

COUNTY OF  
PRINCE GEORGE, VIRGINIA



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011



**COUNTY OF PRINCE GEORGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2011**

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**Prepared By:**

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Prince George County Finance Department



**COUNTY OF PRINCE GEORGE, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**COUNTY OF PRINCE GEORGE, VIRGINIA**

**PRINCIPAL OFFICIALS ON JUNE 30, 2011**

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**Board of Supervisors**

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

Alan R. Carmichael

G. Reid Foster, Jr.

William A. Robertson, Jr.

**County School Board**

Roger Franklin, Chairperson,  
Kevin S. Foster, Vice-Chairperson

Lewis E. Stevenson

Robert E. Cox, Jr.

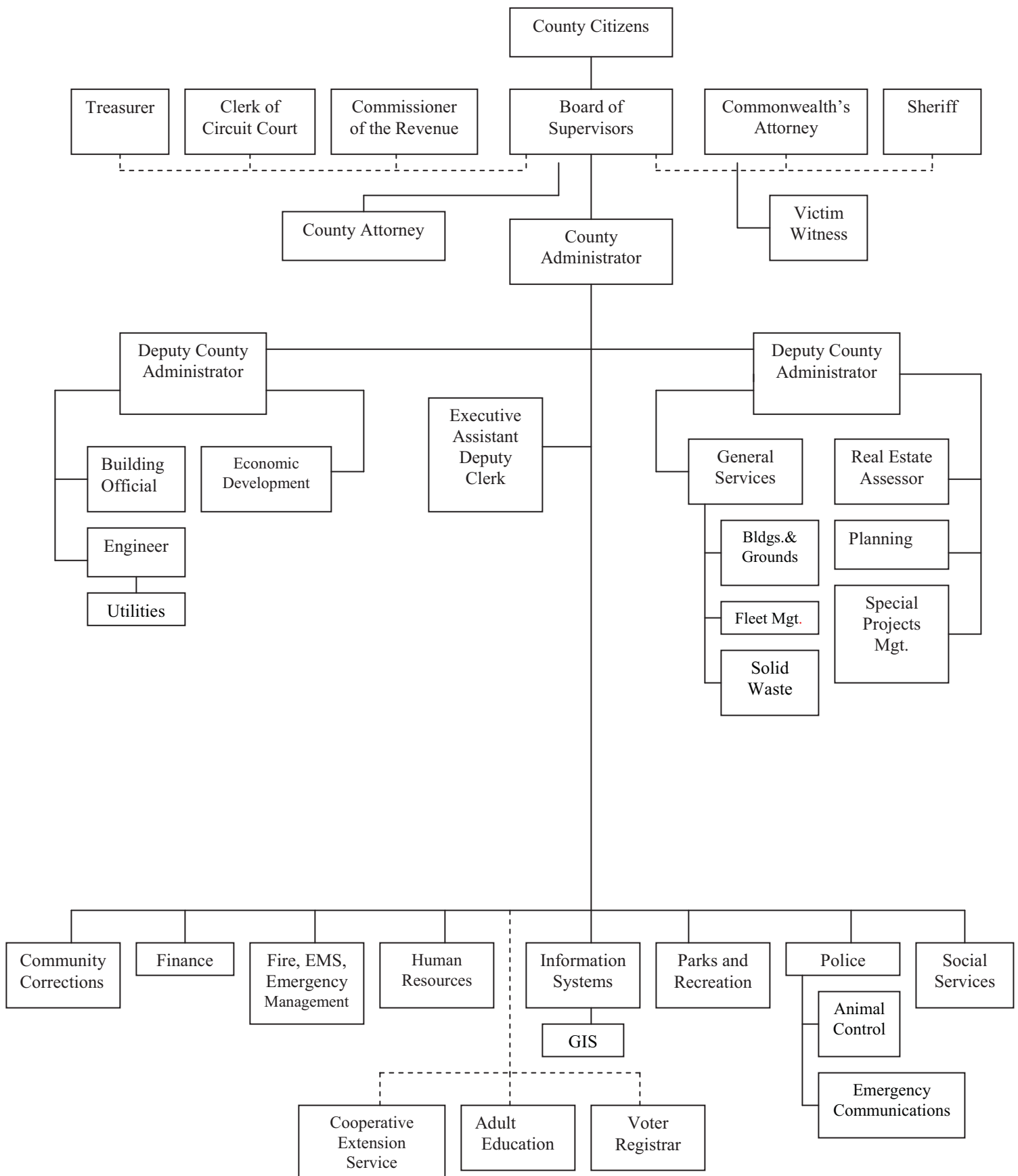
Dr. Patrick Bingham

**Other Officials**

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Judge of the Circuit Court .....	Samuel E. Campbell
Judge of the Circuit Court .....	W. Allan Sharrett
Clerk of the Circuit Court.....	C. Bishop Knott, Jr.
Judge of the General District Court.....	Theodore J. Burr, Jr.
Judge of the Juvenile and Domestic Relations Court .....	Carson E. Saunders, Jr.
Clerk of the Combined Court .....	Ellen T. Chiasson
Commonwealth's Attorney .....	Jay C. Paul
Commissioner of the Revenue.....	Darlene M. Rowsey
Treasurer .....	Jean N. Barker
Sheriff .....	H.E. Allin, III
County Administrator .....	Percy C. Ashcraft
Superintendent of Schools.....	Bobby Browder
Director of Social Services.....	Shel Bolyard-Douglas

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Prince George  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

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# COUNTY OF PRINCE GEORGE, VIRGINIA

Percy C. Ashcraft  
County Administrator



## BOARD OF SUPERVISORS

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

October 17, 2011

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, 2011. 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 7.8% for August 2011, as compared to 7.4% for August 2010. The state and national unemployment rates for August 2011 were 6.5% and 9.1%, respectively.



## Major Initiatives in Fiscal Year 2011

Following the vision and strategic priorities of the Prince George County Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and departments have implemented and continued a number of specific programs and projects designed to enhance the levels of service provided to County residents while maintaining an effective and efficient government. A brief description of selected initiatives during fiscal year 2011 is as follows:

### *Reduction in Government Debt*

The County decided in December, 2010 to pay down its existing debt load with funds in excess of the 15% minimum fund balance policy. Interest rates on public funds have been at or below one half a percent since the recent downturn of the economy and the opportunity costs associated with paying holding the funds in a checking account were much greater than using the funds to pay down the County's existing debt load.

Total Government Long-term Obligations at the end of 2010 was \$81,906,469 by the end of 2011 it was reduced to \$62,043,120. This reduction in fund balance allowed the county to save an estimated \$1.0 million for the upcoming Fiscal Year 2012 operating budget.

### *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 is currently underway. The Road A portion of Wells Station Road is currently open for traffic and under a final VDOT punch list review. The Road B portion of Wells Station Road is being connected to U.S. Route 460 and should be completed by December 2011. The West Quaker Road curve improvements should begin in Spring 2012 and be completed by the Fall of 2012. Rolls Royce has completed construction of the first building which is now operational. The building site pad for the Commonwealth Center for Advanced Manufacturing (CCAM) should be completed in September 2011.

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

### *County Library*

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

The library opened to the public in the Summer of 2011 on-time and under budget.

### *Animal Services & Adoption Center*

Construction of a new animal services and adoption center was approved in the fiscal year 2008 budget. The current facility is 13 years old and the size and scope of the animals the facility can hold has significantly changed since its construction. The current facility has failed State Veterinary Inspections for the last several years' due to its design. The animal control officers are working very diligently on this building to keep it operational and sanitary for the animals in their care. The feasibility of the measures currently being taken to keep the animal shelter is such that continued existence in this environment would not be beneficial.

The county obtained financing on this project through economic development recovery zone bonds during fiscal year 2010. Groundbreaking was held May 13, 2011 and the project will be completed March 19, 2012. The project is currently on time and on budget.

### *Police Building Renovations*

The current Police facility was designed as a shared police, district court and registrar office facility. Once the courts and Registrar moved into a new facility, the Police Department expanded into the entire building. The project is complete, and as of October 17, 2011 all police functions have moved back into the building.

## Sections of the Report

Fiscal year 2011 was the eighth year in which the County was required to present financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34. GASB 34 dramatically changed the structure of financial statements, as well as required changes in the composition of the amounts reported. This limits the comparability of statements from prior fiscal years to the statements produced after implementation of GASB 34.

Compliance with GASB 34 also requires a written analysis of the County's financial performance for the year to be included in the financial statements. This analysis, referred to as management's discussion and analysis (MD&A), is included immediately following the auditor's letter. Prince George County's audited basic financial statements immediately follow the management's discussion and analysis. The notes to financial statements are an integral part of these basic financial statements. In accordance with GASB 34 and the opinion of the Auditor of Public Accounts, financed school plant and equipment, as well as the related debt, are reported with the primary government instead of the component unit school board.

The supplementary information, supporting schedules, and statistical tables provided after the basic financial statements contain more detailed information in support of the basic financial statements and are unaudited.

For federal programs and related funding, the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Information related to compliance with these regulations is located in the *Compliance* section of this report.

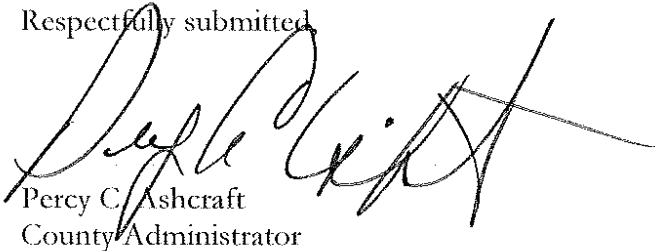
#### Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Prince George for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the seventh 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

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Prince George, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the County of Prince George, Virginia adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2011 on our consideration of the County of Prince George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules 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 management's discussion and analysis and schedules of funding progress 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 management's discussion and analysis and schedules of funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Prince George, Virginia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Prince George, Virginia. The combining and individual nonmajor fund financial statements and schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
September 30, 2011



## **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, 2011. 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, 2011 by \$69,474,439 (net assets). Of this amount, \$22,688,559 is unrestricted and may be used to meet the County's future obligations.

The County's total net assets from Governmental Activities were \$47,167,386 on June 30, 2011, compared to \$47,978,001 total net assets on June 30, 2010. Total net assets represent the amount by which the County's assets exceeded its liabilities. The governmental net assets decreased \$810,615.

The total net assets from Business-type activities (Water and Sewer Fund) were \$22,307,053 on June 30, 2011, compared to \$20,768,253 total net assets on June 30, 2010. Net assets increased \$1,538,800 during FY 2011.

### **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 2011 fiscal year and at the status of those financial resources at June 30, 2011, the end of the fiscal year. The basic financial statements contained in this report are separated into three sections:

- **Government-wide financial statements** provide a broad overview of both the long and short-term financial status of the County. Government-wide financial statements, a component of governmental financial reporting under GASB 34, provide financial information in a manner similar to private sector businesses. These statements include the value of capital assets (less accumulated depreciation) and the long-term liabilities of the County.
- **Fund financial statements** are similar in nature to financial statements issued by local governments prior to implementation of GASB 34. These are prepared on the modified accrual basis of accounting, and therefore do not include long-term liabilities, capital assets, or depreciation. Fund financial statements provide more detail on the operations of the County than the government-wide financial statements.
- **Notes to the financial statements** are an integral part of the previous two sections. These notes provide explanations of the amounts in the basic financial statements, and offer the reader information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

#### **Government-wide financial statements**

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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)**

### **Government-wide financial statements: (Continued)**

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

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

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

### **Fund Financial Statements**

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

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

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

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

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



## **OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)**

### **Fund Financial Statements: (Continued)**

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

### **The Statement of Net Assets**

The following table reflects the condensed statement of net assets:

**County of Prince George, Virginia**  
**Schedule of Assets, Liabilities and Net Assets**  
**Governmental and Business-Type Activities**  
**For the Years Ended June 30, 2011 and 2010**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 33,849,728	\$ 50,994,073	\$ 6,135,253	\$ 5,434,949	\$ 39,984,981	\$ 56,429,022
Capital assets	79,489,365	83,226,577	18,336,780	18,884,625	97,826,145	102,111,202
Total assets	\$ 113,339,093	\$ 134,220,650	\$ 24,472,033	\$ 24,319,574	\$ 137,811,126	\$ 158,540,224
Long-term liabilities outstanding	\$ 57,077,964	\$ 75,512,541	\$ 1,335,106	\$ 2,730,660	\$ 58,413,070	\$ 78,243,201
Current liabilities	9,093,743	10,730,108	829,874	820,661	9,923,617	11,550,769
Total liabilities	\$ 66,171,707	\$ 86,242,649	\$ 2,164,980	\$ 3,551,321	\$ 68,336,687	\$ 89,793,970
Net assets:						
Invested in capital assets, net of related debt	\$ 29,428,539	\$ 20,600,365	\$ 16,652,732	\$ 15,801,892	\$ 46,081,271	\$ 36,402,257
Restricted Cash	704,609	-	-	-	704,609	-
Unrestricted	17,034,238	27,377,636	5,654,321	4,966,361	22,688,559	32,343,997
Total net assets	\$ 47,167,386	\$ 47,978,001	\$ 22,307,053	\$ 20,768,253	\$ 69,474,439	\$ 68,746,254

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

### **The Statement of Net Assets: (Continued)**

Net assets (assets in excess of liabilities) may serve over time as a useful indicator of a government's financial position. At June 30, 2011 the County's governmental assets exceeded liabilities by \$47,167,386 while business assets exceeded its liabilities by \$22,307,053. The largest portion of the County's net assets, 62% and 43% in 2011 and 2010, respectively, represents its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment), net of accumulated depreciation and less any related debt used to acquire or construct those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The majority of the remaining balance of net assets, 38% and 57% in 2011 and 2010, respectively, represents unrestricted net assets, which may be used to meet the County's ongoing obligations. Unrestricted net assets decreased in governmental activities in FY11 by \$10,343,398 and increased in business-type activities by \$687,960.

