementation	-	32,060	-	32,060
Miscellaneous outlays / projects	50,000	147,500	138,725	8,775
Total general government administration	\$ 50,000	\$ 1,199,108	\$ 566,666	\$ 632,442
Public safety				
Police vehicles	\$ -	\$ 275,691	\$ 272,858	\$ 2,833
Fire / EMS apparatus	71,000	776,962	596,889	180,073
Fire departments - outlays / projects	-	4,100	9,300	(5,200)
Crew Building Renovation	-	147,101	132,223	14,878
Police building renovation	-	53,226	24,088	29,138
New animal shelter	-	520,320	373,481	146,839
Total public safety	\$ 71,000	\$ 1,777,400	\$ 1,408,839	\$ 368,561
Health and Welfare				
Human Services Building Renovation	\$ -	\$ 618,000	\$ 102,199	\$ 515,801
Total health and welfare	\$ -	\$ 618,000	\$ 102,199	\$ 515,801
Parks, recreation, and cultural:				
Prince George Community Center	\$ -	\$ 274,000	\$ 260,742	\$ 13,258
Park and playground development	-	93,461	83,940	9,521
Riverside Park Access Road	-	30,509	4,025	26,484
Courthouse Area Library	-	27,556	-	27,556
Scott Park Restroom Improvement	-	29,856	30,556	(700)
Scott Park trailer renovation	-	72,000	72,000	-
Total parks, recreation and cultural	\$ -	\$ 527,382	\$ 451,263	\$ 76,119
Community development:				
Crosspointe center development	\$ -	\$ 7,325,714	\$ 664,337	\$ 6,661,378
Building Official Software	-	23,711	7,612	16,099
Total community development	\$ -	\$ 7,349,425	\$ 671,948	\$ 6,677,477
Total expenditures	\$ 121,000	\$ 11,471,316	\$ 3,200,916	\$ 8,270,400
Excess (deficiency) of revenues over (under) expenditures	\$ (71,000)	\$ (11,337,316)	\$ (3,060,560)	\$ 8,276,756
OTHER FINANCING SOURCES (USES)				
Transfer in	\$ 71,000	\$ 11,817,040	\$ 935,510	\$ (10,881,530)
Transfers (out)	-	(479,724)	(479,724)	-
Total other financing sources (uses)	\$ 71,000	\$ 11,337,316	\$ 455,786	\$ (10,881,530)
Net change in fund balances	\$ -	\$ -	\$ (2,604,774)	\$ (2,604,774)
Fund balances - beginning	-	-	7,166,134	7,166,134
Fund balances - ending	\$ -	\$ -	\$ 4,561,360	\$ 4,561,360

County Debt Service Fund
Schedule of Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES				
Debt Service - School Obligations:				
Principal retirement	\$ 2,642,458	\$ 2,642,458	\$ 2,642,458	\$ -
Interest and other fiscal charges	<u>1,417,000</u>	<u>1,417,000</u>	<u>1,411,550</u>	<u>5,450</u>
Total debt service school obligations	<u>\$ 4,059,458</u>	<u>\$ 4,059,458</u>	<u>\$ 4,054,008</u>	<u>\$ 5,450</u>
Debt Service - County Obligations:				
Principal retirement	\$ 2,494,241	\$ 2,494,241	\$ 2,493,775	\$ 466
Interest and other fiscal charges	<u>686,489</u>	<u>686,489</u>	<u>634,183</u>	<u>52,306</u>
Total debt service county obligations	<u>\$ 3,180,730</u>	<u>\$ 3,180,730</u>	<u>\$ 3,127,958</u>	<u>\$ 52,772</u>
Total expenditures:				
Principal retirement	\$ 5,136,699	\$ 5,136,699	\$ 5,136,233	\$ 466
Interest and other fiscal charges	<u>2,103,489</u>	<u>2,103,489</u>	<u>2,045,733</u>	<u>57,756</u>
Total debt service expenditures	<u>\$ 7,240,188</u>	<u>\$ 7,240,188</u>	<u>\$ 7,181,966</u>	<u>\$ 58,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,240,188)</u>	<u>\$ (7,240,188)</u>	<u>\$ (7,181,966)</u>	<u>\$ 58,222</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 7,240,188</u>	<u>\$ 7,240,188</u>	<u>\$ 7,181,966</u>	<u>\$ (58,222)</u>
Total other financing sources (uses)	<u>\$ 7,240,188</u>	<u>\$ 7,240,188</u>	<u>\$ 7,181,966</u>	<u>\$ (58,222)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 At June 30, 2013

	<u>Community Corrections Fund</u>	<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	\$ 206,959	\$ 629,323	\$ 76,520	\$ 241,402	\$ 1,154,204
Receivables (net of allowance for uncollectibles):					
Accounts receivable	<u>181</u>	<u>73,288</u>	<u>-</u>	<u>-</u>	<u>73,469</u>
Total assets	<u>\$ 207,140</u>	<u>\$ 702,611</u>	<u>\$ 76,520</u>	<u>\$ 241,402</u>	<u>\$ 1,227,673</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	<u>\$ 13,901</u>	<u>\$ 1,667</u>	<u>\$ -</u>	<u>\$ 1,735</u>	<u>\$ 17,303</u>
Total liabilities	<u>\$ 13,901</u>	<u>\$ 1,667</u>	<u>\$ -</u>	<u>\$ 1,735</u>	<u>\$ 17,303</u>
Fund balances:					
Assigned:					
Special revenue	<u>\$ 193,239</u>	<u>\$ 700,944</u>	<u>\$ 76,520</u>	<u>\$ 239,667</u>	<u>\$ 1,210,370</u>
Total fund balances	<u>\$ 193,239</u>	<u>\$ 700,944</u>	<u>\$ 76,520</u>	<u>\$ 239,667</u>	<u>\$ 1,210,370</u>
Total liabilities and fund balances	<u>\$ 207,140</u>	<u>\$ 702,611</u>	<u>\$ 76,520</u>	<u>\$ 241,402</u>	<u>\$ 1,227,673</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Community Corrections Fund	Economic Development Fund	Asset Forfeiture Fund	Tourism Fund	Total Nonmajor Governmental Funds
REVENUES					
Other local taxes	\$ -	\$ 837,049	\$ -	\$ 353,189	\$ 1,190,239
Charges for services	24,723	-	-	-	24,723
Miscellaneous	14,775	-	4,470	-	19,245
Recovered costs	115,976	-	-	-	115,976
Intergovernmental revenues:					
Commonwealth	606,202	-	26,792	-	632,994
Total revenues	<u>\$ 761,676</u>	<u>\$ 837,049</u>	<u>\$ 31,263</u>	<u>\$ 353,189</u>	<u>\$ 1,983,177</u>
EXPENDITURES					
Current:					
Public safety	\$ 823,523	\$ -	\$ 13,817	\$ -	\$ 837,339
Community Development	-	295,165	-	233,049	528,214
Total expenditures	<u>\$ 823,523</u>	<u>\$ 295,165</u>	<u>\$ 13,817</u>	<u>\$ 233,049</u>	<u>\$ 1,365,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (61,847)</u>	<u>\$ 541,884</u>	<u>\$ 17,446</u>	<u>\$ 120,140</u>	<u>\$ 617,623</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 70,518	\$ 171,000	\$ -	\$ -	\$ 241,518
Transfers (out)	-	(386,450)	-	(159,189)	(545,639)
Total other financing sources (uses)	<u>\$ 70,518</u>	<u>\$ (215,450)</u>	<u>\$ -</u>	<u>\$ (159,189)</u>	<u>\$ (304,121)</u>
Net change in fund balances	\$ 8,671	\$ 326,434	\$ 17,446	\$ (39,049)	\$ 313,502
Fund balances - beginning	<u>184,568</u>	<u>374,510</u>	<u>59,074</u>	<u>278,716</u>	<u>896,868</u>
Fund balances - ending	<u><u>\$ 193,239</u></u>	<u><u>\$ 700,944</u></u>	<u><u>\$ 76,520</u></u>	<u><u>\$ 239,667</u></u>	<u><u>\$ 1,210,370</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, 2013

	Community Corrections Fund				Economic Development Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 730,534	\$ 730,534	\$ 837,049	\$ 106,515
Charges for services	25,000	35,450	24,723	(10,727)	-	-	-	-
Miscellaneous	-	14,775	14,775	-	-	-	-	-
Recovered costs	132,464	133,464	115,976	(17,488)	-	-	-	-
Intergovernmental revenues:								
Commonwealth	633,234	635,634	606,202	(29,432)	-	-	-	-
Total revenues	\$ 790,698	\$ 819,323	\$ 761,676	\$ (57,647)	\$ 730,534	\$ 730,534	\$ 837,049	\$ 106,515
EXPENDITURES								
Current:								
Public Safety:								
Law enforcement and traffic control:								
Drug enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Correction and detention:								
Local Community Corrections	865,363	940,392	823,523	116,869	-	-	-	-
Total public safety	\$ 865,363	\$ 940,392	\$ 823,523	\$ 116,869	\$ -	\$ -	\$ -	\$ -
Community Development:								
Planning and community development:								
Tourism initiatives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	-	-	-	-	516,497	516,497	295,165	221,332
Total community development	\$ -	\$ -	\$ -	\$ -	\$ 516,497	\$ 516,497	\$ 295,165	\$ 221,332
Total expenditures	\$ 865,363	\$ 940,392	\$ 823,523	\$ 116,869	\$ 516,497	\$ 516,497	\$ 295,165	\$ 221,332
Excess (deficiency) of revenues over (under) expenditures	\$ (74,665)	\$ (121,069)	\$ (61,847)	\$ 59,222	\$ 214,037	\$ 214,037	\$ 541,884	\$ 327,847
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 70,518	\$ 70,518	\$ 70,518	\$ -	\$ 171,000	\$ 171,000	\$ 171,000	\$ -
Transfers (out)	-	-	-	-	(386,450)	(386,450)	(386,450)	-
Total other financing sources (uses)	\$ 70,518	\$ 70,518	\$ 70,518	\$ -	\$ (215,450)	\$ (215,450)	\$ (215,450)	\$ -
Net change in fund balances	\$ (4,147)	\$ (50,551)	\$ 8,671	\$ 59,222	\$ (1,413)	\$ (1,413)	\$ 326,434	\$ 327,847
Fund balances - beginning	4,147	50,551	184,568	134,017	1,413	1,413	374,510	373,097
Fund balances - ending	\$ -	\$ -	\$ 193,239	\$ 193,239	\$ -	\$ -	\$ 700,944	\$ 700,944

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		
\$ -	\$ -	\$ -	\$ -	\$ 275,000	\$ 275,000	\$ 353,189	\$ 78,189
-	-	-	-	-	-	-	-
-	4,470	4,470	-	-	-	-	-
-	-	-	-	-	-	-	-
-	21,963	26,792	4,830	-	-	-	-
\$ -	\$ 26,433	\$ 31,263	\$ 4,830	\$ 275,000	\$ 275,000	\$ 353,189	\$ 78,189
\$ -	\$ 72,553	\$ 13,817	\$ 58,736	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ 72,553	\$ 13,817	\$ 58,736	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 115,811	\$ 313,975	\$ 233,049	\$ 80,926
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 115,811	\$ 313,975	\$ 233,049	\$ 80,926
\$ -	\$ 72,553	\$ 13,817	\$ 58,736	\$ 115,811	\$ 313,975	\$ 233,049	\$ 80,926
\$ -	\$ (46,120)	\$ 17,446	\$ 63,566	\$ 159,189	\$ (38,975)	\$ 120,140	\$ 159,115
\$ -	\$ 46,120	\$ -	\$ (46,120)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(159,189)	(159,189)	(159,189)	-
\$ -	\$ 46,120	\$ -	\$ (46,120)	\$ (159,189)	\$ (159,189)	\$ (159,189)	\$ -
\$ -	\$ -	\$ 17,446	\$ 17,446	\$ -	\$ (198,164)	\$ (39,049)	\$ 159,115
-	-	59,074	59,074	-	198,164	278,716	80,552
\$ -	\$ -	\$ 76,520	\$ 76,520	\$ -	\$ -	\$ 239,667	\$ 239,667

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Combining Statement of Fiduciary Net Position
 Agency Funds
 At June 30, 2013

	Agency Funds			
	Special Welfare Fund	Fringe Benefits Fund	Performance Bond Fund	Total
ASSETS				
Cash and cash equivalents	\$ 4,340	\$ -	\$ 120,061	\$ 124,401
Accounts receivable	-	67,744	-	67,744
Total assets	<u>\$ 4,340</u>	<u>\$ 67,744</u>	<u>\$ 120,061</u>	<u>\$ 192,145</u>
LIABILITIES				
Amounts held for others	\$ 4,340	\$ 67,744	\$ 120,061	\$ 192,145
Total liabilities	<u>\$ 4,340</u>	<u>\$ 67,744</u>	<u>\$ 120,061</u>	<u>\$ 192,145</u>

Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2013

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>428</u>	\$ <u>13,960</u>	\$ <u>10,048</u>	\$ <u>4,340</u>
Liabilities:				
Amounts held for others	\$ <u>428</u>	\$ <u>13,960</u>	\$ <u>10,048</u>	\$ <u>4,340</u>
Fringe Benefits Fund:				
Assets:				
Cash and cash equivalents	\$ 192,558	\$ 184,308	\$ 376,866	\$ -
Accounts receivable	<u>-</u>	<u>67,744</u>	<u>-</u>	<u>67,744</u>
Total assets	\$ <u>-</u>	\$ <u>252,052</u>	\$ <u>376,866</u>	\$ <u>67,744</u>
Liabilities:				
Amounts held for others	\$ <u>192,558</u>	\$ <u>252,052</u>	\$ <u>376,866</u>	\$ <u>67,744</u>
Performance Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>65,427</u>	\$ <u>88,994</u>	\$ <u>34,360</u>	\$ <u>120,061</u>
Liabilities:				
Amounts held for others	\$ <u>65,427</u>	\$ <u>88,994</u>	\$ <u>34,360</u>	\$ <u>120,061</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 258,413	\$ 287,262	\$ 421,274	\$ 124,401
Accounts receivable	<u>-</u>	<u>67,744</u>	<u>-</u>	<u>67,744</u>
Total assets	\$ <u>258,413</u>	\$ <u>355,006</u>	\$ <u>421,274</u>	\$ <u>192,145</u>
Liabilities:				
Amounts held for others	\$ <u>258,413</u>	\$ <u>355,006</u>	\$ <u>421,274</u>	\$ <u>192,145</u>
Total liabilities	\$ <u>258,413</u>	\$ <u>355,006</u>	\$ <u>421,274</u>	\$ <u>192,145</u>

Discretely Presented Component Unit – School Board

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Combining Balance Sheet
Discretely Presented Component Unit - School Board
At June 30, 2013

	<u>Major Fund</u>		<u>NonMajor Funds</u>	
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Adult Basic Education Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,661,784	\$ 704,022	\$ 210,305	\$ 6,576,111
Receivables (net of allowance for uncollectibles):				
Accounts receivable	162,896	-	5,714	168,610
Due from other governmental units	<u>1,847,542</u>	<u>62,747</u>	<u>32,507</u>	<u>1,942,796</u>
Total assets	<u>\$ 7,672,222</u>	<u>\$ 766,769</u>	<u>\$ 248,526</u>	<u>\$ 8,687,517</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 437,302	\$ -	\$ 2,146	\$ 439,448
Due to Primary Government	1,277,000	-	-	1,277,000
Accrued liabilities	<u>5,957,720</u>	<u>177,060</u>	<u>-</u>	<u>6,134,780</u>
Total liabilities	<u>\$ 7,672,022</u>	<u>\$ 177,060</u>	<u>\$ 2,146</u>	<u>\$ 7,851,228</u>
Fund balances:				
Assigned:				
Special Revenue	\$ <u>200</u>	\$ <u>589,709</u>	\$ <u>246,380</u>	\$ <u>836,289</u>
Total fund balances	<u>\$ 200</u>	<u>\$ 589,709</u>	<u>\$ 246,380</u>	<u>\$ 836,289</u>
Total liabilities and fund balances	<u>\$ 7,672,222</u>	<u>\$ 766,769</u>	<u>\$ 248,526</u>	<u>\$ 8,687,517</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:				
Total fund balances per above			\$ 836,289	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				31,890,175
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.				<u>(4,328,115)</u>
Net position of governmental activities			\$ <u>28,398,349</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, 2013

	Major Fund	Nonmajor Funds		
	School Operating Fund	School Cafeteria Fund	Adult Basic Education Fund	Total Governmental Funds
REVENUES				
Charges for services	\$ 112,572	\$ 1,204,079	\$ 241,502	\$ 1,558,153
Miscellaneous	33,412	-	-	33,412
Recovered costs	279,560	-	-	279,560
Intergovernmental revenues:				
County contribution to school board	13,292,762	-	-	13,292,762
Commonwealth	35,762,295	46,060	219,123	36,027,478
Federal	7,259,108	1,569,031	316,888	9,145,027
Total revenues	<u>\$ 56,739,708</u>	<u>\$ 2,819,170</u>	<u>\$ 777,513</u>	<u>\$ 60,336,391</u>
EXPENDITURES				
Current:				
Education	\$ 56,739,708	\$ 2,811,558	\$ 669,093	\$ 60,220,359
Total expenditures	<u>\$ 56,739,708</u>	<u>\$ 2,811,558</u>	<u>\$ 669,093</u>	<u>\$ 60,220,359</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 7,612	\$ 108,420	\$ 116,032
Net change in fund balances	\$ -	\$ 7,612	\$ 108,420	\$ 116,032
Fund balances - beginning	200	582,097	137,960	720,257
Fund balances - ending	<u>\$ 200</u>	<u>\$ 589,709</u>	<u>\$ 246,380</u>	<u>\$ 836,289</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 \$ 116,032

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 depreciation exceeded capital outlays in the current period. Details are as follows:

Current year asset additions 505,950
 Depreciation expense (1,437,239)

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 compensated absences (17,768)
 Change in net OPEB obligation (1,118,918)

Transfer of joint tenancy assets from Component Unit to the Primary Government. 1,288,135

Change in net position of governmental activities \$ (663,808)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2013

	School Operating Fund			Variance with Final Budget
	Budgeted Amounts			Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 125,000	\$ 125,000	\$ 112,572	\$ (12,428)
Miscellaneous	7,500	7,500	33,412	25,912
Recovered costs	300,000	300,000	279,560	(20,440)
Intergovernmental revenues:				
County contribution to School Board	14,803,254	14,803,254	13,292,762	(1,510,492)
Commonwealth	35,983,345	35,983,345	35,762,295	(221,050)
Federal	7,008,456	7,008,456	7,259,108	250,652
Total revenues	\$ 58,227,555	\$ 58,227,555	\$ 56,739,708	\$ (1,487,847)
EXPENDITURES				
Current:				
Education				
Instruction - regular	\$ 42,309,649	\$ 42,309,649	\$ 40,871,875	\$ 1,437,774
Instruction - Title 1	675,008	675,008	611,176	63,832
Administrative, attendance & health services	2,750,671	2,750,671	2,792,319	(41,648)
Pupil transportation	4,335,640	4,335,640	4,139,869	195,771
Operation and maintenance	5,344,972	5,344,972	5,224,736	120,236
Facilities	309,765	309,765	408,607	(98,842)
Technology	2,481,850	2,481,850	2,691,127	(209,277)
Contingencies	20,000	20,000	-	20,000
Total education	\$ 58,227,555	\$ 58,227,555	\$ 56,739,708	\$ 1,487,847
Total expenditures	\$ 58,227,555	\$ 58,227,555	\$ 56,739,708	\$ 1,487,847
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	200	200
Fund balances - ending	\$ -	\$ -	\$ 200	\$ 200