### **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, 2009 through June 30, 2011 follows:

<b>County of Prince George, Virginia</b>						
<b>Changes in Net Assets</b>						
<b>Governmental and Business-Type Activities</b>						
<b>For the Years Ended June 30, 2011 and 2010</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenues:						
Program revenues:						
Charges for services	\$ 2,034,447	\$ 2,000,724	\$ 4,974,219	\$ 4,224,792	\$ 7,008,666	\$ 6,225,516
Operating grants and contributions	5,013,445	5,134,599	-	-	5,013,445	5,134,599
Capital grants and contributions	5,000,000	3,687,143	-	-	5,000,000	3,687,143
General revenues:						
General property taxes	28,041,192	28,233,803	-	-	28,041,192	28,233,803
Other local taxes	8,969,995	8,563,138	-	-	8,969,995	8,563,138
Use of money and property	268,838	512,337	51,735	54,196	320,573	566,533
CVA non-categorical aid	3,813,016	3,789,308	-	-	3,813,016	3,789,308
Other general revenues	1,098,511	146,753	30,918	34,055	1,129,429	180,808
Total revenues	\$ 54,239,444	\$ 52,067,805	\$ 5,056,872	\$ 4,313,043	\$ 59,296,316	\$ 56,380,848
Expenses:						
General government administration	\$ 4,578,412	\$ 4,466,221	\$ -	\$ -	\$ 4,578,412	\$ 4,466,221
Judicial administration	2,118,018	2,241,269	-	-	2,118,018	2,241,269
Public safety	12,527,189	12,554,537	-	-	12,527,189	12,554,537
Public works	1,813,526	1,789,189	-	-	1,813,526	1,789,189
Health and welfare	3,468,253	3,436,317	-	-	3,468,253	3,436,317
Education	24,520,498	14,895,354	-	-	24,520,498	14,895,354
Parks, recreation, and cultural	1,248,896	1,212,554	-	-	1,248,896	1,212,554
Community development	772,579	980,382	-	-	772,579	980,382
Interest and other fiscal charges	3,577,996	3,701,436	-	-	3,577,996	3,701,436
Water and sewer	-	-	3,942,765	4,078,522	3,942,765	4,078,522
Total expenses	\$ 54,625,367	\$ 45,277,259	\$ 3,942,765	\$ 4,078,522	\$ 58,568,132	\$ 49,355,781
Increase in net assets before transfers	\$ (385,923)	\$ 6,790,546	\$ 1,114,107	\$ 234,521	\$ 728,184	\$ 7,025,067
Transfers	(424,693)	(157,350)	424,693	157,350	-	-
Increase in net assets	\$ (810,616)	\$ 6,633,196	\$ 1,538,800	\$ 391,871	\$ 728,184	\$ 7,025,067
Net assets, beginning	47,978,001	41,344,805	20,768,253	20,376,382	68,746,254	61,721,187
Net assets, ending	\$ 47,167,385	\$ 47,978,001	\$ 22,307,053	\$ 20,768,253	\$ 69,474,438	\$ 68,746,254

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

### **Governmental Activities**

Governmental activities revenues increased from \$52,067,805 to \$54,239,444 or \$2,171,639 in FY 11 over FY 10. The most significant increase is due to the capital grants and contributions as this increased from \$3,687,143 in FY 10 to \$5,000,000 in FY11. The increase is directly attributable to the increase in funding to the Crosspointe project.

Miscellaneous revenues increased \$951,758 in FY11. The increase came from one-time cash proffers received from a large housing development in the County.

Governmental activities expenses increased from \$45,277,259 to \$54,625,367 or 20.65%. The most significant of these increases is in Education, which increased \$9,625,144. The County contributed \$13,667,773 to the School Board operations in FY 11, which was \$2,031,262 more than the prior year. The remaining increase in education is due to the partial payoff of debt related to the construction of the new North Elementary School in the amount of \$8,300,000.

### **Business-type activities**

Charges for services increased \$749,427 or 17.74% while total revenues increased \$743,829 or 17.25% for the Water and Sewer Fund. The majority of the increase was from an increase in connection fees. Water and sewer revenues were \$3,961,129, which is an increase of \$211,180 from prior year.

Total expenses for the Water Fund decreased from \$4,078,522 in FY 10 to \$3,942,765 in FY 11. Income before transfers totaled \$1,114,107 in FY 11 compared to \$234,521 in FY 10. The General Fund transferred \$424,693 in FY 11 compared to \$157,350 in FY 10.

As a result of the above, net assets in the Water and Sewer Fund increased \$1,538,800.

## **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 \$29,056,052. Of this amount \$11,124,779 is reserved for capital projects and \$915,769 is reported in various special revenue funds.

**General Fund.** The general fund is the chief operating fund of the County. At the end of the current fiscal year, the general fund balance was \$17,015,504 of which \$16,835,504 represents undesignated fund balance of the General Fund. This amount represents 16% of General Fund and School Operating expenditures (including debt service). The Board of Supervisors has committed to maintaining an unreserved General Fund balance of at least 15% of General Fund and School Operating expenditures and has met and exceeded that target for the fiscal year ending June 30, 2011.

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

The net decrease to fund balance for the General Fund for 2011 was \$8,417,887. Significant reasons for this decrease in fund balance are as follows:

- Other local taxes in FY11 were \$8,052,324 compared to \$7,670,343 in FY10. This increase was due to the increase in Local Sales and Use Tax and Local Lodging Tax.
- Revenue from the use of Money and Property went down by \$192,307 in FY11. Interest on investments has decreased \$126,753 over the last twelve months.
- Recovered costs increased from \$321,467 in FY10 to \$611,112 in FY11 due to a pass-through of funds for the Regional Jail debt service payments in FY11.
- Funds received from the state decreased from \$7,888,215 to \$7,221,062. This decrease in the General Fund was due to a newly reported Special Revenue Fund, Community Corrections. The funds from the state are reported on Exhibit 17.
- Education expenditures increased from \$11,926,355 to \$13,694,270. The education department has been allotted \$13.6 million over the last two fiscal years. The department has returned funds unspent in the past. FY11 was an unusual year in which the education department utilized all of the funds allocated to the department. The usage of funds is directly linked to the budget cuts from the state and federal governments.
- Transfer to debt service was \$13,184,002.48 compared with \$6,837,520 in FY10. This increase in debt service was due to the early retirement of debt during FY11.
- Transfer to Economic Development was \$2,667,939 compared with \$0 in FY10. The increase in transfers to Economic Development was due to the increase in Economic Development debt service for early retirement of debt, which during FY 11 was housed in the Economic Development fund.

**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 \$11,124,779, which was a decrease of \$9,163,795 over FY 10. In addition to expending \$4,526,235 on Crosspointe Centre Industrial Park towards the completion of the project, the County completed the construction of a new Library and the Police Building Renovation; and also broke ground on a new Animal Services and Adoption Center. 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 \$23,815,190 and principal retirements of indebtedness totaled \$19,855,149 while interest expense totaled \$3,960,041.

**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 \$22,307,053. Details of the Water and Sewer operations were previously discussed in the letter.

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

### **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 2011 was no exception. General fund expenditures totaled \$38,091,470, which was \$631,625 above the adopted budget and \$1,703,669 below the budget as amended. The transfer to the school board was \$261,952 under budget, public safety expenditures were \$558,586 under budget, health and welfare were under budget by \$268,080, general and financial administration were under budget by \$243,087 and public works were under budget by \$193,108. Details supporting comparison of final amended budget and actual results can be found on Exhibit 12. No appropriation category exceeded its amended appropriations during FY2011.

The County's General Fund budget was amended during FY2011 for federal and state revenues and other unanticipated revenues in the total amount of \$313,579. The most significant expenditure increases were noted in confinement and care of prisoners of \$789,449 and comprehensive services which budget increased \$250,164. All in all the General Fund had a very good year. The original General Fund budget as adopted as a balanced budget with a \$638,810 reduction in fund balance. Actual results revealed an decrease of \$8,417,887. The decrease is directly related to the early retirement of debt.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

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

The following table summarizes the County's capital assets, net of depreciation, as of June 30, 2011. The County's total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totals \$141,740,136.

**County of Prince George, Virginia  
Capital Assets (net of Depreciation)  
Governmental and Business-Type Activities  
For the Year Ended June 30, 2011**

	<b>Governmental Activities 2011</b>	<b>Business-type Activities 2011</b>
Land	\$ 2,252,906	\$ 101,371
Buildings and improvements	69,069,792	-
Utility plant	-	30,116,196
Equipment	18,346,800	413,519
Construction in progress	21,439,552	-
Total	\$ 111,109,050	\$ 30,631,086
Less accumulated depreciation	31,619,685	12,294,306
Net capital assets	\$ 79,489,365	\$ 18,336,780

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

## **CAPITAL ASSETS AND DEBT ADMINISTRATION: (CONTINUED)**

At the end of fiscal year 2011, the County had total outstanding debt of \$61,444,362 (excluding compensated absences, bond premiums and OPEB, see Note 7 in the Notes to Financial Statements), in comparison; the County had \$82,698,196 outstanding at June 30, 2010. Of the \$61,444,362 of outstanding debt at June 30, 2011, \$26,350,327 is for general government purposes and \$33,409,987 is outstanding debt on behalf of the School Board. The Water and Sewer Fund has outstanding debt of \$1,684,048.

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 7.8% for August 2011, as compared to 7.4% for August 2010. The state and national unemployment rates for August 2011 were 6.5% and 9.1%, respectively.

The FY 12 General Fund operating budget totaled \$45,516,345, which was a \$216,427 increase over the FY 11 budget. There were no changes in tax rates for FY 12.

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

## **REQUESTS FOR INFORMATION**

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

## **Basic Financial Statements**

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## **Government-wide Financial Statements**

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Statement of Net Assets  
At June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 19,483,788	\$ 5,817,099	\$ 25,300,887	\$ 4,306,210
Restricted cash	10,722,782	-	10,722,782	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,312,923	-	2,312,923	-
Accounts receivable	497,802	318,154	815,956	256,502
Due from other governmental units	832,433	-	832,433	2,494,292
Total current assets	<u>\$ 33,849,728</u>	<u>\$ 6,135,253</u>	<u>\$ 39,984,981</u>	<u>\$ 7,057,004</u>
Noncurrent Assets:				
Capital assets (net of accumulated depreciation)				
Land	\$ 2,252,906	\$ 101,371	\$ 2,354,277	\$ 1,066,842
Buildings	15,308,395	-	15,308,395	25,926,326
Machinery and equipment	7,078,525	146,384	7,224,909	3,605,087
Jointly owned assets	33,409,987	-	33,409,987	-
Utility plant in service	-	18,089,025	18,089,025	-
Construction in progress	21,439,552	-	21,439,552	-
Total capital assets	<u>\$ 79,489,365</u>	<u>\$ 18,336,780</u>	<u>\$ 97,826,145</u>	<u>\$ 30,598,255</u>
Total assets	<u>\$ 113,339,093</u>	<u>\$ 24,472,033</u>	<u>\$ 137,811,126</u>	<u>\$ 37,655,259</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ 1,428,883	\$ 306,071	\$ 1,734,954	\$ 507,417
Accrued liabilities	-	-	-	5,965,091
Customers' deposits	-	95,737	95,737	-
Accrued interest payable	1,164,023	24,974	1,188,997	-
Unearned revenue	1,535,681	-	1,535,681	20,000
Current portion of long-term obligations	4,965,156	403,092	5,368,248	38,985
Total current liabilities	<u>\$ 9,093,743</u>	<u>\$ 829,874</u>	<u>\$ 9,923,617</u>	<u>\$ 6,531,493</u>
Noncurrent liabilities:				
Due in more than one year	57,077,964	1,335,106	58,413,070	2,047,936
Total liabilities	<u>\$ 66,171,707</u>	<u>\$ 2,164,980</u>	<u>\$ 68,336,687</u>	<u>\$ 8,579,429</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 29,428,539	\$ 16,652,732	\$ 46,081,271	\$ 30,598,255
Restricted cash	704,609	-	704,609	-
Unrestricted (deficit)	17,034,238	5,654,321	22,688,559	(1,522,425)
Total net assets	<u>\$ 47,167,386</u>	<u>\$ 22,307,053</u>	<u>\$ 69,474,439</u>	<u>\$ 29,075,830</u>
Total Liabilities and Net Assets	<u>\$ 113,339,093</u>	<u>\$ 24,472,033</u>	<u>\$ 137,811,126</u>	<u>\$ 37,655,259</u>

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, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,578,412	\$ 186,865	\$ 239,912	\$ -
Judicial administration	2,118,018	677,370	586,760	-
Public safety	12,527,189	764,177	2,329,631	-
Public works	1,813,526	227,707	9,767	-
Health and welfare	3,468,253	-	1,847,176	-
Education	24,520,498	-	-	-
Parks, recreation, and cultural	1,248,896	136,609	-	-
Community development	772,579	41,718	199	5,000,000
Interest on long-term debt	3,577,996	-	-	-
Total governmental activities	\$ 54,625,367	\$ 2,034,447	\$ 5,013,445	\$ 5,000,000
Business-type activities:				
Public Utilities	\$ 3,942,765	\$ 4,974,219	\$ -	\$ -
Total business-type activities	\$ 3,942,765	\$ 4,974,219	\$ -	\$ -
Total primary government	\$ 58,568,132	\$ 7,008,666	\$ 5,013,445	\$ 5,000,000
COMPONENT UNIT:				
School Board	\$ 59,229,644	\$ 1,552,185	\$ 43,412,067	\$ -
Total component unit	\$ 59,229,644	\$ 1,552,185	\$ 43,412,067	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle license taxes				
Taxes on recordation and wills				
Communication taxes				
Meals taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
County contribution to School Board, unrestricted				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning of year				
Net assets - end of year				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	
\$ (4,151,635)	\$ -	\$ (4,151,635)	\$	-
(853,888)	-	(853,888)		-
(9,433,381)	-	(9,433,381)		-
(1,576,052)	-	(1,576,052)		-
(1,621,077)	-	(1,621,077)		-
(24,520,498)	-	(24,520,498)		-
(1,112,287)	-	(1,112,287)		-
4,269,339	-	4,269,339		-
(3,577,996)	-	(3,577,996)		-
<u>\$ (42,577,475)</u>	<u>\$ -</u>	<u>\$ (42,577,475)</u>	<u>\$</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1,031,454</u>	<u>\$ 1,031,454</u>	<u>\$</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1,031,454</u>	<u>\$ 1,031,454</u>	<u>\$</u>	<u>-</u>
<u><u>\$ (42,577,475)</u></u>	<u><u>\$ 1,031,454</u></u>	<u><u>\$ (41,546,021)</u></u>	<u><u>\$</u></u>	<u><u>-</u></u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>(14,265,392)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$</u></u>	<u><u>(14,265,392)</u></u>
\$ 28,041,192	\$ -	\$ 28,041,192	\$	-
1,932,433	-	1,932,433		-
807,715	-	807,715		-
2,218,648	-	2,218,648		-
825,154	-	825,154		-
239,477	-	239,477		-
1,348,145	-	1,348,145		-
917,671	-	917,671		-
680,752	-	680,752		-
268,838	51,735	320,573		-
1,098,511	30,918	1,129,429		13,504
-	-	-		23,391,675
3,813,016	-	3,813,016		-
(424,693)	424,693	-		-
<u>\$ 41,766,860</u>	<u>\$ 507,346</u>	<u>\$ 42,274,206</u>	<u>\$</u>	<u>23,405,179</u>
<u>\$ (810,615)</u>	<u>\$ 1,538,800</u>	<u>\$ 728,185</u>	<u>\$</u>	<u>9,139,787</u>
<u>47,978,001</u>	<u>20,768,253</u>	<u>68,746,254</u>		<u>19,936,043</u>
<u>\$ 47,167,386</u>	<u>\$ 22,307,053</u>	<u>\$ 69,474,439</u>	<u>\$</u>	<u>29,075,830</u>

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## **Fund Financial Statements**

Balance Sheet  
Governmental Funds  
At June 30, 2011

	General	Capital Projects	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,321,763	\$ 1,295,184	\$ 866,841	\$ 19,483,788
Restricted cash	-	10,722,782	-	10,722,782
Receivables (net of allowance for uncollectibles):				
Taxes receivable	2,312,923	-	-	2,312,923
Accounts receivable	431,370	-	66,432	497,802
Due from other governmental units	832,433	-	-	832,433
Total assets	<u>\$ 20,898,489</u>	<u>\$ 12,017,966</u>	<u>\$ 933,273</u>	<u>\$ 33,849,728</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 518,192	\$ 893,187	\$ 17,504	\$ 1,428,883
Unearned revenue	1,535,681	-	-	1,535,681
Deferred revenue	1,829,112	-	-	1,829,112
Total liabilities	<u>\$ 3,882,985</u>	<u>\$ 893,187</u>	<u>\$ 17,504</u>	<u>\$ 4,793,676</u>
Fund balances:				
Restricted:				
Education	\$ -	\$ 5,273	\$ -	\$ 5,273
Public Safety	-	72,573	-	72,573
General Government	-	265,815	-	265,815
Parks & Recreation	-	56,792	-	56,792
Fire & EMS Facility	-	194,449	-	194,449
Library	-	49,706	-	49,706
Public Works	-	60,000	-	60,000
Public safety	136,047	-	-	136,047
Total restricted	<u>\$ 136,047</u>	<u>\$ 704,609</u>	<u>\$ -</u>	<u>\$ 840,656</u>
Committed:				
Library	\$ -	\$ 264,573	\$ -	\$ 264,573
Crosspointe Center	-	1,051,238	-	1,051,238
Animal Shelter	-	2,204,096	-	2,204,096
Police Building	-	65,568	-	65,568
Enterprise Resource Software	-	890,000	-	890,000
Total committed	<u>\$ -</u>	<u>\$ 4,475,475</u>	<u>\$ -</u>	<u>\$ 4,475,475</u>
Assigned:				
Fire Departments	\$ 8,073	\$ -	\$ -	\$ 8,073
Parks and Recreation	8,932	-	-	8,932
Other capital purposes	-	5,944,695	-	5,944,695
Special revenue	-	-	915,769	915,769
Fire and EMS	26,948	-	-	26,948
Total assigned	<u>\$ 43,953</u>	<u>\$ 5,944,695</u>	<u>\$ 915,769</u>	<u>\$ 6,904,417</u>
Unassigned:				
General	\$ 16,835,504	\$ -	\$ -	\$ 16,835,504
Total fund balances	<u>\$ 17,015,504</u>	<u>\$ 11,124,779</u>	<u>\$ 915,769</u>	<u>\$ 29,056,052</u>
Total liabilities and fund balances	<u>\$ 20,898,489</u>	<u>\$ 12,017,966</u>	<u>\$ 933,273</u>	<u>\$ 33,849,728</u>

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



Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Assets  
 At June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	29,056,052
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		79,489,365
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(1,164,023)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,829,112
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Details supporting this amount are as follows:		
Accrued compensated absences		(1,510,207)
County general obligation bonds		(26,350,327)
School Board state literary fund loans		(460,000)
School Board general obligation bonds		(32,949,987)
Other post employment benefits		(453,916)
School Board premium on bonds payable		<u>(318,683)</u>
Net assets of governmental activities	\$	<u><u>47,167,386</u></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, 2011

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 27,774,462	\$ -	\$ -	\$ -	\$ 27,774,462
Other local taxes	8,052,324	-	-	917,671	8,969,995
Permits, privilege fees, and regulatory licenses	360,836	-	-	-	360,836
Fines and forfeitures	550,593	-	-	-	550,593
Revenue from the use of money and property	221,592	47,246	-	-	268,838
Charges for services	1,123,017	-	-	-	1,123,017
Miscellaneous	159,936	936,398	-	2,177	1,098,511
Recovered costs	611,112	-	-	79,936	691,048
Intergovernmental revenues:					
Commonwealth	7,221,002	5,000,000	-	674,097	12,895,099
Federal	931,361	-	-	-	931,361
Total revenues	\$ 47,006,236	\$ 5,983,644	\$ -	\$ 1,673,881	\$ 54,663,761
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 4,375,716	\$ 274,891	\$ -	\$ -	\$ 4,650,607
Judicial administration	2,045,372	-	-	-	2,045,372
Public safety	10,997,118	1,922,049	-	793,616	13,712,783
Public works	1,891,639	-	-	-	1,891,639
Health and welfare	3,464,941	-	-	-	3,464,941
Education	13,694,270	67,024	-	-	13,761,294
Parks, recreation, and cultural	1,077,696	1,929,058	-	-	3,006,754
Community development	544,718	4,526,235	-	383,818	5,454,771
Debt service:					
Principal retirement	-	-	19,855,149	-	19,855,149
Interest and other fiscal charges	-	-	3,960,041	-	3,960,041
Total expenditures	\$ 38,091,470	\$ 8,719,257	\$ 23,815,190	\$ 1,177,434	\$ 71,803,351
Excess (deficiency) of revenues over (under) expenditures	\$ 8,914,767	\$ (2,735,613)	\$ (23,815,190)	\$ 496,447	\$ (17,139,589)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 1,152,730	\$ 23,815,190	\$ 5,060,590	\$ 30,028,510
Transfers (out)	(17,332,654)	(7,580,912)	-	(5,539,637)	(30,453,203)
Total other financing sources (uses)	\$ (17,332,654)	\$ (6,428,182)	\$ 23,815,190	\$ (479,047)	\$ (424,693)
Net change in fund balances	\$ (8,417,887)	\$ (9,163,795)	\$ -	\$ 17,400	\$ (17,564,282)
Fund balances - beginning, as restated	25,433,391	20,288,574	-	898,369	46,620,334
Fund balances - ending	\$ 17,015,504	\$ 11,124,779	\$ -	\$ 915,769	\$ 29,056,052

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

Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	\$ (17,564,282)
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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	(2,993,682)
Capital asset additions	8,980,372

Transfer of joint tenancy assets from Primary Government to the Component Unit.	(9,723,902)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in deferred property taxes.	266,729
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Details supporting these changes are as follows:

Amortization of premium on bonds payable	21,246
Retirement of County general obligation bonds	9,095,945
Retirement of School Board general obligation bonds	10,644,204
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	360,801
Change in other post employment benefits	(167,632)
Change in accrued compensated absences	<u>154,586</u>

Change in net assets of governmental activities	\$ <u><u>(810,615)</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets  
 Proprietary Funds  
 At June 30, 2011

	<b>Enterprise Funds Water and Sewer</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 5,817,099
Accounts receivable, net of allowance for uncollectibles	318,154
Total current assets	<u>\$ 6,135,253</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 101,371
Utility plant in service	30,116,196
Machinery and equipment	413,519
Less accumulated depreciation	<u>(12,294,306)</u>
Total capital assets	<u>\$ 18,336,780</u>
Total noncurrent assets	<u>\$ 18,336,780</u>
Total assets	<u><u>\$ 24,472,033</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 306,071
Customers' deposits	95,737
Accrued interest payable	24,974
Compensated absences - current portion	5,415
Bonds payable - current portion	397,677
Total current liabilities	<u>\$ 829,874</u>
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 1,286,371
Compensated absences - net of current portion	48,735
Total noncurrent liabilities	<u>\$ 1,335,106</u>
Total liabilities	<u>\$ 2,164,980</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 16,652,732
Unrestricted	5,654,321
Total net assets	<u>\$ 22,307,053</u>
Total liabilities and net assets	<u><u>\$ 24,472,033</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2011

	<b>Enterprise Funds Water and Sewer</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 1,498,466
Sewer revenues	2,462,663
Penalty/reconnection charges	63,255
Miscellaneous	30,918
Total operating revenues	<u>\$ 4,055,302</u>
<b>OPERATING EXPENSES</b>	
Water supply, treatment and pumping	\$ 595,442
Wastewater treatment, pumping and disposal	1,586,843
Administrative and operation	814,187
Other supplies and expenses	50,415
Depreciation	677,673
Total operating expenses	<u>\$ 3,724,560</u>
Operating income (loss)	<u>\$ 330,742</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Connection/capacity fees	\$ 949,835
Rental income	51,735
South Central Wastewater Authority	(130,798)
Interest expense	(87,407)
Total nonoperating revenues	<u>\$ 783,365</u>
Income before transfers	\$ 1,114,107
Transfers in	<u>424,693</u>
Change in net assets	\$ 1,538,800
Net assets - beginning	<u>20,768,253</u>
Net assets - ending	<u><u>\$ 22,307,053</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, 2011

	<b>Enterprise Funds Water and Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 3,996,677
Payments for operating activities	(2,378,604)
Payments to employees	(647,819)
Net cash provided by operating activities	<u>\$ 970,254</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	<u>\$ 236,806</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Additions to utility plant	\$ (129,828)
Connection/capacity charges	949,835
Principal payments on bonds	(1,398,685)
South Central Wastewater Authority	(130,798)
Interest payments	(96,769)
Net cash provided by (used in) capital and related financing activities	<u>\$ (806,245)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Rental income	<u>\$ 51,735</u>
Net cash provided by investing activities	<u>\$ 51,735</u>
Net increase in cash and cash equivalents	\$ 452,550
Cash and cash equivalents - beginning	\$ 5,364,549
Cash and cash equivalents - ending	<u><u>\$ 5,817,099</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	<u>\$ 330,742</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	\$ 677,673
Decrease in accounts receivable	(59,867)
Increase in accounts payable	16,985
(Decrease) in accrued leave	3,479
Increase customer deposits	1,242
Total adjustments	<u>\$ 639,512</u>
Net cash provided by operating activities	<u><u>\$ 970,254</u></u>

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

Statement of Net Assets  
Fiduciary Funds  
At June 30, 2011

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 108,831	\$ 1,549,736
Guaranteed investment contracts	<u>1,204,461</u>	<u>-</u>
Total assets	\$ <u><u>1,313,292</u></u>	\$ <u><u>1,549,736</u></u>
<b>LIABILITIES</b>		
Amounts held for others	\$ <u>-</u>	\$ <u>1,549,736</u>
Total liabilities	\$ <u>-</u>	\$ <u>1,549,736</u>
<b>NET ASSETS</b>		
Held in trust for benefits	\$ <u>1,313,292</u>	\$ <u>-</u>
Total net assets	\$ <u>1,313,292</u>	\$ <u>-</u>
Total liabilities and net assets	\$ <u><u>1,313,292</u></u>	\$ <u><u>1,549,736</u></u>

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

Statement of Changes in Fiduciary Net Assets  
Pension Trust Fund  
Year Ended June 30, 2011

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**Additions:**

Employer contributions	\$	125,000
Interest income		<u>40,678</u>
Total additions	\$	<u>165,678</u>

**Deductions:**

Members' benefits	\$	<u>91,259</u>
Total deductions	\$	<u>91,259</u>
Change in net assets	\$	74,419

<b>Net assets - beginning of year</b>		<u>1,238,873</u>
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<b>Net assets - end of year</b>	\$	<u><u>1,313,292</u></u>
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The accompanying notes to financial statements are an integral part of this statement.



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011

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### **NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The County of Prince George, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, sanitation, recreation, cultural events, education, and social services.

The financial statements of the County of Prince George, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

#### Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

#### Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. The governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results.

#### **A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Prince George (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

#### **B. Individual Component Unit Disclosures**

Blended Component Unit. The County has no blended component units at June 30, 2011.

Discretely Presented Component Units. The School Board members are elected by the citizens of Prince George County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2011.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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### **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, 2011 were \$458,487. 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, 2011 were \$2,020,982. 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, 2011 were \$273,783. 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, 2011 (Continued)

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### **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 \$375,967 to the Library for fiscal 2011. 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 \$92,179 to District 19 CSB during fiscal 2011. The County also participates with six other localities in the Crater Youth Care Commission.