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2013

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 1,509,169	\$ 1,509,169	\$ 1,204,079	\$ (305,090)
Intergovernmental revenues:				
Commonwealth	35,000	35,000	46,060	11,060
Federal	1,237,800	1,237,800	1,569,031	331,231
Total revenues	<u>\$ 2,781,969</u>	<u>\$ 2,781,969</u>	<u>\$ 2,819,170</u>	<u>\$ 37,201</u>
EXPENDITURES				
Current:				
Education				
Instruction	\$ -	\$ -	\$ -	\$ -
School food services	<u>2,781,969</u>	<u>2,781,969</u>	<u>2,811,558</u>	<u>(29,589)</u>
Total expenditures	<u>\$ 2,781,969</u>	<u>\$ 2,781,969</u>	<u>\$ 2,811,558</u>	<u>\$ (29,589)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,612</u>	<u>\$ 7,612</u>
Net change in fund balances	\$ -	\$ -	\$ 7,612	\$ 7,612
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>582,097</u>	<u>582,097</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 589,709</u></u>	<u><u>\$ 589,709</u></u>

Adult Basic Education Fund				
Budgeted Amounts			Variance with	
Original	Final	Actual	Final Budget	
			Positive	
			(Negative)	
\$ 207,606	\$ 237,613	\$ 241,502	\$ 3,889	
387,051	396,068	219,123	(176,945)	
348,663	348,663	316,888	(31,775)	
\$ 943,320	\$ 982,344	\$ 777,513	\$ (204,831)	
\$ 943,320	\$ 982,344	\$ 669,093	\$ 313,251	
-	-	-	-	
\$ 943,320	\$ 982,344	\$ 669,093	\$ 313,251	
\$ -	\$ -	\$ 108,420	\$ 108,420	
\$ -	\$ -	\$ 108,420	\$ 108,420	
-	-	137,960	137,960	
\$ -	\$ -	\$ 246,380	\$ 246,380	

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Statistical Table of Contents

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These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	
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These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	
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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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Governmental Activities	2004	2005	2006	2007
Invested in Capital Assets, Net of Related Debt	\$ 8,740,448	\$ 6,218,165	\$ 6,898,198	\$ 9,834,937
Restricted	-	-	-	-
Unrestricted	<u>9,853,377</u>	<u>18,333,160</u>	<u>20,550,928</u>	<u>21,926,560</u>
Total Governmental Activities Net Position	<u>\$ 18,593,825</u>	<u>\$ 24,551,325</u>	<u>\$ 27,449,126</u>	<u>\$ 31,761,497</u>

Business-Type Activities

Invested in Capital Assets, Net of Related Debt	\$ 12,311,417	\$ 16,239,992	\$ 16,190,499	\$ 15,399,163
Unrestricted	<u>472,596</u>	<u>712,013</u>	<u>1,393,528</u>	<u>2,411,666</u>
Total Business-Type Activities Net Position	<u>\$ 12,784,013</u>	<u>\$ 16,952,005</u>	<u>\$ 17,584,027</u>	<u>\$ 17,810,829</u>

Primary Government

Invested in Capital Assets, Net of Related Debt	\$ 21,051,865	\$ 22,458,157	\$ 23,088,697	\$ 25,234,100
Restricted	-	-	-	-
Unrestricted	<u>10,325,973</u>	<u>19,045,173</u>	<u>21,944,456</u>	<u>24,338,226</u>
Total Primary Government Activities Net Position	<u>\$ 31,377,838</u>	<u>\$ 41,503,330</u>	<u>\$ 45,033,153</u>	<u>\$ 49,572,326</u>

Table 1

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 29,592,060	\$ 13,316,464	\$ 20,600,365	\$ 29,428,539	\$ 28,371,837	\$ 32,649,611
-	-	-	704,609	730,241	284,061
<u>24,936,425</u>	<u>28,028,342</u>	<u>27,377,636</u>	<u>17,034,238</u>	<u>18,940,361</u>	<u>16,463,937</u>
<u>\$ 54,528,485</u>	<u>\$ 41,344,806</u>	<u>\$ 47,978,001</u>	<u>\$ 47,167,386</u>	<u>\$ 48,042,439</u>	<u>\$ 49,397,609</u>
\$ 15,953,939	\$ 15,914,863	\$ 15,801,892	\$ 16,652,732	\$ 16,208,880	\$ 15,885,286
<u>4,228,623</u>	<u>4,461,519</u>	<u>4,966,361</u>	<u>5,654,321</u>	<u>5,512,962</u>	<u>6,224,416</u>
<u>\$ 20,182,562</u>	<u>\$ 20,376,382</u>	<u>\$ 20,768,253</u>	<u>\$ 22,307,053</u>	<u>\$ 21,721,842</u>	<u>\$ 22,109,702</u>
\$ 45,545,999	\$ 29,231,327	\$ 36,402,257	\$ 46,081,271	\$ 44,580,717	\$ 48,534,897
-	-	-	704,609	730,241	284,061
<u>29,165,048</u>	<u>32,489,861</u>	<u>32,343,997</u>	<u>22,688,559</u>	<u>24,453,323</u>	<u>22,688,353</u>
<u>\$ 74,711,047</u>	<u>\$ 61,721,188</u>	<u>\$ 68,746,254</u>	<u>\$ 69,474,439</u>	<u>\$ 69,764,281</u>	<u>\$ 71,507,311</u>

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
General Government Administration	\$ 3,665,344	\$ 3,356,184	\$ 3,646,174	\$ 3,945,059	\$ 4,524,653	\$ 4,912,326	\$ 4,466,221	\$ 4,578,412	\$ 4,887,534	\$ 4,927,971
Judicial Administration	1,724,752	1,559,938	1,664,985	1,914,889	2,018,229	2,268,022	2,241,269	2,118,018	2,189,341	2,105,719
Public Safety	7,691,212	8,219,961	9,282,848	10,024,872	11,333,146	12,941,920	12,554,537	12,527,189	13,139,882	13,620,239
Public Works	1,311,353	1,812,987	2,009,006	1,738,472	1,934,442	2,955,347	1,789,189	1,813,526	2,008,209	1,985,467
Health and Welfare	2,558,779	2,579,140	2,784,708	2,991,083	3,148,144	3,604,839	3,436,317	3,468,253	3,797,482	3,508,587
Education	18,345,959	10,315,023	15,458,698	13,963,513	16,531,372	27,698,650	14,895,354	24,520,498	15,792,643	15,976,873
Parks, Recreation, and Cultural	766,038	854,883	823,136	1,019,420	1,041,353	986,137	1,212,554	1,248,896	1,839,838	1,803,237
Community Development	852,970	851,895	1,573,969	1,909,449	1,860,965	7,577,851	980,382	772,579	1,161,919	646,834
Interest on Long-Term Debt	2,734,163	3,219,339	2,617,150	2,633,447	2,619,296	4,234,390	3,701,436	3,577,996	2,586,665	2,006,445
Total Governmental Activities Expenses	\$ 39,650,570	\$ 32,769,350	\$ 39,860,674	\$ 40,140,204	\$ 45,011,600	\$ 67,179,482	\$ 45,277,259	\$ 54,625,367	\$ 47,403,513	\$ 46,581,372
Business-Type Activities										
Public Utilities	\$ 3,377,125	\$ 3,659,594	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346	\$ 3,920,804	\$ 4,078,522	\$ 3,942,765	\$ 4,907,268	\$ 3,919,095
Total Business-Type Activities Expenses	\$ 3,377,125	\$ 3,659,594	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346	\$ 3,920,804	\$ 4,078,522	\$ 3,942,765	\$ 4,907,268	\$ 3,919,095
Total Primary Government Expenses	\$ 43,027,695	\$ 36,428,944	\$ 43,278,354	\$ 44,133,301	\$ 48,951,946	\$ 71,100,286	\$ 49,355,781	\$ 58,568,132	\$ 52,310,781	\$ 50,500,467
Program Revenues										
Governmental Activities										
Charges for Services										
General Government Administration	\$ 137,996	\$ -	\$ 126,652	\$ 142,375	\$ -	\$ 312	\$ 4,455	\$ 186,865	\$ 180,435	\$ 44,476
Judicial Administration	388,051	507,318	378,717	423,874	475,295	477,248	572,973	677,370	601,631	788,800
Public Safety	438,845	554,902	1,207,031	1,156,680	1,386,124	869,831	894,482	764,177	717,115	729,407
Public Works	143,617	309,048	203,998	201,579	390,298	407,362	396,658	227,707	155,793	65,298
Parks, Recreation, and Cultural	62,682	59,377	113,637	92,558	112,023	119,881	130,764	136,609	138,982	125,298
Community Development	1,203	2,179	4,605	4,320	5,031	3,784	1,392	41,718	29,929	407,599
Operating Grants and Contributions	3,572,252	4,899,540	5,062,436	5,476,358	5,718,613	5,788,348	5,134,599	5,013,445	5,203,184	5,013,258
Capital Grants and Contributions	441,185	69,715	1,948,596	405,998	21,779,285	6,010,436	3,687,143	5,000,000	-	-
Total Governmental Activities Program Revenues	\$ 5,185,831	\$ 6,402,079	\$ 9,045,672	\$ 7,903,742	\$ 29,866,669	\$ 13,677,202	\$ 10,822,466	\$ 12,047,891	\$ 7,027,069	\$ 7,174,136
Business-Type Activities										
Charges for Services										
Public Utilities	\$ 3,485,827	\$ 3,664,823	\$ 3,972,998	\$ 4,080,718	\$ 4,610,809	\$ 4,085,219	\$ 4,224,792	\$ 4,974,219	\$ 4,076,488	\$ 4,044,255
Total Business-Type Activities Program Revenues	\$ 3,485,827	\$ 3,664,823	\$ 3,972,998	\$ 4,080,718	\$ 4,610,809	\$ 4,085,219	\$ 4,224,792	\$ 4,974,219	\$ 4,076,488	\$ 4,044,255
Total Primary Government Program Revenues	\$ 8,671,658	\$ 10,066,902	\$ 13,018,670	\$ 11,984,460	\$ 34,477,478	\$ 17,762,421	\$ 15,047,258	\$ 17,022,110	\$ 11,103,557	\$ 11,218,391