#### **D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus since they do not record equity balances, only assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

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

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

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

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

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

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

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

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

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

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 non-major 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.



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

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

The County reports the following non-major governmental funds:

##### **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.

##### **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 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 non-major 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.

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.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

#### **F. Investments**

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

#### **G. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$166,512 at June 30, 2011 is comprised of property taxes in the amount of \$109,462 and utility accounts of \$57,050.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

#### **H. Capital Assets**

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



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

#### **H. Capital Assets: (Continued)**

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

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

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

<u>Assets</u>	<u>Years</u>
Building Improvements	40
Furniture, Vehicles and Office Equipment	5-20
Buses	10

#### **I. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement. Compensated absences are reported in the governmental fund statements if they have matured within sixty days.

#### **J. Retirement Plan**

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension cost as it accrues.

#### **K. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

#### **L. Fund Equity**

Beginning with fiscal year 2011, the County implemented GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. 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 by passage of an ordinance / resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors 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).

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, 2011 (Continued)

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

#### **M. Net Assets**

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

#### **N. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued as well as premiums received are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **O. Restricted Cash**

The County has restricted assets totaling \$10,722,782 which consist of unexpended bond proceeds in the amount of \$10,018,173 and proffers in the amount of \$704,609 at June 30, 2011.

### **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, 2011 (Continued)

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### **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, 2011.

### **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, 2011 were held by the County or in the County’s name by the County’s custodial banks; except \$6,897,822 of the Virginia Local Government Investment Pool where the underlying securities were uninsured and held by the investment’s counterparty.

#### Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2011 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, 2011 (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.

<b><u>Rated Debt Investments' Values</u></b>	
	<b><u>Fair Quality Rating</u></b>
	<b><u>AAAm</u></b>
Local Government Investment Pool	\$ 6,897,822
SNAP	5,181,554
Total	<b><u>\$ 12,079,376</u></b>

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

At June 30, 2011, the County has receivables from other governments as follows:

	<b><u>Primary Government</u></b>	<b><u>Component Unit School Board</u></b>
Commonwealth of Virginia:		
Local sales tax	\$ 372,021	\$ -
Social Services	39,826	-
Comprehensive services	139,232	-
Constitutional officer reimbursements	113,233	-
Other funds	56,557	66,151
State sales tax	-	927,284
Federal Government:		
School grants	-	1,500,857
Disaster assistance	-	-
Other funds	37,043	-
Social Services	<u>74,522</u>	<u>-</u>
Total due from other governments	<b><u>\$ 832,433</u></b>	<b><u>\$ 2,494,292</u></b>

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

## **NOTE 5—CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2011:

### **Primary Government:**

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2011</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,252,906	\$ -	\$ -	\$ 2,252,906
Construction in progress	12,922,654	8,516,898	-	21,439,552
Total capital assets not being depreciated	\$ 15,175,560	\$ 8,516,898	\$ -	\$ 23,692,458
Capital assets being depreciated:				
Buildings and improvements	\$ 23,894,803	\$ -	\$ -	\$ 23,894,803
Machinery and equipment	17,994,750	396,450	44,400	18,346,800
Jointly owned assets	58,216,025	67,024	13,108,061	45,174,988
Total capital assets being depreciated	\$ 100,105,578	\$ 463,474	\$ 13,152,461	\$ 87,416,591
Less accumulated depreciation for:				
Buildings and improvements	\$ 7,954,311	\$ 632,097	\$ -	\$ 8,586,408
Equipment	10,053,416	1,259,259	44,400	11,268,275
Jointly owned assets	14,046,834	1,102,326	3,384,159	11,765,001
Total accumulated depreciation	\$ 32,054,561	\$ 2,993,682	\$ 3,428,559	\$ 31,619,684
Total capital assets being depreciated, net	\$ 68,051,017	\$ (2,530,208)	\$ 9,723,902	\$ 55,796,907
Governmental activities capital assets, net	\$ 83,226,577	\$ 5,986,690	\$ 9,723,902	\$ 79,489,365

The following is a summary of capital project activity for the fiscal year ending June 30, 2011:

	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2011</b>
Crosspointe	\$ 11,126,949	\$ 4,693,987	\$ -	\$ 15,820,936
Building Inspection Software	266,117	25,547	-	291,664
New Animal Shelter	60,946	348,413	-	409,359
Courthouse Area Library	942,405	1,839,122	-	2,781,527
PGPD Roofing and Electrical	308,978	-	-	308,978
Broadband implementation	75,184	242,756	-	317,940
Police Building Renovation	142,075	1,367,073	-	1,509,148
	\$ 12,922,654	\$ 8,516,898	\$ -	\$ 21,439,552

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ <u>101,371</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>101,371</u>
Total capital assets not being depreciated	\$ <u>101,371</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>101,371</u>
Capital assets being depreciated:				
Utility Plant	\$ 29,986,368	\$ 129,828	\$ -	\$ 30,116,196
Vehicles and equipment	<u>413,519</u>	<u>-</u>	<u>-</u>	<u>413,519</u>
Total capital assets being depreciated	\$ <u>30,399,887</u>	\$ <u>129,828</u>	\$ <u>-</u>	\$ <u>30,529,715</u>
Less accumulated depreciation for:				
Utility Plant	\$ 11,358,151	\$ 669,020	\$ -	\$ 12,027,171
Vehicles and equipment	<u>258,482</u>	<u>8,653</u>	<u>-</u>	<u>267,135</u>
Total accumulated depreciation	\$ <u>11,616,633</u>	\$ <u>677,673</u>	\$ <u>-</u>	\$ <u>12,294,306</u>
Total capital assets being depreciated, net	\$ <u>18,783,254</u>	\$ <u>(547,845)</u>	\$ <u>-</u>	\$ <u>18,235,409</u>
Business-type activities capital assets, net	\$ <u>18,884,625</u>	\$ <u>(547,845)</u>	\$ <u>-</u>	\$ <u>18,336,780</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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**NOTE 5—CAPITAL ASSETS: (CONTINUED)****Discretely Presented Component Unit—School Board:**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital assets, not being depreciated:				
Land	\$ <u>1,066,842</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,066,842</u>
Total capital assets not being depreciated	\$ <u>1,066,842</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,066,842</u>
Capital assets being depreciated:				
Buildings and improvements	\$ <u>21,881,354</u>	\$ <u>13,174,676</u>	\$ <u>-</u>	\$ <u>35,056,030</u>
Equipment	<u>8,513,813</u>	<u>666,815</u>	<u>-</u>	<u>9,180,628</u>
Total capital assets being depreciated	\$ <u>30,395,167</u>	\$ <u>13,841,491</u>	\$ <u>-</u>	\$ <u>44,236,658</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ <u>5,279,710</u>	\$ <u>3,849,994</u>	\$ <u>-</u>	\$ <u>9,129,704</u>
Equipment	<u>4,889,694</u>	<u>685,847</u>	<u>-</u>	<u>5,575,541</u>
Total accumulated depreciation	\$ <u>10,169,404</u>	\$ <u>4,535,841</u>	\$ <u>-</u>	\$ <u>14,705,245</u>
Total capital assets being depreciated, net	\$ <u>20,225,763</u>	\$ <u>9,305,650</u>	\$ <u>-</u>	\$ <u>29,531,413</u>
School Board capital assets, net	\$ <u><u>21,292,605</u></u>	\$ <u><u>9,305,650</u></u>	\$ <u><u>-</u></u>	\$ <u><u>30,598,255</u></u>



**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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**NOTE 5—CAPITAL ASSETS: (CONTINUED)**

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

Governmental activities:

General government administration	\$	310,776
Judicial administration		179,899
Public safety		1,195,559
Public works		46,230
Health and welfare		47,846
Education		1,102,326
Parks, recreation and cultural		99,918
Community development		<u>11,129</u>
Total Governmental activities	\$	<u><u>2,993,682</u></u>

Business-type activities \$ 677,673

Component Unit School Board \$ 1,151,682 \*

\* Transfer of jointly owned assets 3,384,159

Total accumulated depreciation increase \$ 4,535,841

**NOTE 6—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2011, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 17,332,654
Proprietary Fund	424,693	-
Capital Projects Fund	1,152,730	7,580,912
Debt Service Fund	23,815,190	-
Non-major Funds	<u>5,060,590</u>	<u>5,539,637</u>
Total	<u>\$ 30,453,203</u>	<u>\$ 30,453,203</u>

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

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

The following is a summary of long-term obligation transactions for the year ended June 30, 2011:

	<b><u>Amounts Payable at July 1, 2010</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Amounts Payable at June 30, 2011</u></b>	<b><u>Amounts Due Within One Year</u></b>
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 1,664,793	\$ 314,008	\$ 468,594	\$ 1,510,207	\$ 151,021
OPEB	286,284	167,632	-	453,916	-
General obligation bonds	<u>35,446,272</u>	<u>-</u>	<u>9,095,945</u>	<u>26,350,327</u>	<u>2,246,232</u>
Total incurred by County	<u>\$ 37,397,349</u>	<u>\$ 481,640</u>	<u>\$ 9,564,539</u>	<u>\$ 28,314,450</u>	<u>\$ 2,397,253</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 575,000	\$ -	\$ 115,000	\$ 460,000	\$ 115,000
General Obligation Bonds	43,594,191	-	10,644,204	32,949,987	2,431,657
Premium on Bonds Payable	<u>339,929</u>	<u>-</u>	<u>21,246</u>	<u>318,683</u>	<u>21,246</u>
Total incurred by School Board	<u>\$ 44,509,120</u>	<u>\$ -</u>	<u>\$ 10,780,450</u>	<u>\$ 33,728,670</u>	<u>\$ 2,567,903</u>
Total Governmental Obligations	<u>\$ 81,906,469</u>	<u>\$ 481,640</u>	<u>\$ 20,344,989</u>	<u>\$ 62,043,120</u>	<u>\$ 4,965,156</u>

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

	<b><u>Amounts Payable at July 1, 2010</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Amounts Payable at June 30, 2011</u></b>	<b><u>Amounts Due Within One Year</u></b>
Enterprise Obligations:					
Compensated absences	\$ 50,671	\$ 3,479	\$ -	\$ 54,150	\$ 5,415
General obligation bonds	<u>3,082,733</u>	<u>-</u>	<u>1,398,685</u>	<u>1,684,048</u>	<u>397,677</u>
Total Enterprise Obligations	<u>\$ 3,133,404</u>	<u>\$ 3,479</u>	<u>\$ 1,398,685</u>	<u>\$ 1,738,198</u>	<u>\$ 403,092</u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

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

<b>Year Ending June 30,</b>	<b>General Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2012	\$ 2,159,982	\$ 1,042,491
2013	2,249,936	955,872
2014	2,342,202	864,270
2015	1,744,333	785,362
2016	1,878,881	720,946
2017	1,855,279	653,430
2018	1,803,683	586,293
2019	1,869,954	518,629
2020	1,104,504	446,314
2021	1,148,685	399,661
2022	1,198,603	350,159
2023	1,244,285	298,505
2024	715,000	244,916
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	88,613
2035	400,000	72,463
2036	415,000	55,463
2037	435,000	37,825
2038	455,000	19,338
Total	<u>\$ 26,350,327</u>	<u>\$ 9,570,187</u>

# COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

## **NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

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

Annual requirements to amortize school obligations are as follows:

Year Ending June 30,	School Obligations				Enterprise Obligations	
	State Literary Fund Loans		General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 115,000	\$ 9,200	\$ 2,431,657	\$ 1,523,866	\$ 192,318	\$ 61,178
2013	115,000	6,900	2,527,458	1,404,425	200,681	53,350
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	-	-	965,591	194,740	-	-
2027	-	-	495,000	164,456	-	-
2028	-	-	515,000	144,038	-	-
2029	-	-	535,000	122,794	-	-
2030	-	-	555,000	100,725	-	-
2031	-	-	580,000	77,138	-	-
2032	-	-	605,000	52,488	-	-
2033	-	-	630,000	26,775	-	-
Total	\$ 460,000	\$ 23,000	\$ 32,949,987	\$ 11,611,563	\$ 1,684,048	\$ 330,180

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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### **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:

\$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	\$ 1,898,750
\$8,000,000 General Obligation Note 2003B series issued January 24, 2003 due in varying annual installments through February 1, 2023, interest payable semiannually	5,501,442
\$9,500,000 General Obligation Bond issued January 22, 2004 due in varying installments through January 1, 2019, interest payable semiannually at 3.64%	5,687,935
\$7,350,000 Public Improvement Bond, issued February 20, 2008, due in various semi-annual payments through February 1, 2038, interest payable semiannually at 4.25%	7,205,000
\$880,000 RZED 2010A, issued March 15, 2010, due in various semi-annual payments through February 15, 2025, interest payable semiannually at average rate of 5.5%, subsidized by the Federal Government at .35%	834,950
\$3,800,000 General Obligation Note, Series 2009A, issued August 13, 2009, due in various semi-annual installments through February 1, 2024, interest payable semiannually at 3.90%	3,415,000
\$770,000 General Obligation Bond Series 2010B, issued March 15, 2010, due in various semi-annual payments through February 15, 2025, interest payable semiannually at 3.271%	730,050
\$1,819,400 General Obligation Public Safety Facilities Note Series 2006B issued June 27, 2006 due in varying annual installments through August 1, 2016, interest payable semi-annually at 3.98%	<u>1,077,200</u>
Total General Obligation Bonds	\$ 26,350,327
Other post employment benefits	453,916
Compensated absences	<u>1,510,207</u>
Total incurred by the County	<u><u>\$ 28,314,450</u></u>

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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### **NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**

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

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

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

Premium on bond	\$ <u>318,683</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%	\$ 100,000
\$1,000,000 issued May 26, 1995, due in annual installments of \$50,000 through July 1, 2015, interest payable annually at 2%	200,000
\$800,000, issued May 26, 1995, due in annual installments of \$40,000 through July 1, 2015, interest payable annually at 2%	<u>160,000</u>
Total State Literary Fund Loans	\$ <u>460,000</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	\$ 1,575,716
\$14,540,000 issued June, 1998 due in semiannual installments of varying amounts and interest rates through July, 2017	6,905,000
\$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%	5,870,357
\$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%	3,108,929
\$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semiannually at 4.06%	6,154,985
\$10,150,000 Public Improvement Bond issued February 20, 2008, payable in semi-annual installments through February 1, 2033, interest at 4.25%	<u>9,335,000</u>
Total General Obligation Bonds	\$ 32,949,987
Total Incurred by School Board	<u>33,728,670</u>
Total Governmental Long-term Obligations	\$ <u><u>62,043,120</u></u>

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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

The following is a summary of obligations:

**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	\$ 271,250
\$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>1,412,798</u>
Total General Obligation Bonds	\$ 1,684,048
Compensated Absences	<u>54,150</u>
Total Incurred by Enterprise Fund	<u><u>\$ 1,738,198</u></u>

**Component Unit School Board:**

The following is a summary of long-term obligations for the fiscal year ended June 30, 2011:

	<b><u>Amounts Payable July 1, 2010</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Amounts Payable at June 30, 2011</u></b>	<b><u>Amounts Due Within One Year</u></b>
Compensated absences	\$ 425,633	\$ 241,854	\$ 277,638	\$ 389,849	\$ 38,985
OPEB	<u>1,226,678</u>	<u>470,394</u>	<u>-</u>	<u>1,697,072</u>	<u>-</u>
Total	<u><u>\$ 1,652,311</u></u>	<u><u>\$ 712,248</u></u>	<u><u>\$ 277,638</u></u>	<u><u>\$ 2,086,921</u></u>	<u><u>\$ 38,985</u></u>

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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### **NOTE 8—DEFERRED AND UNEARNED REVENUE:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totals \$1,829,112 and unearned revenue totals \$1,535,681 and is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$1,829,112 at year end.