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues: (Continued)										
Net (Expense)/ Revenue										
Governmental Activities	\$ (34,464,739)	\$ (26,367,271)	\$ (30,815,002)	\$ (32,236,462)	\$ (15,144,931)	\$ (53,502,280)	\$ (34,454,793)	\$ (42,577,475)	\$ (40,376,444)	\$ (39,407,236)
Business-Type Activities	108,702	5,229	555,318	87,621	670,463	164,415	146,270	1,031,454	(830,780)	125,160
Total Primary Government Net Expense	\$ (34,356,037)	\$ (26,362,042)	\$ (30,259,684)	\$ (32,148,841)	\$ (14,474,468)	\$ (53,337,865)	\$ (34,308,523)	\$ (41,546,021)	\$ (41,207,224)	\$ (39,282,076)
General Revenues and Other Changes in Net Position										
Governmental Activities										
General Property Taxes	\$ 17,774,738	\$ 26,560,949	\$ 22,488,889	\$ 23,645,616	\$ 26,287,215	\$ 27,104,556	\$ 28,233,803	\$ 28,041,192	\$ 28,463,166	\$ 28,383,780
Other Local Taxes	4,746,306	5,544,585	6,175,296	6,626,221	7,395,231	8,818,359	8,563,138	8,120,610	7,373,261	6,867,373
Unrestricted Revenues from Use of Money and Property	348,833	614,725	974,010	1,958,759	1,647,038	1,145,446	512,337	268,838	314,909	238,946
Miscellaneous	306,013	222,188	151,132	459,721	266,954	128,819	146,753	1,098,511	60,435	330,799
Grants and Contributions not Restricted to Specific Programs	5,478,376	3,482,409	3,914,301	3,869,796	3,921,031	3,863,597	3,789,308	3,813,016	5,197,796	5,100,696
(Loss) on Disposal of Capital Assets	(4,651)	-	-	-	-	-	-	-	-	-
Transfers	(648,561)	(1,482,453)	9,175	(11,280)	(1,605,550)	(157,450)	(157,350)	424,693	(158,070)	(159,189)
Total Governmental Activities	\$ 28,001,054	\$ 34,942,403	\$ 33,712,803	\$ 36,548,833	\$ 37,911,919	\$ 40,903,327	\$ 41,087,989	\$ 41,766,860	\$ 41,251,497	\$ 40,762,405
Business-Type Activities										
Unrestricted Revenues from Use of Money and Property	\$ 34,458	\$ 31,067	\$ 59,529	\$ 88,648	\$ 60,985	\$ 46,607	\$ 54,196	\$ 51,735	\$ 54,466	\$ 54,438
Miscellaneous	25,978	31,611	26,350	39,252	34,735	30,935	34,055	30,918	33,033	49,073
Transfers	648,561	1,482,453	(9,175)	11,280	1,605,550	157,450	157,350	424,693	158,070	159,189
Total Business-Type Activities	\$ 708,997	\$ 1,545,131	\$ 76,704	\$ 139,180	\$ 1,701,270	\$ 234,992	\$ 245,601	\$ 507,346	\$ 245,569	\$ 262,700
Total Primary Government	\$ 28,710,051	\$ 36,487,534	\$ 33,789,507	\$ 36,688,013	\$ 39,613,189	\$ 41,138,319	\$ 41,333,590	\$ 42,274,206	\$ 41,497,066	\$ 41,025,105
Change in Net Position										
Governmental Activities	\$ (6,463,685)	\$ 8,575,132	\$ 2,897,801	\$ 4,312,371	\$ 22,766,988	\$ (12,598,953)	\$ 6,633,196	\$ (810,615)	\$ 875,053	\$ 1,355,169
Business-Type Activities	817,699	1,550,360	632,022	226,801	2,371,733	399,407	391,871	1,538,800	(585,211)	387,860
Total Primary Government Change in Net Position	\$ (5,645,986)	\$ 10,125,492	\$ 3,529,823	\$ 4,539,172	\$ 25,138,721	\$ (12,199,546)	\$ 7,025,067	\$ 728,185	\$ 289,842	\$ 1,743,029

COUNTY OF PRINCE GEORGE, VIRGINIA

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

General Fund	2004	2005	2006	2007
Reserved	\$ -	\$ -	\$ -	-
Unreserved, Designated for Revenue Maximization	136,089	110,593	93,393	75,839
Unreserved, Designated for Housing	-	-	146,488	140,959
Unreserved, Designated for Community Corrections	-	-	-	-
Unreserved	7,947,889	9,890,093	14,681,925	18,209,267
Restricted:				
Public safety	-	-	-	-
Committed:				
Subsequent years expenditures	-	-	-	-
Assigned:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	\$ 8,083,978	\$ 10,000,686	\$ 14,921,806	\$ 18,426,065
All Other Governmental Funds				
Reserved for capital projects	\$ 8,674,019	\$ 8,592,971	\$ 6,042,481	4,040,010
Unreserved, reported in Debt Service Fund	-	36,204	-	-
Unreserved, reported in Special Revenue Funds	1,041,887	1,023,399	1,213,996	942,658
Unreserved, reported in Capital Projects Fund	2,085,349	-	-	-
Restricted:				
Proffers	-	-	-	-
Committed:				
Library	-	-	-	-
Crosspointe Center	-	-	-	-
Animal Shelter	-	-	-	-
Police Building	-	-	-	-
Human Services Building	-	-	-	-
Broadband Implementation	-	-	-	-
Fire EMS Apparatus	-	-	-	-
Enterprise Resource Software	-	-	-	-
Assigned:				
Other capital purposes	-	-	-	-
Special revenue	-	-	-	-
Total All Other Governmental Funds	\$ 11,801,255	\$ 9,652,574	\$ 7,256,477	\$ 4,982,668
Total Governmental Funds	\$ 19,885,233	\$ 19,653,260	\$ 22,178,283	\$ 23,408,733

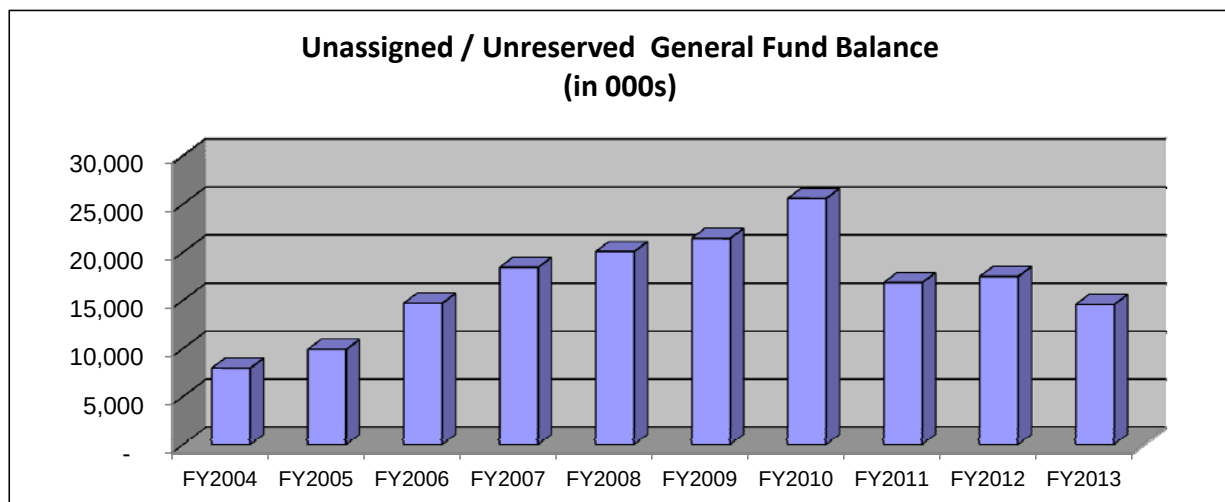


Table 3

2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54,740	26,140	38,439	-	-	-
61,943	36,944	38,523	-	-	-
-	-	150,043	-	-	-
19,946,161	21,377,327	25,356,429	-	-	-
-	-	-	136,047	210,199	-
-	-	-	-	-	1,269,724
-	-	-	35,021	-	60,000
-	-	-	8,932	-	398,582
-	-	-	16,835,504	17,473,532	14,555,614
\$ <u>20,062,844</u>	\$ <u>21,440,411</u>	\$ <u>25,583,434</u>	\$ <u>17,015,504</u>	\$ <u>17,683,731</u>	\$ <u>16,283,920</u>
\$ 39,377,808	\$ 29,338,168	\$ 20,288,574	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,939,520	1,587,521	748,326	-	-	-
-	-	-	-	-	-
-	-	-	704,609	730,241	284,061
-	-	-	264,573	-	-
-	-	-	1,051,238	1,315,919	953,060
-	-	-	2,204,096	422,142	146,840
-	-	-	65,568	-	-
-	-	-	-	-	515,801
-	-	-	-	-	32,060
-	-	-	-	-	180,073
-	-	-	890,000	1,017,636	591,607
-	-	-	5,240,086	2,949,955	1,857,859
-	-	-	915,769	896,868	1,210,370
\$ <u>41,317,328</u>	\$ <u>30,925,689</u>	\$ <u>21,036,900</u>	\$ <u>12,040,548</u>	\$ <u>8,063,002</u>	\$ <u>5,771,730</u>
\$ <u>61,380,172</u>	\$ <u>52,366,100</u>	\$ <u>46,620,334</u>	\$ <u>29,056,052</u>	\$ <u>25,746,733</u>	\$ <u>22,055,650</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Revenues

	2004	2005	2006	2007
General Property Taxes	\$ 17,692,361	\$ 26,083,566	\$ 22,617,327	\$ 23,597,753
Other Local Taxes	4,746,306	5,544,585	6,175,296	6,626,221
Permits, Privilege Fees, and Licenses	407,295	523,801	706,915	733,173
Fines and Forfeitures	265,058	375,931	297,727	295,893
Revenue from Use of Money and Property	348,833	614,725	974,010	1,958,759
Charges for Services	500,041	533,092	1,029,998	992,320
Miscellaneous	306,013	222,188	151,132	451,285
Recovered Costs	217,457	491,308	270,772	476,616
Intergovernmental Revenues:				
Local Government	243,778	-	-	-
Commonwealth	7,271,816	7,156,337	9,745,610	8,624,196
Federal	1,976,219	1,295,327	1,179,723	1,128,285
Total Revenues	\$ 33,975,177	\$ 42,840,860	\$ 43,148,510	\$ 44,884,501

Expenditures

General Government Administration	\$ 3,653,384	\$ 2,995,994	\$ 3,405,619	\$ 3,801,800
Judicial Administration	1,570,131	1,422,426	1,524,110	1,788,031
Public Safety	7,294,996	7,933,359	8,478,865	9,385,203
Public Works	1,445,116	1,664,820	1,584,135	1,703,355
Health and Welfare	2,493,353	2,519,191	2,726,733	2,945,060
Education	10,580,791	8,781,909	10,561,403	9,666,163
Parks, Recreation, and Cultural	728,822	797,057	866,007	1,005,038
Community Development	681,710	896,444	1,017,693	1,913,858
Capital Projects	7,764,472	4,948,743	7,669,800	5,574,828
Debt Service:				
Principal Retirement	6,550,479	6,523,336	3,216,287	3,414,797
Interest and Other Fiscal Charges	2,884,011	3,107,101	2,427,093	2,723,642
Total Expenditures	\$ 45,647,265	\$ 41,590,380	\$ 43,477,745	\$ 43,921,775

Excess (deficiency) of revenues over (under) expenditures	\$ (11,672,088)	\$ 1,250,480	\$ (329,235)	\$ 962,726
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Other Financing Sources (Uses)

Transfers in	\$ 7,100,276	\$ 13,069,186	\$ 5,497,004	\$ 8,477,352
Transfers (out)	(7,748,837)	(14,551,639)	(5,487,829)	(8,488,632)
Proceeds of general obligation debt	9,500,000	-	11,935,253	-
Premium on Bonds	-	-	424,912	-
Retirement of bond anticipation notes	-	-	(9,938,180)	-
Sale of Capital Assets	7,529	-	423,099	279,004
Total Other Financing Sources (Uses)	\$ 8,858,968	\$ (1,482,453)	\$ 2,854,259	\$ 267,724

Net Change in Fund Balances	\$ (2,813,120)	\$ (231,973)	\$ 2,525,024	\$ 1,230,450
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Debt Service as a Percentage of

Noncapital Expenditures:				
Total debt service	\$ 9,434,490	\$ 9,630,437	\$ 5,643,380	\$ 6,138,439
Total expenditures	\$ 45,647,265	\$ 41,590,380	\$ 43,477,745	\$ 43,921,775
Capital outlay	(7,764,472)	(4,948,743)	(7,360,253)	(5,574,828)
Non-capital expenditures	\$ 37,882,793	\$ 36,641,637	\$ 36,117,492	\$ 38,346,947
Debt service as a percentage of non-capital expenditures	24.9%	26.3%	15.6%	16.0%

Table 4

2008	2009	2010	2011	2012	2013
\$ 25,959,745	\$ 26,778,786	\$ 28,033,301	\$ 27,774,462	\$ 28,278,105	\$ 28,076,404
7,395,231	8,818,359	8,563,138	8,969,995	7,373,261	6,867,372
1,032,075	396,316	453,302	360,836	301,859	421,103
336,579	340,961	411,747	550,593	472,094	719,967
1,647,038	1,145,446	512,337	268,838	314,909	238,946
1,000,117	1,141,141	1,135,675	1,123,017	1,049,932	1,019,808
266,954	128,818	146,754	1,098,511	60,435	330,799
502,252	418,352	321,467	691,048	291,421	316,849
-	-	-	-	-	-
12,321,427	14,590,546	11,597,678	12,895,099	9,214,172	9,272,385
1,095,736	1,071,835	1,013,370	931,361	1,186,808	841,568
\$ 51,557,154	\$ 54,830,560	\$ 52,188,769	\$ 54,663,760	\$ 48,542,996	\$ 48,105,201
\$ 4,264,176	\$ 4,660,952	\$ 4,254,648	\$ 4,375,716	\$ 4,671,416	\$ 4,546,495
1,911,988	2,089,073	2,103,408	2,045,372	2,083,443	2,122,535
10,285,574	11,076,575	11,250,451	11,790,734	11,955,650	12,048,220
1,876,896	1,812,627	1,804,265	1,891,639	1,989,512	1,988,541
3,122,249	3,512,350	3,379,645	3,464,941	3,854,750	3,520,115
9,811,924	12,690,392	11,926,355	13,694,270	13,245,989	13,292,762
980,438	1,097,109	1,100,437	1,077,696	1,285,903	3,118,571
1,942,574	1,239,599	894,021	928,536	1,187,412	616,973
11,237,307	18,022,853	7,122,731	8,719,257	4,657,799	3,200,916
3,942,622	8,978,291	15,564,571	19,855,149	18,111,981	5,136,233
2,673,379	3,807,361	3,826,653	3,960,041	2,892,390	2,045,733
\$ 52,049,127	\$ 68,987,182	\$ 63,227,185	\$ 71,803,351	\$ 65,936,245	\$ 51,637,094
\$ (491,973)	\$ (14,156,622)	\$ (11,038,416)	\$ (17,139,591)	\$ (17,393,249)	\$ (3,531,893)
\$ 9,821,871	\$ 8,167,466	\$ 17,860,254	\$ 30,028,510	\$ 7,744,887	\$ 8,358,994
(11,427,421)	(8,324,916)	(18,017,604)	(30,453,203)	(7,902,957)	(8,518,183)
39,900,000	5,300,000	5,450,000	-	13,741,089	-
168,962	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 38,463,412	\$ 5,142,550	\$ 5,292,650	\$ (424,693)	\$ 13,583,019	\$ (159,189)
\$ 37,971,439	\$ (9,014,072)	\$ (5,745,766)	\$ (17,564,282)	\$ (3,810,230)	\$ (3,691,082)
<u>\$ 6,616,001</u>	<u>\$ 12,785,652</u>	<u>\$ 19,391,224</u>	<u>\$ 23,815,190</u>	<u>\$ 21,004,371</u>	<u>\$ 7,181,966</u>
\$ 52,049,127	\$ 68,987,182	\$ 63,227,185	\$ 71,803,351	\$ 65,936,245	\$ 51,637,094
<u>(6,083,223)</u>	<u>(17,979,571)</u>	<u>(7,032,012)</u>	<u>(8,980,372)</u>	<u>(4,708,846)</u>	<u>(3,200,916)</u>
<u>\$ 45,965,904</u>	<u>\$ 51,007,611</u>	<u>\$ 56,195,173</u>	<u>\$ 62,822,979</u>	<u>\$ 61,227,399</u>	<u>\$ 48,436,178</u>
14.4%	25.1%	34.5%	37.9%	34.3%	14.8%

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Source

	2004	2005	2006	2007
Real Property Taxes	\$ 13,026,414	\$ 20,780,707	\$ 17,010,527	\$ 17,250,136
Real & Personal Public Service Corporation Taxes	681,882	995,625	676,261	838,405
Personal Property Taxes	3,534,437	3,839,232	4,460,413	4,895,952
Machinery & Tools Taxes	281,212	274,589	211,649	337,676
Penalties & Interest	168,416	193,413	258,477	275,584
Total, General Property Taxes	\$ 17,692,361	\$ 26,083,566	\$ 22,617,327	\$ 23,597,753
Local Sales and Use Taxes	\$ 1,110,034	\$ 1,091,419	\$ 1,141,290	\$ 1,333,959
Consumer Utility Taxes	988,608	1,462,710	1,534,247	1,299,391
Cable Franchise Taxes	51,490	50,642	43,103	56,974
Business License	603,667	631,522	674,259	733,948
Motor Vehicle Licenses	543,514	681,175	708,033	728,165
Bank Stock Taxes	66,236	79,135	84,743	84,412
Recordation Taxes	213,753	388,976	524,378	487,000
Rental Tax	4,844	3,808	3,531	3,404
Transient Occupancy Taxes	172,729	195,738	200,358	555,486
Communication taxes	-	-	-	522,138
Taxicab licenses	-	1,650	1,900	-
E911 Taxes	469,151	452,893	468,144	222,863
Meals Taxes	522,280	504,917	513,273	598,481
Total, Other Local Taxes	\$ 4,746,306	\$ 5,544,585	\$ 5,897,259	\$ 6,626,221
Total General Governmental Tax Revenues	\$ 22,438,667	\$ 31,628,151	\$ 28,514,586	\$ 30,223,974