Unearned Revenue – Unearned revenue consists of property taxes due subsequent to June 30, 2011 but paid in advance by the taxpayers totaled \$1,535,681 at year end and grants received but unearned totaling \$20,000 at year end.

### **NOTE 9—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, 2011, the County had the following construction contracts outstanding:

<u>Project</u>	<u>Contractor</u>	<u>Balance June 30, 2011</u>
	Rappahannock	
Crosspointe Centre	Construction Company	\$ 1,051,238
Library	Kenbridge Construction	264,573
Animal Shelter	Daniel and Company	2,204,096
Enterprise Resource Software	Tyler Technologies	890,000
Bland building renovations	North South Construction	<u>65,568</u>
Total		<u>\$ 4,475,475</u>

### **NOTE 10—LITIGATION:**

At June 30, 2011, 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, 2011 (Continued)

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### **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 employees of participating employers and (professional) employees of public school divisions 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 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 have service credits before July 1, 2010 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 10 years of service credit or age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 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, 2011 (Continued)

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### **NOTE 12—DEFINED BENEFIT PENSION PLAN:**

#### **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. 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 that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2010-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 annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School's non-professional contribution rates for the fiscal year ended 2011 were 13.72% and 9.24% of annual covered payroll.

The School Board's contributions for professional employees were \$1,381,099, \$2,038,289, and \$2,711,538 the fiscal years ended June 30, 2011, 2010 and 2009, respectively and these contributions represented 4.53%, 8.81%, and 8.81%, respectively of current covered payroll.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

### **NOTE 12—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

#### **C. Annual Pension Cost**

For fiscal year 2011, the County's annual pension cost of \$1,586,153 was equal to the County's required and actual contributions. For fiscal year 2011, the School Board's annual pension cost of \$398,214, 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, 2011	\$	1,586,153	100%	-
June 30, 2010		1,505,992	100%	-
June 30, 2009		1,487,700	100%	-
School Board:				
Non-Professional:				
June 30, 2011	\$	398,214	100%	-
June 30, 2010		460,971	100%	-
June 30, 2009		463,491	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was 20 years.

#### **D. Funded Status and Funding Progress**

As of June 30, 2010, the most recent actuarial valuation date, the County's plan was 67.26% funded. The actuarial accrued liability for benefits was \$45,772,702 and the actuarial value of assets was \$30,785,894, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,986,808. The covered payroll (annual payroll of active employees covered by the plan) was \$11,635,308, and ratio of the UAAL to the covered payroll was 128.80%.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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### **NOTE 12—DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

#### **D. Funded Status and Funding Progress: (Continued)**

As of June 30, 2010, the most recent actuarial valuation date, the County School Board's plan was 74.45% funded. The actuarial accrued liability for benefits was \$15,545,199 and the actuarial value of assets was \$11,573,623, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,971,576. The covered payroll (annual payroll of active employees covered by the plan) was \$4,358,569, and ratio of the UAAL to the covered payroll was 91.12%.

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 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. No separate financial report is issued for the plan.

As of January 1, 2011 the program membership consisted of the following:

Eligible Members	85
Retirees and beneficiaries	40

#### **B. Funding Policy**

This plan is available to vested volunteer members with no covered payroll. Benefits amortize on a level dollar basis, and are recognized when due and payable in accordance with the terms of the plan. Members vest over a five year period. Benefits accrue at the rate of \$15 per month for every two years of active service. Since the County fully funds the plan, refunds are not paid. The plan does not provide for post-retirement increases. The contribution rate is determined using an entry age Normal-Frozen Initial Liability Cost Method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 5.5% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

The contributions to the plan for the fiscal year ended June 30, 2011 totaled \$125,000. The program's funding provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At June 30, 2011 the plan had net assets available for benefits totaling \$1,220,788. Unfunded past service costs total \$350,711 and will be fully amortized in 5 years. The plan additions fund the cost of administering the plan.

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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### **NOTE 13—LENGTH OF SERVICE AWARD PENSION PROGRAM:**

#### **B. Funding Policy: (Continued)**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
County:		
June 30, 2011 \$	138,122	100%
June 30, 2010	129,905	100%
June 30, 2009	126,134	100%
June 30, 2008	99,784	100%
June 30, 2007	98,184	100%
June 30, 2006	101,507	100%
June 30, 2005	103,602	100%
June 30, 2004	142,284	100%
June 30, 2003	153,374	100%

#### **C. Investments:**

Investments at June 30, 2011 consist of guaranteed investment contracts which have a value of \$1,204,461 at year end.

#### **D. Funded Status and Funding Progress:**

As of January 1, 2011, the most recent actuarial valuation date, the County's plan was 77.68% funded. The actuarial accrued liability for benefits was \$1,571,499 and the actuarial value of assets was \$1,220,788, resulting in an unfunded actuarial accrued liability (UAAL) of \$350,711. The plan is being amortized over a ten year period and the amortization period is still open.

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

### **NOTE 14—LANDFILL POSTCLOSURE CARE COSTS:**

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

## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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### **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 POST-EMPLOYMENT BENEFITS PROGRAM:**

#### **County:**

#### **A. Plan Description**

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

#### **B. Funding Policy**

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

#### **C. Annual OPEB Cost and Net OPEB Obligation**

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC and for FY 11 totaled \$258,700 for the County and \$1,102,300 for the School Board. The estimated pay as you go cost for OPEB benefits is \$90,600 for the County and \$629,900 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, 2011 (Continued)

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**NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)****C. Annual OPEB Cost and Net OPEB Obligation: (continued)**

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 258,700	\$ 1,102,300
Interest on net OPEB obligation	11,451	49,067
Adjustment to annual required contribution	(11,921)	(51,073)
Annual OPEB cost (expense)	\$ 258,230	\$ 1,100,294
Contributions made	90,600	629,900
Contribution percentage made	35%	57%
Increase (decrease) in net OPEB obligation	\$ 167,630	\$ 470,394
Net OPEB obligation - beginning of year	286,286	1,226,678
Net OPEB obligation - end of year	<u>\$ 453,916</u>	<u>\$ 1,697,072</u>

**Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2011 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.



## COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2011 (Continued)

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### **NOTE 16—OTHER POST-EMPLOYMENT BENEFITS PROGRAM: (CONTINUED)**

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

##### 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.

##### Cost Method

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

##### Interest Assumptions

	<u><b>Unfunded</b></u>
Discount rate	4.0%
Payroll growth	2.5%

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

### **NOTE 17—FUND BALANCE RESTATEMENTS:**

Fund balances were restated as of July 1, 2010 as follows:

	<u><b>Primary Government</b></u>	
	<u><b>General Fund</b></u>	<u><b>Other Governmental Funds</b></u>
Balances as previously reported	\$ 25,583,434	\$ 748,326
Reclassification of Community Corrections Fund	<u>(150,043)</u>	<u>150,043</u>
Balances as restated	<u>\$ 25,433,391</u>	<u>\$ 898,369</u>



### **Required Supplementary Information**

#### **Note to Required Supplementary Information:**

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

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## General Fund

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

For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 27,435,176	\$ 27,435,176	\$ 27,774,462	\$ 339,286
Other local taxes	6,686,700	6,686,700	8,052,324	1,365,624
Permits, privilege fees, and regulatory licenses	671,347	671,347	360,836	(310,511)
Fines and forfeitures	401,800	401,800	550,593	148,793
Revenue from the use of money and property	355,732	363,742	221,592	(142,150)
Charges for services	1,150,650	1,151,450	1,123,017	(28,433)
Miscellaneous	-	10,098	159,936	149,838
Recovered costs	187,160	526,610	611,112	84,502
Intergovernmental revenues:				
Commonwealth	6,851,896	7,165,475	7,221,002	55,528
Federal	920,646	1,083,207	931,361	(151,846)
Total revenues	<u>\$ 44,661,107</u>	<u>\$ 45,495,605</u>	<u>\$ 47,006,236</u>	<u>\$ 1,510,631</u>
EXPENDITURES				
Current:				
General government administration:				
Legislative:				
Board of supervisors	<u>\$ 161,710</u>	<u>\$ 296,331</u>	<u>\$ 296,330</u>	<u>\$ 1</u>
General and financial administration:				
County administrator	<u>\$ 470,595</u>	<u>\$ 527,353</u>	<u>\$ 527,351</u>	<u>\$ 2</u>
Human resources	321,138	332,775	332,775	-
Legal services	208,075	208,075	207,248	827
Commissioner of revenue	416,803	416,803	404,173	12,630
Treasurer	462,978	466,297	462,932	3,365
Assessor	497,121	497,121	474,468	22,653
Finance	517,425	529,820	474,307	55,513
Information Technology	514,801	514,801	514,369	432
County garage	378,009	376,169	366,329	9,840
Other general and financial administration	<u>336,828</u>	<u>261,665</u>	<u>123,841</u>	<u>137,824</u>
Total general and financial administration	<u>\$ 4,123,773</u>	<u>\$ 4,130,880</u>	<u>\$ 3,887,793</u>	<u>\$ 243,087</u>
Board of elections:				
Registrar	<u>\$ 204,254</u>	<u>\$ 204,254</u>	<u>\$ 191,593</u>	<u>\$ 12,661</u>
Total general government administration	<u>\$ 4,489,737</u>	<u>\$ 4,631,465</u>	<u>\$ 4,375,716</u>	<u>\$ 255,749</u>
Judicial administration:				
Courts:				
Circuit court	<u>\$ 118,172</u>	<u>\$ 118,172</u>	<u>\$ 111,975</u>	<u>\$ 6,197</u>
General district court	23,035	23,035	21,535	1,500
Magistrate	400	400	25	375
Sheriff	898,148	898,648	892,444	6,204
Law library	12,500	47,802	14,914	32,888

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2011 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Courts: (Continued)				
Victim witness	\$ 71,789	\$ 71,789	\$ 34,465	\$ 37,324
Clerk of Circuit Court	445,515	490,621	471,269	19,352
Total courts	\$ 1,569,559	\$ 1,650,467	\$ 1,546,627	\$ 103,840
Commonwealth's attorney:				
Commonwealth's attorney	\$ 517,931	\$ 517,931	\$ 498,745	\$ 19,186
Total judicial administration	\$ 2,087,490	\$ 2,168,398	\$ 2,045,372	\$ 123,026
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 4,627,157	\$ 4,625,847	\$ 4,610,474	\$ 15,373
Law enforcement grants	-	373,797	133,038	240,759
Total law enforcement and traffic control	\$ 4,627,157	\$ 4,999,644	\$ 4,743,512	\$ 256,132
Fire and rescue services:				
Volunteer fire departments	\$ 243,170	\$ 278,974	\$ 263,395	\$ 15,579
Volunteer emergency crew	25,935	26,035	2,210	23,825
LOSAP volunteers	125,000	125,000	125,000	-
Fire and rescue service	1,503,871	1,514,151	1,483,096	31,055
Total fire and rescue services	\$ 1,897,976	\$ 1,944,160	\$ 1,873,702	\$ 70,459
Correction and detention:				
Confinement and care of prisoners	\$ 1,505,100	\$ 2,294,549	\$ 2,203,556	\$ 90,993
Juvenile services - VJCCCA	86,852	74,418	74,429	(11)
Court services	3,675	3,675	-	3,675
Total correction and detention	\$ 1,595,627	\$ 2,372,642	\$ 2,277,985	\$ 94,657
Inspections:				
Building	\$ 786,869	\$ 786,891	\$ 770,756	\$ 16,135
Other protection:				
Animal control	\$ 352,389	\$ 352,389	\$ 346,656	\$ 5,733
Emergency services	1,095,821	1,099,977	984,506	115,471
Total other protection	\$ 1,448,210	\$ 1,452,366	\$ 1,331,162	\$ 121,204
Total public safety	\$ 10,355,839	\$ 11,555,704	\$ 10,997,118	\$ 558,586

## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2011 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 382,058	\$ 382,058	\$ 326,811	\$ 55,247
Total sanitation and waste removal	\$ 382,058	\$ 382,058	\$ 326,811	\$ 55,247
Maintenance of general buildings and grounds:				
General properties	\$ 1,586,313	\$ 1,589,063	\$ 1,503,258	\$ 85,805
Engineering	113,627	113,627	61,571	52,056
Total maintenance of general buildings and grounds	\$ 1,699,940	\$ 1,702,690	\$ 1,564,829	\$ 137,861
Total public works	\$ 2,081,998	\$ 2,084,748	\$ 1,891,639	\$ 193,108
Health and welfare:				
Health:				
Supplement of local health department	\$ 211,843	\$ 211,843	\$ 211,843	\$ -
Mental health and mental retardation:				
District 19 CSB	\$ 88,561	\$ 88,561	\$ 88,561	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,008,754	\$ 2,022,983	\$ 1,763,236	\$ 259,747
Comprehensive services	786,073	1,036,237	1,036,237	-
Disability Services Board	-	4,138	4,138	-
Other social services	21,516	21,516	16,185	5,331
Housing Indoor Rehabilitation Program	-	-	1,771	(1,771)
Tax Relief for the Elderly & Disabled	175,000	321,970	321,970	-
Revenue maximization	25,773	25,773	21,000	4,773
Total welfare	\$ 3,017,116	\$ 3,432,616	\$ 3,164,537	\$ 268,080
Total health and welfare	\$ 3,317,520	\$ 3,733,020	\$ 3,464,941	\$ 268,080
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	\$ 13,438,578	\$ 13,929,725	\$ 13,667,773	\$ 261,952
Contribution to local colleges	26,497	26,497	26,497	-
Total education	\$ 13,465,075	\$ 13,956,222	\$ 13,694,270	\$ 261,952
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 715,029	\$ 717,232	\$ 701,729	\$ 15,503

## General Fund

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

For the Year Ended June 30, 2011 (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	\$ 375,967	\$ 375,967	\$ 375,967	\$ -
Total parks, recreation, and cultural	\$ 1,090,996	\$ 1,093,199	\$ 1,077,696	\$ 15,503
Community development:				
Planning and community development:				
Planning department	\$ 359,308	\$ 359,308	\$ 345,831	\$ 13,477
Planning district commission	23,725	23,725	23,725	-
Geographic information systems	98,025	98,025	96,277	1,748
Total planning and community development	\$ 481,058	\$ 481,058	\$ 465,833	\$ 15,225
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	\$ 73,032	\$ 74,225	\$ 61,785	\$ 12,441
Total community development	\$ 571,190	\$ 572,383	\$ 544,718	\$ 27,666
Total expenditures	\$ 37,459,845	\$ 39,795,139	\$ 38,091,470	\$ 1,703,670
Excess (deficiency) of revenues over (under) expenditures	\$ 7,201,262	\$ 5,700,466	\$ 8,914,767	\$ 3,214,301
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 25,773	\$ -	\$ -	\$ -
Transfers (out)	(7,865,845)	(17,070,074)	(17,332,654)	(262,580)
Total other financing sources and (uses)	\$ (7,840,072)	\$ (17,070,074)	\$ (17,332,654)	\$ (262,580)
Net change in fund balances	\$ (638,810)	\$ (11,369,608)	\$ (8,417,887)	\$ 2,951,721
Fund balances - beginning, as restated	638,810	11,369,608	25,433,391	14,063,783
Fund balances - ending	\$ -	\$ -	\$ 17,015,504	\$ 17,015,504

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

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**Virginia Retirement System**

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**County**

<b>Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded (Excess Funded) Actuarial Accrued Liability</b>	<b>Funded Ratio (2) / (3)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as % of Payroll (4) / (6)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
6/30/2010	\$ 30,785,894	\$ 45,772,702	\$ 14,986,808	67.26%	\$ 11,635,308	128.80%
6/30/2009	29,395,331	39,827,076	10,431,745	73.81%	11,794,218	88.45%
6/30/2008	27,490,803	36,043,661	8,552,858	76.27%	10,759,371	79.49%

**School Board Non-professionals:**

6/30/2010	\$ 11,573,623	\$ 15,545,199	\$ 3,971,576	74.45%	\$ 4,358,569	91.12%
6/30/2009	11,217,153	14,035,894	2,818,741	79.92%	4,414,812	63.85%
6/30/2008	10,646,488	13,014,378	2,367,890	81.81%	4,211,950	56.22%

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**Length of Service Awards Pension Program**

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**County**

<b>Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded (Excess Funded) Actuarial Accrued Liability</b>	<b>Funded Ratio (2) / (3)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
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%
1/1/2007	942,736	1,251,161	308,436	75.35%
1/1/2006	824,984	1,853,858	1,028,874	44.50%
1/1/2005	790,989	1,836,956	1,045,967	43.06%
1/1/2004	493,920	1,785,747	1,291,827	27.66%
1/1/2003	300,944	1,808,394	1,507,450	16.64%

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**Other Post Employment Benefits**

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<b>Valuation Date</b>	<b>Value of Assets (AVA)</b>	<b>Accrued Liability (AAL)</b>	<b>(Excess Funded) Actuarial Accrued Liability</b>	<b>Funded Ratio (2) / (3)</b>	<b>Annual Covered Payroll</b>	<b>as % of Payroll (4) / (6)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
<b>County</b>						
6/30/2008	\$ -	\$ 1,527,695	\$ 1,527,695	0.00%	\$ 10,633,115	14.37%
6/30/2010	-	3,150,454	3,150,454	0.00%	10,619,626	29.67%
<b>School Board</b>						
6/30/2008	\$ -	\$ 8,199,057	\$ 8,199,057	0.00%	\$ 31,977,421	25.64%
6/30/2010	-	13,550,047	13,550,047	0.00%	31,074,008	43.61%

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## **Other Supplementary Information**

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## County Capital Projects Fund

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

For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Revenue from local sources:				
Revenue from the use of money and property	\$ 100,000	\$ 100,000	\$ 47,246	\$ (52,754)
Miscellaneous	-	416,597	936,398	519,801
Intergovernmental revenues:				
Commonwealth	-	-	5,000,000	5,000,000
Total revenues	<u>\$ 100,000</u>	<u>\$ 516,597</u>	<u>\$ 5,983,644</u>	<u>\$ 5,467,047</u>
<b>EXPENDITURES</b>				
Current:				
General government administration				
Exterior building repairs	\$ -	\$ 27,966	\$ 27,966	\$ -
Financial system replacement	-	1,693,549	1,168	1,692,381
Broadband implementation	-	274,816	242,756	32,060
Miscellaneous outlays / projects	-	39,510	3,001	36,509
Total general government	<u>\$ -</u>	<u>\$ 2,035,841</u>	<u>\$ 274,891</u>	<u>\$ 1,760,950</u>
Public safety				
Police vehicles	\$ 132,245	\$ 269,975	\$ 236,816	\$ 33,159
Fire / EMS apparatus	-	516,066	-	516,066
Inspections	-	77,521	25,547	51,974
Police building renovation	-	1,509,936	1,367,073	142,863
New animal shelter	-	2,780,764	292,613	2,488,151
Total public safety	<u>\$ 132,245</u>	<u>\$ 5,154,262</u>	<u>\$ 1,922,049</u>	<u>\$ 3,232,213</u>
Education				
North Elementary School	<u>\$ -</u>	<u>\$ 67,024</u>	<u>\$ 67,024</u>	<u>\$ -</u>
Total education	<u>\$ -</u>	<u>\$ 67,024</u>	<u>\$ 67,024</u>	<u>\$ -</u>

## County Capital Projects Fund

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

For the Year Ended June 30, 2011 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>EXPENDITURES: (CONTINUED)</b>				
Parks, recreation, and cultural:				
Riverside Park Access Road	\$ -	\$ 361,230	\$ 4,792	\$ 356,438
Park and playground development	-	125,000	85,144	39,856
Library	-	2,057,594	1,839,122	218,472
Total parks, recreation and cultural	\$ -	\$ 2,543,824	\$ 1,929,058	\$ 614,766
Community development:				
Crosspointe center development	\$ -	\$ 12,379,742	\$ 4,526,235	\$ 7,853,507
Improvements to sites	150,000	143,602	-	143,602
Total community development	\$ 150,000	\$ 12,523,344	\$ 4,526,235	\$ 7,997,109
Total expenditures	\$ 282,245	\$ 22,324,295	\$ 8,719,257	\$ 13,605,038
Excess (deficiency) of revenues over (under) expenditures	\$ (182,245)	\$ (21,807,698)	\$ (2,735,613)	\$ 19,072,085
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	\$ 125,000	\$ 6,152,730	\$ 1,152,730	\$ (5,000,000)
Transfers (out)	-	(7,580,912)	(7,580,912)	-
Total other financing sources and (uses)	\$ 125,000	\$ (1,428,182)	\$ (6,428,182)	\$ (5,000,000)
Net change in fund balances	\$ (57,245)	\$ (23,235,880)	\$ (9,163,795)	\$ 14,072,085
Fund balances - beginning	57,245	23,235,880	20,288,574	(2,947,306)
Fund balances - ending	\$ -	\$ -	\$ 11,124,779	\$ 11,124,779

## County Debt Service Fund

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

For the Year Ended June 30, 2011

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Total revenues	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
<b>EXPENDITURES</b>				
Debt Service - School Obligations:				
Principal retirement	\$ 2,459,210	\$ 10,759,210	\$ 10,759,204	\$ 6
Interest and other fiscal charges	1,947,011	1,837,011	1,834,018	2,993
Total debt service school obligations	\$ 4,406,221	\$ 12,596,221	\$ 12,593,222	\$ 2,999
Debt Service - County Obligations:				
Principal retirement	\$ 1,999,271	\$ 2,372,136	\$ 9,095,945	\$ (6,723,809)
Interest and other fiscal charges	756,200	806,370	2,126,023	(1,319,653)
Total debt service county obligations	\$ 2,755,471	\$ 3,178,506	\$ 11,221,968	\$ (8,043,462)
Total expenditures:				
Principal retirement	\$ 4,458,481	\$ 13,131,346	\$ 19,855,149	\$ (6,723,803)
Interest and other fiscal charges	2,703,211	2,643,381	3,960,041	(1,316,660)
Total debt service expenditures	\$ 7,161,692	\$ 15,774,727	\$ 23,815,190	\$ (8,040,463)
Excess (deficiency) of revenues over (under) expenditures	\$ (7,156,692)	\$ (15,769,727)	\$ (23,815,190)	\$ (8,045,463)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 7,161,692	\$ 15,769,727	\$ 23,815,190	\$ 8,045,463
Total other financing sources and uses	\$ 7,161,692	\$ 15,769,727	\$ 23,815,190	\$ 8,045,463
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 At June 30, 2011

	<b>Community Corrections Fund</b>	<b>Economic Development Fund</b>	<b>Asset Forfeiture Fund</b>	<b>Tourism Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 180,493	\$ 331,058	\$ 79,533	\$ 275,757	\$ 866,841
Receivables (net of allowance for uncollectibles):					
Accounts receivable	194	66,238	-	-	66,432
Total assets	<u>\$ 180,687</u>	<u>\$ 397,296</u>	<u>\$ 79,533</u>	<u>\$ 275,757</u>	<u>\$ 933,273</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,367	\$ 37	\$ 16,100	\$ -	\$ 17,504
Total liabilities	<u>\$ 1,367</u>	<u>\$ 37</u>	<u>\$ 16,100</u>	<u>\$ -</u>	<u>\$ 17,504</u>
Fund balances:					
Assigned:					
Special revenue	\$ 179,320	\$ 397,259	\$ 63,433	\$ 275,757	\$ 915,769
Total fund balances	<u>\$ 179,320</u>	<u>\$ 397,259</u>	<u>\$ 63,433</u>	<u>\$ 275,757</u>	<u>\$ 915,769</u>
Total liabilities and fund balances	<u>\$ 180,687</u>	<u>\$ 397,296</u>	<u>\$ 79,533</u>	<u>\$ 275,757</u>	<u>\$ 933,273</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2011

	<b>Community Corrections Fund</b>	<b>Economic Development Fund</b>	<b>Asset Forfeiture Fund</b>	<b>Tourism Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>					
Other local taxes	\$ 21,627	\$ 720,195	\$ -	\$ 175,849	\$ 917,671
Miscellaneous	-	-	2,177	-	2,177
Recovered costs	79,936	-	-	-	79,936
Intergovernmental revenues:					
Commonwealth	633,234	-	40,863	-	674,097
Total revenues	<u>\$ 734,797</u>	<u>\$ 720,195</u>	<u>\$ 43,040</u>	<u>\$ 175,849</u>	<u>\$ 1,673,881</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	\$ 766,110	\$ -	\$ 27,506	\$ -	\$ 793,616
Community Development	-	342,526	-	41,292	383,818
Total expenditures	<u>\$ 766,110</u>	<u>\$ 342,526</u>	<u>\$ 27,506</u>	<u>\$ 41,292</u>	<u>\$ 1,177,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (31,313)</u>	<u>\$ 377,669</u>	<u>\$ 15,534</u>	<u>\$ 134,557</u>	<u>\$ 496,447</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 60,590	\$ 5,000,000	\$ -	\$ -	\$ 5,060,590
Transfers (out)	-	(5,382,337)	-	(157,300)	(5,539,637)
Total other financing sources and uses	<u>\$ 60,590</u>	<u>\$ (382,337)</u>	<u>\$ -</u>	<u>\$ (157,300)</u>	<u>\$ (479,047)</u>
Net change in fund balances	\$ 29,277	\$ (4,668)	\$ 15,534	\$ (22,743)	\$ 17,400
Fund balances - beginning, as restated	150,043	401,927	47,899	298,500	898,369
Fund balances - ending	<u>\$ 179,320</u>	<u>\$ 397,259</u>	<u>\$ 63,433</u>	<u>\$ 275,757</u>	<u>\$ 915,769</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, 2011