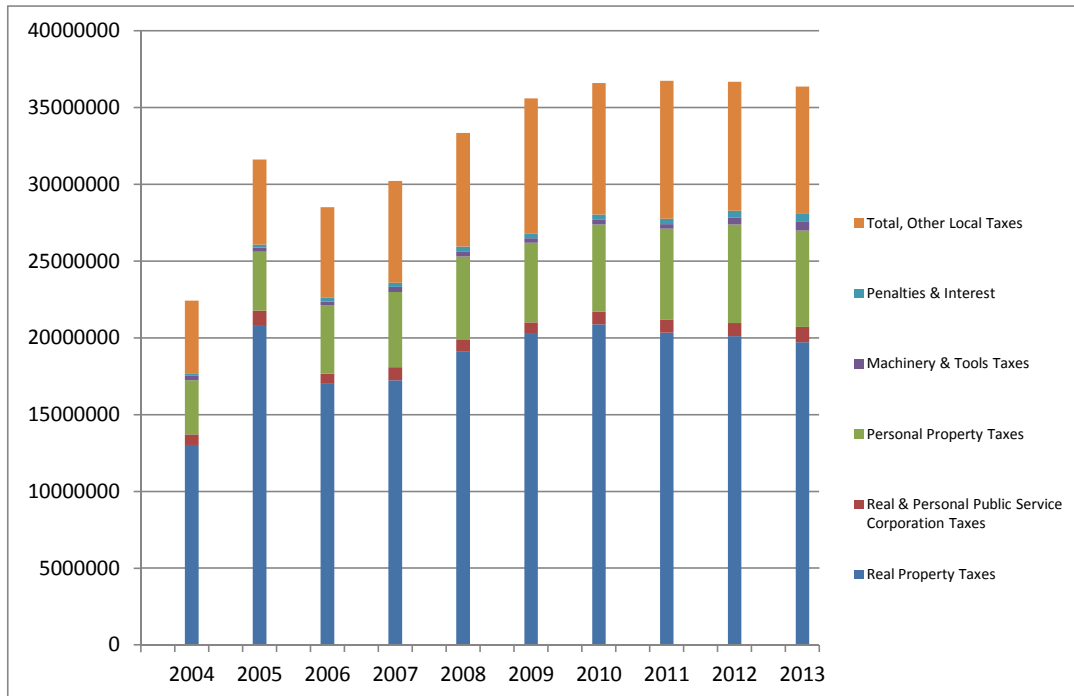


Table 5

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 19,130,413	\$ 20,266,075	\$ 20,882,673	\$ 20,353,123	\$ 20,119,169	\$ 19,721,432
727,245	741,904	833,742	828,069	846,693	1,008,576
5,449,410	5,186,845	5,666,494	5,933,062	6,423,233	6,273,041
335,969	297,517	336,920	295,092	443,667	596,734
316,708	286,445	313,472	365,116	445,344	476,621
<u>\$ 25,959,745</u>	<u>\$ 26,778,786</u>	<u>\$ 28,033,301</u>	<u>\$ 27,774,462</u>	<u>\$ 28,278,106</u>	<u>\$ 28,076,404</u>
\$ 1,427,664	\$ 1,837,964	\$ 1,768,721	\$ 1,932,433	\$ 1,902,611	\$ 1,933,998
778,530	798,962	797,218	807,714	772,302	832,304
1,915	(1,909)	7	-	-	-
998,688	2,275,872	2,178,533	2,218,648	2,018,510	1,493,187
800,986	823,067	811,012	825,154	820,939	802,468
80,301	81,240	83,585	94,432	89,452	92,247
542,669	282,594	252,785	239,477	281,894	287,472
2,385	2,388	1,578	-	-	-
602,451	513,651	516,806	454,216	243,712	588,649
1,474,445	1,358,465	1,314,801	1,348,145	1,388,841	1,311,972
-	-	-	-	-	-
54,401	122,397	139,805	132,106	174,522	110,988
630,796	723,668	698,287	917,671	703,751	837,049
<u>\$ 7,395,231</u>	<u>\$ 8,818,359</u>	<u>\$ 8,563,138</u>	<u>\$ 8,969,995</u>	<u>\$ 8,396,534</u>	<u>\$ 8,290,333</u>
<u>\$ 33,354,976</u>	<u>\$ 35,597,145</u>	<u>\$ 36,596,439</u>	<u>\$ 36,744,457</u>	<u>\$ 36,674,640</u>	<u>\$ 36,366,737</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
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
2011	2,110,613,700	385,087,400	2,495,701,100	241,130,391	22,779,215	10,743,368
2012	2,071,031,300	416,408,500	2,487,439,800	242,242,272	28,644,294	10,321,685
2013	2,262,706,000	419,048,200	2,681,754,200	235,156,981	39,313,969	10,046,854

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.

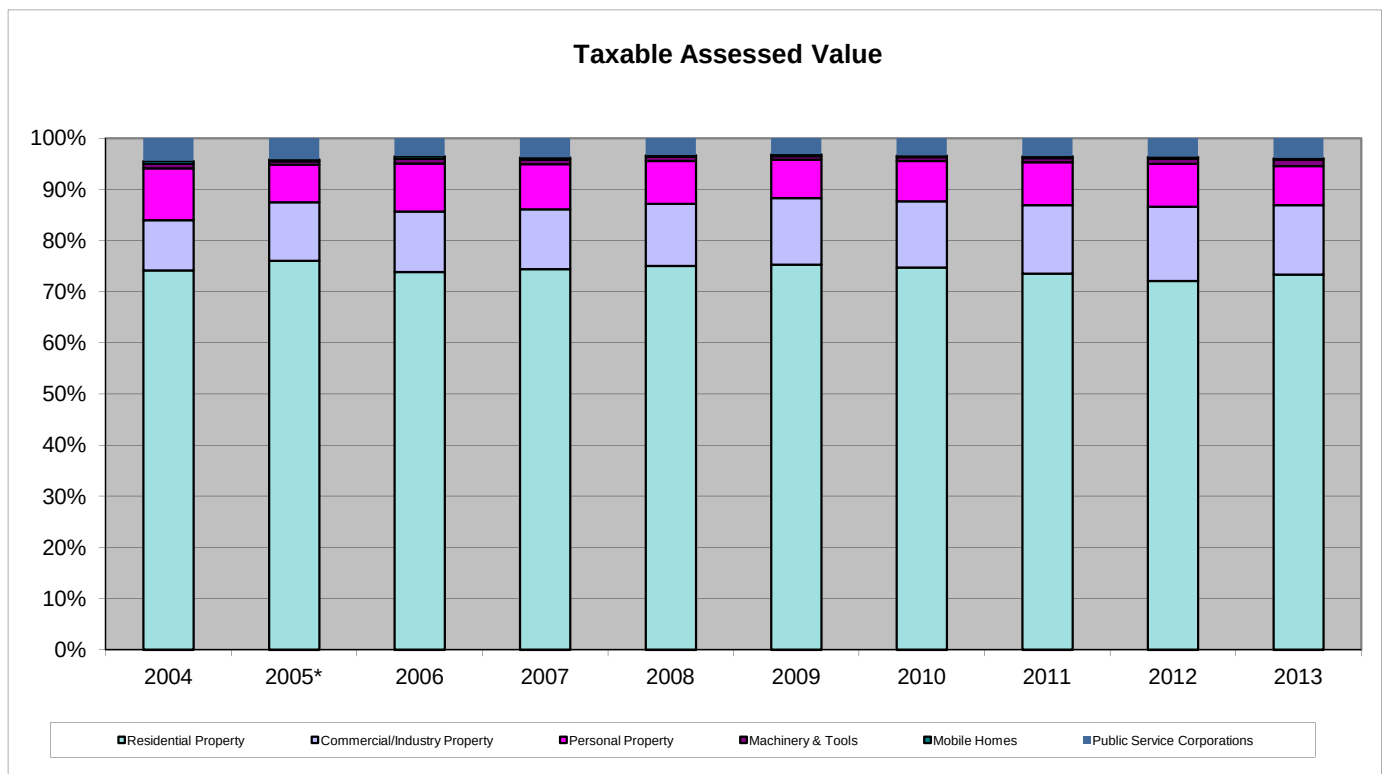


Table 6

Public Service Corporations	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 75,682,416	\$ 1,706,182,087	0.84
110,551,010	2,659,317,645	0.93
74,958,876	2,121,188,447	0.83
91,330,546	2,435,721,017	1.01
90,463,693	2,754,023,783	1.04
91,883,661	2,920,523,072	1.11
100,234,074	2,980,546,326	1.10
100,859,694	2,871,213,768	1.08
104,214,656	2,872,862,707	1.08
118,764,823	3,085,036,827	1.14

Principal Property Taxpayers
Current Year and Nine Years Prior

Taxpayer	2013			2004		
	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation
Rolls-Royce Crosspointe LLC	\$ 61,739,135	1	2.00%	\$ N/A	N/A	N/A
Save Rite Inc (Food Lion)	44,020,377	2	1.43%	33,946,400	1	1.99%
Ace Hardware Corp	30,349,645	3	0.98%	25,554,000	2	1.50%
James C Justice Companies Inc	17,563,200	4	0.57%	N/A	N/A	N/A
Crossroads Holdings LLC	17,492,600	5	0.57%	N/A	N/A	N/A
Independence Place Jefferson Park	16,186,300	6	0.52%	N/A	N/A	N/A
Crossings Center LLP	13,554,700	7	0.44%	12,227,900	3	0.72%
Jefferson Pointe	11,340,500	8	0.37%	8,137,600	6	N/A
Standard Motor Products	10,745,100	9	0.35%	9,133,500	4	0.54%
RCC Crossings LLC	10,438,200	10	0.34%	N/A	N/A	N/A
RAJ	N/A	N/A	N/A	9,076,400	5	0.53%
Purdue Farms	N/A	N/A	N/A	7,879,200	7	0.46%
PG Housing	N/A	N/A	N/A	7,300,300	8	0.43%
Bailey Ridge Apartments	N/A	N/A	N/A	5,072,300	9	0.30%
Horizan Partners	N/A	N/A	N/A	4,995,100	10	0.29%

(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, 2013	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	1,146,528	16,179,848	94.22%
2007	18,635,631	16,471,448	88.39%	1,278,320	17,749,768	95.25%
2008	20,474,647	19,006,888	92.83%	346,132	19,353,020	94.52%
2009	21,139,550	19,930,582	94.28%	405,037	20,335,618	96.20%
2010	20,893,527	20,385,261	97.57%	248,465	20,633,726	98.76%
2011	20,463,446	19,591,946	95.74%	-	19,591,946	95.74%
2012	20,363,119	20,072,424	98.57%	-	20,072,424	98.57%
2013	19,936,703	19,124,392	95.93%	-	19,124,391	95.93%

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, 2013	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 7,366,421	\$ 7,047,727	95.67%	\$ 198,577	\$ 7,246,306	98.37%
2005	7,347,937	6,842,836	93.13%	452,211	7,295,048	99.28%
2006	8,522,877	8,224,086	96.49%	272,747	8,496,833	99.69%
2007	5,369,199	4,947,253	92.14%	360,989	5,308,243	98.86%
2008	6,053,157	5,394,924	89.13%	22,420	5,417,344	89.50%
2009	5,225,646	5,033,733	96.33%	77,439	5,111,172	97.81%
2010	6,142,759	5,628,933	91.64%	107,306	5,736,239	93.38%
2011	6,023,216	5,430,303	90.16%		5,430,303	90.16%
2012	6,764,699	5,950,673	87.97%	-	5,950,672	87.97%
2013	7,343,951	6,196,235	84.37%	-	6,196,235	84.37%

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 Ten 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	7.88%	2,144
2005	31,070,921	3,051,176	-	26,810,532	1,150,000	3,247,367	65,329,996	6.54%	1,780
2006	21,394,890	5,268,155	-	33,167,371	1,035,000	2,859,729	63,725,145	6.38%	1,737
2007	20,653,290	4,462,341	-	31,415,317	920,000	4,358,110	61,809,058	5.47%	1,684
2008	19,381,827	25,191,677	-	48,029,824	805,000	3,811,281	97,219,609	8.09%	2,653
2009	23,047,444	20,147,295	-	45,845,295	690,000	3,432,383	93,162,417	7.53%	2,470
2010	24,834,067	8,962,205	-	43,615,789	575,000	3,082,734	81,069,795	6.56%	2,112
2011	26,350,327	-	-	32,949,987	460,000	1,684,048	61,444,362	4.97%	1,720
2012	25,027,000	-	-	30,518,333	345,000	1,491,730	57,382,063	4.64%	1,570
2013	22,533,225	-	-	27,990,875	230,000	1,291,049	52,045,149	4.21%	1,409

(1) Reference table 12

Ratios of General Bonded Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Total	Percentage of Estimated Actual Value of Property
	General Obligation	Capital Leases	Virginia Public School Authority Bonds	Literary Fund Loans	Business-Type Activities		
2004 \$	39,070,964 \$	\$103,631	\$ 28,166,377	\$ 1,265,000	\$ 4,969,709	73,575,681 \$	4.31%
2005	34,122,097	-	26,810,532	1,150,000	3,247,367	65,329,996	2.46%
2006	26,663,045	-	33,167,371	1,035,000	2,859,729	63,725,145	3.00%
2007	25,115,631	-	31,415,317	920,000	4,358,110	61,809,058	2.54%
2008	44,573,504	-	48,029,824	805,000	3,811,281	97,219,609	3.53%
2009	43,194,739	-	45,845,295	690,000	3,432,383	93,162,417	3.19%
2010	33,796,272	-	43,615,789	575,000	3,082,734	81,069,795	2.72%
2011	26,350,327		32,949,987	460,000	1,684,048	61,444,362	2.14%
2012	25,027,000		30,518,333	345,000	1,491,730	57,382,063	2.00%
2013	22,533,225		27,990,875	230,000	1,291,049	52,045,149	1.69%

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Computation of Legal Debt Margin Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net Assessed Value (real property)	\$ 1,433,008,540	\$ 2,326,263,407	\$ 1,817,175,853
Debt Limit (10% of Real Property Assessed Value)	143,300,854	232,626,341	181,717,585
Debt Applicable to Limit	<u>73,729,931</u>	<u>65,329,996</u>	<u>63,725,145</u>
Legal Debt Margin	<u>\$ 69,570,923</u>	<u>\$ 167,296,345</u>	<u>\$ 117,992,440</u>
Total net debt applicable to the limit as a percentage of debt limit	51.5%	28.1%	35.1%

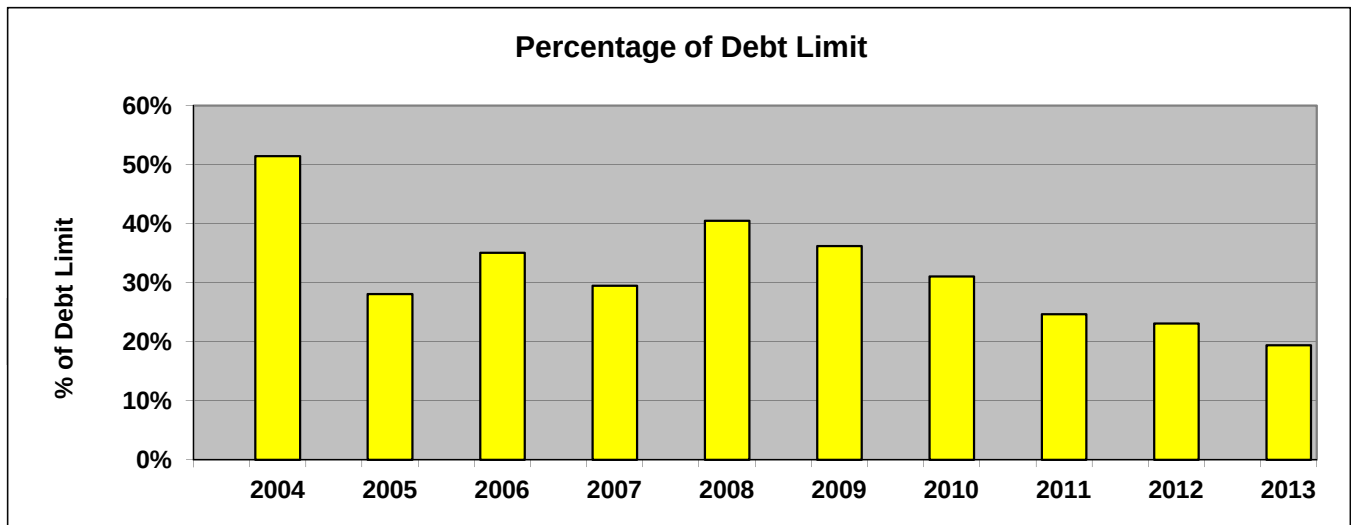


Table 11

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 2,097,317,560	\$ 2,401,201,261	\$ 2,578,538,090	\$ 2,612,645,192	\$ 2,495,701,100	\$ 2,487,439,800	\$ 2,681,754,200
209,731,756	240,120,126	257,853,809	261,264,519	249,570,110	248,743,980	268,175,420
<u>61,809,058</u>	<u>97,219,609</u>	<u>93,305,559</u>	<u>81,069,795</u>	<u>61,444,362</u>	<u>57,382,063</u>	<u>52,045,149</u>
<u>\$ 147,922,698</u>	<u>\$ 142,900,517</u>	<u>\$ 164,548,250</u>	<u>\$ 180,194,724</u>	<u>\$ 188,125,748</u>	<u>\$ 191,361,917</u>	<u>\$ 216,130,271</u>
29.5%	40.5%	36.2%	31.0%	24.6%	23.1%	19.4%

Demographic and Economic Statistics
Last Ten Years

Year	Population	Student Enrollment (d)	Personal Income (k)	Per Capita Personal Income (f)	Median Household Income	Median Age	Average Unemployment Rate	Educational Attainment: Bachelor's Degree or Higher
2003	34,262 (a)	6,089	\$ 869,124,154	\$ 25,367	\$ 49,877 (b)	32.1 (b)	4.2% (e)	19.4% (a)
2004	34,313 (a)	6,162	933,416,539	27,203	50,649 (f)	32.1 (b)	3.6% (e)	19.4% (a)
2005	36,694 (a)	6,039	1,050,622,608	28,632	55,476 (f)	32.1 (b)	3.8% (e)	19.4% (a)
2006	36,694 (a)	6,193	1,129,955,036	30,794	57,883 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2007	36,647 (g)	6,297	1,201,361,954	32,782	59,780 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2008	37,723 (g)	6,305	1,295,747,327	34,349	62,570 (j)	32.1 (b)	4.3% (e)	14.0% (e)
2009	38,393 (g)	6,158	1,306,360,218	34,026	67,985 (i)	32.1 (b)	7.0% (j)	19.4% (i)
2010	35,725 (i)	6,357	1,298,639,475	36,351	59,349 (j)	37.3 (i)	7.3% (j)	18.4% (i)
2011	36,555 (i)	6,312	1,422,866,820	38,924	64,171 (i)	36.6 (i)	6.5% (e)	17.2% (i)
2012	36,941 (i)	6,302	946,428,420	25,620	62,924 (i)	38.6 (i)	6.5% (i)	16.8% (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, Bureau of Economic Analysis

(g) Weldon Cooper Center

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

(i) US Census Bureau

(j) USDA Economic Research Service

(k) Personal income estimated based upon the municipal population and per capita income

Principal Employers
Current Year and Nine Years Ago

Employer	2012			2003		
	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+	7.1%	1	1000+	7.1%	1
County of Prince George	1000+	7.1%	2	1000+	7.1%	2
U.S. Department of Justice	500 - 999	3.6%	3	500 - 999	3.5%	5
Food Lion	500 - 999	3.6%	4	500 - 999	3.5%	4
U.S. Army Non-Appropriated Funds Division	250 - 499	1.8%	5	250 - 499	1.8%	7
Standard Motor Products	250 - 499	1.8%	6	100 - 249	0.7%	10
Riverside Regional Jail	250 - 499	1.8%	7	N/A	N/A	N/A
U.S. Department of Army and Air Force	250 - 499	1.8%	8	250 - 499	1.8%	8
Perdue Products	250 - 499	1.8%	9	250 - 499	1.8%	6
Ace Hardware Corporation	100 - 249	0.7%	10	250 - 499	1.8%	9
Manpower International	N/A	N/A		500 - 999	3.5%	3
Total Employment	14,071			14,117		