	Community Corrections Fund				Economic Development Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
REVENUES								
Other local taxes	\$ 28,000	\$ 28,000	\$ 21,627	\$ (6,373)	\$ 600,000	\$ 600,000	\$ 720,195	\$ 120,195
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	99,671	99,671	79,936	(19,735)	-	-	-	-
Intergovernmental revenues:								
Commonwealth	573,236	633,236	633,234	(2)	-	-	-	-
Total revenues	\$ 700,907	\$ 760,907	\$ 734,797	\$ (26,110)	\$ 600,000	\$ 600,000	\$ 720,195	\$ 120,195
EXPENDITURES								
Current:								
Public Safety:								
Law enforcement and traffic control:								
Drug enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Correction and detention:								
Local Community Corrections	761,496	830,522	\$ 766,110	\$ 64,412	-	-	-	-
Total public safety	\$ 761,496	\$ 830,522	\$ 766,110	\$ 64,412	\$ -	\$ -	\$ -	\$ -
Community Development:								
Planning and community development:								
Tourism initiatives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	-	-	-	-	216,425	270,266	342,526	(72,260)
Total community development	\$ -	\$ -	\$ -	\$ -	\$ 216,425	\$ 270,266	\$ 342,526	\$ (72,260)
Debt service:								
Principal retirement	\$ -	\$ -	\$ -	\$ -	\$ 262,785	\$ 6,727,135	\$ -	\$ 6,727,135
Interest and other fiscal charges	-	-	-	-	651,005	1,395,381	-	1,395,381
Total debt service	\$ -	\$ -	\$ -	\$ -	\$ 913,790	\$ 8,122,516	\$ -	\$ 8,122,516
Total expenditures	\$ 761,496	\$ 830,522	\$ 766,110	\$ 64,412	\$ 1,130,215	\$ 8,392,782	\$ 342,526	\$ 8,050,256
Excess (deficiency) of revenues over (under) expenditures	\$ (60,589)	\$ (69,615)	\$ (31,313)	\$ 38,302	\$ (530,215)	\$ (7,792,782)	\$ 377,669	\$ 8,170,451
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 60,590	\$ 69,615	\$ 60,590	\$ (9,025)	\$ 523,563	\$ 7,667,939	\$ 5,000,000	\$ (2,667,939)
Transfers (out)	-	-	-	-	-	-	(5,382,337)	(5,382,337)
Total other financing sources and (uses)	\$ 60,590	\$ 69,615	\$ 60,590	\$ (9,025)	\$ 523,563	\$ 7,667,939	\$ (382,337)	\$ (8,050,276)
Net change in fund balances	\$ 1	\$ -	\$ 29,277	\$ 29,277	\$ (6,652)	\$ (124,843)	\$ (4,668)	\$ 120,175
Fund balances - beginning, as restated	(1)	-	150,043	150,043	6,652	124,843	401,927	277,084
Fund balances - ending	\$ -	\$ -	\$ 179,320	\$ 179,320	\$ -	\$ -	\$ 397,259	\$ 397,259



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		
\$ -	\$ -	\$ -	\$ -	\$ 375,000	\$ 375,000	\$ 175,849	\$ (199,151)
-	190	2,177	1,987	-	-	-	-
-	-	-	-	-	-	-	-
-	40,716	40,863	147	-	-	-	-
\$ -	\$ 40,906	\$ 43,040	\$ 2,134	\$ 375,000	\$ 375,000	\$ 175,849	\$ (199,151)
\$ -	\$ 87,759	\$ 27,506	\$ 60,253	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ 87,759	\$ 27,506	\$ 60,253	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 46,250	\$ 171,250	\$ 41,292	\$ 129,958
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 46,250	\$ 171,250	\$ 41,292	\$ 129,958
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 87,759	\$ 27,506	\$ 60,253	\$ 46,250	\$ 171,250	\$ 41,292	\$ 129,958
\$ -	\$ (46,853)	\$ 15,534	\$ 62,387	\$ 328,750	\$ 203,750	\$ 134,557	\$ (69,193)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(328,750)	(328,750)	(157,300)	171,450
\$ -	\$ -	\$ -	\$ -	\$ (328,750)	\$ (328,750)	\$ (157,300)	\$ 171,450
\$ -	\$ (46,853)	\$ 15,534	\$ 62,387	\$ -	\$ (125,000)	\$ (22,743)	\$ 102,257
-	46,853	47,899	1,046	-	125,000	298,500	173,500
\$ -	\$ -	\$ 63,433	\$ 63,433	\$ -	\$ -	\$ 275,757	\$ 275,757

Combining Balance Sheet  
 Agency Funds  
 At June 30, 2011

	Agency Funds			
	Special Welfare Fund	Fringe Benefits Fund	Performance Bond Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,790	\$ 1,412,776	\$ 133,170	\$ 1,549,736
Total assets	\$ 3,790	\$ 1,412,776	\$ 133,170	\$ 1,549,736
<b>LIABILITIES</b>				
Amounts held for others	\$ 3,790	\$ 1,412,776	\$ 133,170	\$ 1,549,736
Total liabilities	\$ 3,790	\$ 1,412,776	\$ 133,170	\$ 1,549,736

Agency Funds  
Combining Statement of Changes in Assets and Liabilities  
Year Ended June 30, 2011

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	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>1,934</u>	\$ <u>15,285</u>	\$ <u>13,429</u>	\$ <u>3,790</u>
Liabilities:				
Amounts held for others	\$ <u>1,934</u>	\$ <u>15,285</u>	\$ <u>13,429</u>	\$ <u>3,790</u>
Fringe Benefits Fund:				
Assets:				
Cash and cash equivalents	\$ <u>2,099,165</u>	\$ <u>6,335,126</u>	\$ <u>7,021,515</u>	\$ <u>1,412,776</u>
Liabilities:				
Amounts held for others	\$ <u>2,099,165</u>	\$ <u>6,335,126</u>	\$ <u>7,021,515</u>	\$ <u>1,412,776</u>
Performance Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>252,184</u>	\$ <u>76,863</u>	\$ <u>195,877</u>	\$ <u>133,170</u>
Liabilities:				
Amounts held for others	\$ <u>252,184</u>	\$ <u>76,863</u>	\$ <u>195,877</u>	\$ <u>133,170</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ <u>2,353,283</u>	\$ <u>6,427,274</u>	\$ <u>7,230,821</u>	\$ <u>1,549,736</u>
Total assets	\$ <u>2,353,283</u>	\$ <u>6,427,274</u>	\$ <u>7,230,821</u>	\$ <u>1,549,736</u>
Liabilities:				
Amounts held for others	\$ <u>2,353,283</u>	\$ <u>6,427,274</u>	\$ <u>7,230,821</u>	\$ <u>1,549,736</u>
Total liabilities	\$ <u>2,353,283</u>	\$ <u>6,427,274</u>	\$ <u>7,230,821</u>	\$ <u>1,549,736</u>

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## **Discretely Presented Component Unit – School Board**

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Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
At June 30, 2011

	<u>Major Fund</u>		<u>Non-Major Funds</u>	
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Adult Basic Education Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,670,969	\$ 608,122	\$ 27,119	\$ 4,306,210
Receivables (net of allowance for uncollectibles):				
Accounts receivable	228,492	-	28,010	256,502
Due from other governmental units	2,399,413	-	94,879	2,494,292
Total assets	<u>\$ 6,298,874</u>	<u>\$ 608,122</u>	<u>\$ 150,008</u>	<u>\$ 7,057,004</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 499,303	\$ 3,585	\$ 4,529	\$ 507,417
Accrued liabilities	5,799,371	165,720	-	5,965,091
Deferred revenue	-	-	20,000	20,000
Total liabilities	<u>\$ 6,298,674</u>	<u>\$ 169,305</u>	<u>\$ 24,529</u>	<u>\$ 6,492,508</u>
Fund balances:				
Assigned:				
Special Revenue	\$ 200	\$ 438,817	\$ 125,479	\$ 564,496
Total fund balances	<u>\$ 200</u>	<u>\$ 438,817</u>	<u>\$ 125,479</u>	<u>\$ 564,496</u>
Total liabilities and fund balances	<u>\$ 6,298,874</u>	<u>\$ 608,122</u>	<u>\$ 150,008</u>	<u>\$ 7,057,004</u>

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

Total fund balances per above	\$ 564,496
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,598,255
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,086,921)</u>
Net assets of governmental activities	<u>\$ 29,075,830</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, 2011

	Major Fund	Non-major Funds		
	School Operating Fund	School Cafeteria Fund	Adult Basic Education Fund	Total Governmental Funds
<b>REVENUES</b>				
Charges for services	\$ 124,426	\$ 1,316,561	\$ 111,198	\$ 1,552,185
Miscellaneous	13,504	-	-	13,504
Recovered costs	301,907	-	-	301,907
Intergovernmental revenues:				
County contribution to school board	13,667,773	-	-	13,667,773
Commonwealth	32,733,423	46,347	385,738	33,165,508
Federal	8,477,871	1,443,480	325,208	10,246,559
Total revenues	<u>\$ 55,318,904</u>	<u>\$ 2,806,388</u>	<u>\$ 822,144</u>	<u>\$ 58,947,436</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 55,318,904	\$ 2,562,542	\$ 797,243	\$ 58,678,689
Total expenditures	<u>\$ 55,318,904</u>	<u>\$ 2,562,542</u>	<u>\$ 797,243</u>	<u>\$ 58,678,689</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 243,846	\$ 24,901	\$ 268,747
Net change in fund balances	\$ -	\$ 243,846	\$ 24,901	\$ 268,747
Fund balances - beginning	200	194,971	100,578	295,749
Fund balances - ending	<u>\$ 200</u>	<u>\$ 438,817</u>	<u>\$ 125,479</u>	<u>\$ 564,496</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 \$ 268,747

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details are as follows:

Current year asset additions	733,430
Depreciation expense	(1,151,682)

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

Details supporting these changes are as follows:

Change in accrued compensated absences	35,784
Change in other post employment benefits	(470,394)

Transfer of joint tenancy assets from Component Unit to the Primary Government. 9,723,902

Change in net assets of governmental activities \$ 9,139,787



Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2011

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 165,000	\$ 165,000	\$ 124,426	\$ (40,574)
Miscellaneous	7,500	7,500	13,504	6,004
Recovered costs	480,000	480,000	301,907	(178,093)
Intergovernmental revenues:				
County contribution to School Board	13,929,725	13,929,725	13,667,773	(261,952)
Commonwealth	33,915,439	33,848,439	32,733,423	(1,115,016)
Federal	7,055,424	7,122,424	8,477,871	1,355,447
Total revenues	\$ 55,553,088	\$ 55,553,088	\$ 55,318,904	\$ (234,184)
EXPENDITURES				
Current:				
Education				
Instruction - regular	\$ 39,434,746	\$ 39,291,865	\$ 39,184,861	\$ 107,004
Instruction - Title 1	872,382	878,382	866,687	11,695
Administrative, attendance & health services	2,830,194	2,780,875	2,780,149	726
Pupil transportation	4,307,011	4,158,211	4,158,179	32
Operation and maintenance	5,709,428	5,364,328	5,364,106	222
Facilities	229,200	500,500	389,312	111,188
Technology	2,135,127	2,584,927	2,575,610	9,317
Contingencies	35,000	-	-	-
Total education	\$ 55,553,088	\$ 55,559,088	\$ 55,318,904	\$ 240,184
Total expenditures	\$ 55,553,088	\$ 55,559,088	\$ 55,318,904	\$ 240,184
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (6,000)	\$ -	\$ 6,000
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 6,000	\$ -	\$ (6,000)
Total other financing sources	\$ -	\$ 6,000	\$ -	\$ (6,000)
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, 2011

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 1,510,169	\$ 1,510,169	\$ 1,316,561	\$ (193,608)
Intergovernmental revenues:				
Commonwealth	33,000	33,000	46,347	13,347
Federal	1,140,667	1,140,667	1,443,480	302,813
Total revenues	<u>\$ 2,683,836</u>	<u>\$ 2,683,836</u>	<u>\$ 2,806,388</u>	<u>\$ 122,552</u>
EXPENDITURES				
Current:				
Education				
Instruction	\$ -	\$ -	\$ -	\$ -
School food services	<u>2,708,836</u>	<u>2,708,836</u>	<u>2,562,542</u>	<u>146,294</u>
Total expenditures	<u>\$ 2,708,836</u>	<u>\$ 2,708,836</u>	<u>\$ 2,562,542</u>	<u>\$ 146,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ 243,846</u>	<u>\$ 268,846</u>
Net change in fund balances	\$ (25,000)	\$ (25,000)	\$ 243,846	\$ 268,846
Fund balances - beginning	<u>25,000</u>	<u>25,000</u>	<u>194,971</u>	<u>169,971</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 438,817</u>	<u>\$ 438,817</u>

Adult Basic Education Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
Original	Final	Actual		
\$ 155,827	\$ 155,827	\$ 111,198	\$ (44,629)	
385,775	385,775	385,738	(37)	
367,198	367,198	325,208	(41,990)	
\$ 908,800	\$ 908,800	\$ 822,144	\$ (86,656)	
\$ 908,800	\$ 908,800	\$ 797,243	\$ 111,557	
-	-	-	-	
\$ 908,800	\$ 908,800	\$ 797,243	\$ 111,557	
\$ -	\$ -	\$ 24,901	\$ 24,901	
\$ -	\$ -	\$ 24,901	\$ 24,901	
		100,578	100,578	
\$ -	\$ -	\$ 125,479	\$ 125,479	

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

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<b>Governmental Activities</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Invested in Capital Assets, Net of Related Debt	\$ 3,855,253	\$ 8,740,448	\$ 6,218,165	\$ 6,898,198
Restricted	6,520,781	-	-	-
Unrestricted	<u>14,679,476</u>	<u>9,853,377</u>	<u>18,333,160</u>	<u>20,550,928</u>
Total Governmental Activities Net Assets	<u>\$ 25,055,510</u>	<u>\$ 18,593,825</u>	<u>\$ 24,551,325</u>	<u>\$ 27,449,126</u>