Source: Virginia Employment Commission

County Government Employees
Last Nine Fiscal Years

Function/Program	Approved Full Time Positions as of June 30								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government Administration									
County Administration	5	5	5	4	4	4	4	4	5
Human Resources	2	3	3	3	3	3	3	3	3
County Attorney	2	2	2	2	2	2	2	2	2
Commissioner of the Revenue	5	5	5	5	6	6	6	6	6
Treasurer	6	6	6	7	7	7	7	7	7
Real Estate Assessor	6	6	6	7	7	6	6	6	6
Finance	5	5	5	6	6	6	6	6	6
Information Technology	2	5	5	5	5	5	5	5	6
County Garage	4	4	4	4	4	4	4	4	4
Registrar	2	2	2	2	3	3	3	3	3
Judicial Administration									
Circuit Court	1	1	1	1	1	1	1	1	1
Commonwealth's Attorney	3	3	5	6	7	7	7	7	7
Sheriff	9	9	9	12	11	11	11	11	11
Victim Witness	1	1	1	1	1	1	1	1	1
Clerk of Circuit Court	5	5	5	5	5	5	5	5	5
Public Safety									
Police	51	54	54	56	57	56	56	56	57
Fire & EMS	10	11	11	12	14	11	11	11	11
VJCCCA	1	1	1	1	1	1	1	1	1
Community Corrections/ Pretrial	9	9	10	10	10	10	10	10	11
Building Inspections	8	9	11	12	11	10	10	10	14
Animal Control	3	3	5	6	6	6	6	6	6
Dispatch Center	13	14	14	14	15	14	14	14	14
Public Works									
General Properties	10	6	6	8	8	8	8	8	8
Refuse Disposal	-	-	-	2	3	3	3	3	-
Engineering/Utilities	11	12	13	13	13	13	13	13	12
Health and Welfare									
Social Services	20	21	21	21	21	21	21	21	21
Comprehensive Services Act		1	1	1	1	1	1	1	-
Housing Assistance	3	3	4	4	-	-	-	-	-
Parks, Recreation & Cultural									
Parks and Recreation	6	6	6	7	8	7	7	7	7
Community Development									
Planning Department	4	5	6	6	5	4	4	4	-
Economic Development	2	1	1	1	1	1	1	2	2
GIS	-	1	1	1	1	1	1	1	-
Capital Projects	1	1	1	-	-	-	-	-	-
Total	210	219	228	241	243	235	235	236	233

Source - Human Resources

Data for years prior to 2005 are not available

Operating Indicators by Function/ Program
Last Nine Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government Administration									
Real Property Parcels	12,705	12,961	13,272	13,362	13,568	13,597	13,612	13,649	13,308
Public Safety									
Physical Arrests	577	561	523	577	573	528	553	614	1,262
Traffic Violations	5,796	5,127	5,243	5,355	7,018	7,842	7,309	6,625	7,200
Police Stations	1	1	1	1	1	1	1	1	1
Police Personnel and Officers	54	54	56	57	56	56	56	56	57
Fire Protection									
EMS Service Calls	2,140	2,055	2,297	2,500	2,417	2,374	2,527	2,882	2,938
Fire Service Calls	973	1,097	1,117	1,249	1,205	1,060	1,432	1,779	1,440
Fire Stations	6	6	6	6	6	6	6	6	3
EMS Stations	1	1	1	1	1	1	1	1	3
Volunteer Fire and EMS Personnel	250	275	290	350	438	314	272	206	1
Professional Paramedic/Firefighter	5	7	7	9	9	6	6	7	232
									7
Building Official									
Residential Permits		1,870	1,813	1,664	1,133	835	402	407	576
Commercial Building Permits		299	318	288	215	179	144	108	173
Commercial Building Permits	54	65	163	98	115	37	62	27	N/A
Single Family Resid. Building Permits	245	216	249	172	121	68	53	46	N/A
Public Works									
Miles of Water Line	62	68	71	72	72	75	75	75	75
Miles of Sewer Line	88	93	94	94	94	95	96	97	97
Utilities Customers	3,776	3,901	3,969	4,170	4,170	4,228	4,261	4,253	4,300
Health and Welfare									
Request for Services (Social Services)	426	466	536	622	638	715	749	747	1,261
Food Stamp Applications	N/A	630	576	525	897	903	1,013	1,085	1,140
Parks, Recreation & Cultural									
Youth League Participants	1,750	2,112	2,072	2,100	2,286	2,481	2,405	2,418 (a)	2,213
Community Development									
Employment	13,767	13,986	15,441	14,648	14,044 (a)	13,853 (a)	14,207 (a)	13,971	14,022
Component Unit - School Board									
Students Enrolled	6,162	6,059	6,062	6,189	6,305	6,158	6,357	6,312	6302

Source - Various County Departments
Data for years prior to 2005 are not available
(a) Virginia Employment Commission

Capital Asset Statistics by Function
Last Nine Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government Administration									
Administration Buildings:	1	1	1	1	1	1	1	1	1
Administration Vehicles:	9	9	9	9	9	9	9	9	9
Public Safety									
Police Department:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	74	73	73	74	74	73	69	72	72
Child Safety Seat Trailer	1	1	1	1	1	1	1	1	1
Electronic Sign Board	1	1	1	1	1	1	1	1	1
Public Safety Boat	-	1	1	1	1	1	1	1	1
Emergency Management:									
Buildings	1	1	1	1	1	1	1	1	1
Sheriff's Department:									
Vehicles	12	12	12	12	12	12	12	12	12
Fire Department:									
Vehicles	-	-	-	-	67	60	60	60	60
Animal Control:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	4	4	4	4	4
Horse Trailer	1	1	1	1	1	1	1	1	1
Community Corrections:									
Buildings	1	1	1	1	1	1	1	1	1
Courts:									
Buildings	1	1	1	1	1	1	1	1	1
Operations									
Garage:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	3	3	3	3	3	3	3	3	3
Refuse:									
Sites	1	1	1	1	1	1	1	1	1
Recycling Centers	2	2	2	2	2	2	2	2	2
Buildings and Grounds:									
Buildings	1	1	1	1	1	1	1	1	1
Vehicles	8	8	8	8	8	8	8	8	9
Community Development									
Building Inspections:									
Vehicles	6	6	7	8	8	7	7	7	7
Culture and Recreation									
Parks and Recreation:									
Pier/Overlook/Nature Park	-	-	1	1	1	1	1	1	1
Playing Fields	7	7	7	7	7	7	7	7	7
Multi-Purpose Fields	2	2	2	2	2	2	2	2	2
Tennis Courts	3	3	3	3	3	3	3	3	3
Pavilions	3	3	3	3	3	3	3	3	3
Historical Society	1	1	1	1	1	1	1	1	1
Health & Welfare									
Social Services:									
Building	1	1	1	1	1	1	1	1	1
Food Bank	1	1	1	1	1	1	1	1	1
Vehicles		7	7	7	7	5	5	5	5
Component Unit - School Board									
Education:									
High Schools	1	1	1	1	1	1	1	1	1
Junior High Schools	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1
Elementary Schools	5	5	5	5	5	5	5	5	5
Education Center	1	1	1	1	1	1	1	1	1
Administration Buildings	1	1	1	1	1	1	1	1	1
School Buses - Active	78	77	77	78	84	87	86	73	75
School Buses - Spare	15	17	17	19	17	15	24	32	32

Source: Individual County Departments

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' 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, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the County of Prince George, Virginia's basic financial statements, and have issued our report dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Prince George, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Prince George, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Prince George, Virginia's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 13, 2013

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the County of Prince George, Virginia's compliance with the types of compliance requirements described *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Prince George, Virginia's major federal programs for the year ended June 30, 2013. County of Prince George, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Prince George, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of County of Prince George, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Prince George, Virginia complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of the County of Prince George, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Prince George, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 County of Prince George, Virginia'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
December 13, 2013

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950111	\$ 8,394
Temporary Assistance for Needy Families (TANF)	93.558	0400111	169,599
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	711
Low-Income Home Energy Assistance	93.568	0600411	14,626
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	27,685
Chafee Education and Training Vouchers Program	93.599	Unknown	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900111	736
Foster Care - Title IV-E	93.658	1100111	106,864
Adoption Assistance	93.659	1120111	46,463
Social Services Block Grant	93.667	1000111	114,216
Chafee Foster Care Independence Program	93.674	9150111	2,192
Children's Health Insurance Program (CHIP)	93.767	0540111	4,317
Medical Assistance Program	93.778	1200111	110,619
Voting Access for Individuals with Disabilities - Grants to States	93.617	Unknown	<u>2,656</u>
Total Department of Health and Human Services			\$ <u>609,078</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Hazard Mitigation Grant	97.039	Unknown	\$ 2,662
Emergency Management Performance Grants	97.042	7750100-52740 / 7750100-52749	<u>32,585</u>
Total Department of Homeland Security			\$ <u>35,247</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
National school breakfast program	10.553	405910	\$ 328,096
Department of Agriculture:			
Food distribution	10.555	Unknown	\$ 250,000
Department of Education:			
National School lunch program	10.555	406230	<u>990,935</u> 1,240,935
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040111	<u>181,334</u>
Total Department of Agriculture			\$ <u>1,750,365</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2013

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	6050700-51129	\$ 18,571
Total Department of Transportation			\$ 18,571
Department of Education:			
Direct Payments:			
Impact Aid	84.041	Unknown	\$ 4,633,232
Pass Through Payments:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	428010 / 611110	316,888
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	429010	611,176
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	429480	33,126
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	430710	1,228,079
Special Education - Preschool Grants	84.173	625210	28,654
English Language Acquisition Grants	84.365	Unknown	3,955
Career and Technical Education - Basic Grants to States	84.048	610950	73,863
ARRA Statewide Longitudinal Data Systems (SLDS)	84.384	Unknown	19,926
Improving Teacher Quality State Grants	84.367	614800	171,997
Education Jobs Fund	84.410	Unknown	
Total Department of Education			\$ 7,120,896
Department of Defense:			
Direct Payments:			
Junior ROTC Program	12.000	Unknown	\$ 86,750
Support for K-12 Student Achievement at Military Connected Schools	12.030	Unknown	365,688
Total Department of Defense			\$ 452,438
Total Expenditures of Federal Awards			\$ 9,986,595

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2013

Note 1 - Basis of Presentation

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, 2013. 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 position or cash flows of the County of Prince George, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) 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.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - 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	\$ 841,568
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Total primary government	\$ 841,568
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Component Unit School Board - reference Exhibit 22	\$ 9,145,027
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Total component unit School Board	\$ 9,145,027
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Total federal expenditures per basic financial statements	\$ 9,986,595
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 9,986,595
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COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

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 auditors' report issued on compliance for major programs: Unmodified

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
84.041	Impact Aid

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no findings from the prior year.