**Business-Type Activities**

Invested in Capital Assets, Net of Related Debt	\$ 12,294,252	\$ 12,311,417	\$ 16,239,992	\$ 16,190,499
Unrestricted	<u>(327,938)</u>	<u>472,596</u>	<u>712,013</u>	<u>1,393,528</u>
Total Business-Type Activities Net Assets	<u>\$ 11,966,314</u>	<u>\$ 12,784,013</u>	<u>\$ 16,952,005</u>	<u>\$ 17,584,027</u>

**Primary Government**

Invested in Capital Assets, Net of Related Debt	\$ 16,149,505	\$ 21,051,865	\$ 22,458,157	\$ 23,088,697
Restricted	6,520,781	-	-	-
Unrestricted	<u>14,351,538</u>	<u>10,325,973</u>	<u>19,045,173</u>	<u>21,944,456</u>
Total Primary Government Activities Net Assets	<u>\$ 37,021,824</u>	<u>\$ 31,377,838</u>	<u>\$ 41,503,330</u>	<u>\$ 45,033,153</u>

Table 1

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<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 9,834,937	\$ 29,592,060	\$ 13,316,464	\$ 20,600,365	\$ 29,428,539
-	-	-	-	704,609
<u>21,926,560</u>	<u>24,936,425</u>	<u>28,028,342</u>	<u>27,377,636</u>	<u>17,034,238</u>
<u><u>\$ 31,761,497</u></u>	<u><u>\$ 54,528,485</u></u>	<u><u>\$ 41,344,806</u></u>	<u><u>\$ 47,978,001</u></u>	<u><u>\$ 47,167,386</u></u>
\$ 15,399,163	\$ 15,953,939	\$ 15,914,863	\$ 15,801,892	\$ 16,652,732
<u>2,411,666</u>	<u>4,228,623</u>	<u>4,461,519</u>	<u>4,966,361</u>	<u>5,654,321</u>
<u><u>\$ 17,810,829</u></u>	<u><u>\$ 20,182,562</u></u>	<u><u>\$ 20,376,382</u></u>	<u><u>\$ 20,768,253</u></u>	<u><u>\$ 22,307,053</u></u>
\$ 25,234,100	\$ 45,545,999	\$ 29,231,327	\$ 36,402,257	\$ 46,081,271
-	-	-	-	704,609
<u>24,338,226</u>	<u>29,165,048</u>	<u>32,489,861</u>	<u>32,343,997</u>	<u>22,688,559</u>
<u><u>\$ 49,572,326</u></u>	<u><u>\$ 74,711,047</u></u>	<u><u>\$ 61,721,188</u></u>	<u><u>\$ 68,746,254</u></u>	<u><u>\$ 69,474,439</u></u>

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
Governmental Activities									
General Government Administration	\$ 3,100,066	\$ 3,665,344	\$ 3,356,184	\$ 3,646,174	\$ 3,945,059	\$ 4,524,653	\$ 4,912,326	\$ 4,466,221	\$ 4,578,412
Judicial Administration	1,751,972	1,724,752	1,559,938	1,664,985	1,914,889	2,018,229	2,268,022	2,241,269	2,118,018
Public Safety	6,917,643	7,691,212	8,219,961	9,282,848	10,024,872	11,333,146	12,941,920	12,554,537	12,527,189
Public Works	1,604,338	1,311,353	1,812,987	2,009,006	1,738,472	1,934,442	2,955,347	1,789,189	1,813,526
Health and Welfare	2,407,623	2,558,779	2,579,140	2,784,708	2,991,083	3,148,144	3,604,839	3,436,317	3,468,253
Education	9,459,216	18,345,959	10,315,023	15,458,698	13,963,513	16,531,372	27,698,650	14,895,354	24,520,498
Parks, Recreation, and Cultural	693,964	766,038	854,883	823,136	1,019,420	1,041,353	986,137	1,212,554	1,248,896
Community Development	1,095,467	852,970	851,895	1,573,969	1,909,449	1,860,965	7,577,851	980,382	772,579
Interest on Long-Term Debt	2,758,412	2,734,163	3,219,339	2,617,150	2,633,447	2,619,296	4,234,390	3,701,436	3,577,996
<b>Total Governmental Activities Expenses</b>	<b>\$ 29,788,701</b>	<b>\$ 39,650,570</b>	<b>\$ 32,769,350</b>	<b>\$ 39,860,674</b>	<b>\$ 40,140,204</b>	<b>\$ 45,011,600</b>	<b>\$ 67,179,482</b>	<b>\$ 45,277,259</b>	<b>\$ 54,625,367</b>
Business-Type Activities									
Public Utilities	\$ 3,341,108	\$ 3,377,125	\$ 3,659,594	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346	\$ 3,920,804	\$ 4,078,522	\$ 3,942,765
<b>Total Business-Type Activities Expenses</b>	<b>\$ 3,341,108</b>	<b>\$ 3,377,125</b>	<b>\$ 3,659,594</b>	<b>\$ 3,417,680</b>	<b>\$ 3,993,097</b>	<b>\$ 3,940,346</b>	<b>\$ 3,920,804</b>	<b>\$ 4,078,522</b>	<b>\$ 3,942,765</b>
<b>Total Primary Government Expenses</b>	<b>\$ 33,129,809</b>	<b>\$ 43,027,695</b>	<b>\$ 36,428,944</b>	<b>\$ 43,278,354</b>	<b>\$ 44,133,301</b>	<b>\$ 48,951,946</b>	<b>\$ 71,100,286</b>	<b>\$ 49,355,781</b>	<b>\$ 58,568,132</b>
<b>Program Revenues</b>									
Governmental Activities									
Charges for Services									
General Government Administration	\$ 126,658	\$ 137,996	\$ -	\$ 126,652	\$ 142,375	\$ -	\$ 312	\$ 4,455	\$ 186,865
Judicial Administration	451,949	388,051	507,318	378,717	423,874	475,295	477,248	572,973	677,370
Public Safety	27,814	438,845	554,902	1,207,031	1,156,680	1,386,124	869,831	894,482	764,177
Public Works	124,698	143,617	309,048	203,998	201,579	390,298	407,362	396,658	227,707
Parks, Recreation, and Cultural	38,639	62,682	59,377	113,637	92,558	112,023	119,881	130,764	136,609
Community Development	963	1,203	2,179	4,605	4,320	5,031	3,784	1,392	41,718
Operating Grants and Contributions	4,956,069	3,572,252	4,899,540	5,062,436	5,476,358	5,718,613	5,788,348	5,134,599	5,013,445
Capital Grants and Contributions	193,288	441,185	69,715	1,948,596	405,998	21,779,285	6,010,436	3,687,143	5,000,000
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 5,920,078</b>	<b>\$ 5,185,831</b>	<b>\$ 6,402,079</b>	<b>\$ 9,045,672</b>	<b>\$ 7,903,742</b>	<b>\$ 29,866,669</b>	<b>\$ 13,677,202</b>	<b>\$ 10,822,466</b>	<b>\$ 12,047,891</b>
Business-Type Activities									
Charges for Services									
Public Utilities	\$ 3,089,670	\$ 3,485,827	\$ 3,664,823	\$ 3,972,998	\$ 4,080,718	\$ 4,610,809	\$ 4,085,219	\$ 4,224,792	\$ 4,974,219
<b>Total Business-Type Activities Program Revenues</b>	<b>\$ 3,089,670</b>	<b>\$ 3,485,827</b>	<b>\$ 3,664,823</b>	<b>\$ 3,972,998</b>	<b>\$ 4,080,718</b>	<b>\$ 4,610,809</b>	<b>\$ 4,085,219</b>	<b>\$ 4,224,792</b>	<b>\$ 4,974,219</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 9,009,748</b>	<b>\$ 8,671,658</b>	<b>\$ 10,066,902</b>	<b>\$ 13,018,670</b>	<b>\$ 11,984,460</b>	<b>\$ 34,477,478</b>	<b>\$ 17,762,421</b>	<b>\$ 15,047,258</b>	<b>\$ 17,022,110</b>



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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Program Revenues: (Continued)</b>									
<b>Net (Expense)/ Revenue</b>									
Governmental Activities	\$ (23,868,623)	\$ (34,464,739)	\$ (26,367,271)	\$ (30,815,002)	\$ (32,236,462)	\$ (15,144,931)	\$ (53,502,280)	\$ (34,454,793)	\$ (42,577,475)
Business-Type Activities	(251,438)	108,702	5,229	555,318	87,621	670,463	164,415	146,270	1,031,454
<b>Total Primary Government Net Expense</b>	<b>\$ (24,120,061)</b>	<b>\$ (34,356,037)</b>	<b>\$ (26,362,042)</b>	<b>\$ (30,259,684)</b>	<b>\$ (32,148,841)</b>	<b>\$ (14,474,468)</b>	<b>\$ (53,337,865)</b>	<b>\$ (34,308,523)</b>	<b>\$ (41,546,021)</b>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities									
General Property Taxes	\$ 16,640,862	\$ 17,774,738	\$ 26,560,949	\$ 22,488,889	\$ 23,645,616	\$ 26,287,215	\$ 27,104,556	\$ 28,233,803	\$ 28,041,192
Other Local Taxes	5,049,032	4,746,306	5,544,585	6,175,296	6,626,221	7,395,231	8,818,359	8,563,138	8,120,610
Unrestricted Revenues from Use of Money and Property	499,634	348,833	614,725	974,010	1,958,759	1,647,038	1,145,446	512,337	268,838
Miscellaneous	154,243	306,013	222,188	151,132	459,721	266,954	128,819	146,753	1,098,511
Grants and contributions not restricted to specific programs	3,548,390	5,478,376	3,482,409	3,914,301	3,869,796	3,921,031	3,863,597	3,789,308	3,813,016
Gain on Disposal of Capital Assets	911,278	(4,651)	-	-	-	-	-	-	-
Transfers	-	(648,561)	(1,482,453)	9,175	(11,280)	(1,605,550)	(157,450)	(157,350)	424,693
Total Governmental Activities	\$ 26,803,439	\$ 28,001,054	\$ 34,942,403	\$ 33,712,803	\$ 36,548,833	\$ 37,911,919	\$ 40,903,327	\$ 41,087,989	\$ 41,766,860
Business-Type Activities									
Unrestricted Revenues from Use of Money and Property	\$ 23,540	\$ 34,458	\$ 31,067	\$ 59,529	\$ 88,648	\$ 60,985	\$ 46,607	\$ 54,196	\$ 51,735
Miscellaneous	64,616	25,978	31,611	26,350	39,252	34,735	30,935	34,055	30,918
Transfers	-	648,561	1,482,453	(9,175)	11,280	1,605,550	157,450	157,350	424,693
Total Business-Type Activities	\$ 88,156	\$ 708,997	\$ 1,545,131	\$ 76,704	\$ 139,180	\$ 1,701,270	\$ 234,992	\$ 245,601	\$ 507,346
<b>Total Primary Government</b>	<b>\$ 26,891,595</b>	<b>\$ 28,710,051</b>	<b>\$ 36,487,534</b>	<b>\$ 33,789,507</b>	<b>\$ 36,688,013</b>	<b>\$ 39,613,189</b>	<b>\$ 41,138,319</b>	<b>\$ 41,333,590</b>	<b>\$ 42,274,206</b>
<b>Change in Net Assets</b>									
Governmental Activities	\$ 2,934,816	\$ (6,463,685)	\$ 8,575,132	\$ 2,897,801	\$ 4,312,371	\$ 22,766,988	\$ (12,598,953)	\$ 6,633,196	\$ (810,615)
Business-Type Activities	(163,282)	817,699	1,550,360	632,022	226,801	2,371,733	399,407	391,871	1,538,800
<b>Total Primary Government Change in Net Assets</b>	<b>\$ 2,771,534</b>	<b>\$ (5,645,986)</b>	<b>\$ 10,125,492</b>	<b>\$ 3,529,823</b>	<b>\$ 4,539,172</b>	<b>\$ 25,138,721</b>	<b>\$ (12,199,546)</b>	<b>\$ 7,025,067</b>	<b>\$ 728,185</b>

# COUNTY OF PRINCE GEORGE, VIRGINIA

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

General Fund	2002	2003	2004	2005	2006
Reserved	\$ 524,371	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated for Revenue Maximization	-	-	136,089	110,593	93,393
Unreserved, Designated for Housing	-	-	-	-	146,488
Unreserved, Designated for Community Corrections	-	-	-	-	-
Unreserved	7,926,373	6,536,975	7,947,889	9,890,093	14,681,925
Restricted:					
Public safety	-	-	-	-	-
Assigned:					
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 8,450,744</u>	<u>\$ 6,536,975</u>	<u>\$ 8,083,978</u>	<u>\$ 10,000,686</u>	<u>\$ 14,921,806</u>
<b>All Other Governmental Funds</b>					
Reserved for capital projects	\$ -	\$ 6,520,781	\$ 8,674,019	\$ 8,592,971	\$ 6,042,481
Unreserved, reported in Debt Service Fund	-	-	-	36,204	-
Unreserved, reported in Special Revenue Funds	1,037,142	1,176,067	1,041,887	1,023,399	1,213,996
Unreserved, reported in Capital Projects Fund	-	8,464,529	2,085,349	-	-
Restricted:					
Education	-	-	-	-	-
Public Safety	-	-	-	-	-
General Government	-	-	-	-	-
Parks & Recreation	-	-	-	-	-
Fire & EMS Facility	-	-	-	-	-
Library	-	-	-	-	-
Public Works	-	-	-	-	-
Committed:					
Library	-	-	-	-	-
Crosspointe Center	-	-	-	-	-
Animal Shelter	-	-	-	-	-
Police Building	-	-	-	-	-
Enterprise Resource Software	-	-	-	-	-
Assigned:					
Other capital purposes	-	-	-	-	-
Special revenue	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 1,037,142</u>	<u>\$ 16,161,377</u>	<u>\$ 11,801,255</u>	<u>\$ 9,652,574</u>	<u>\$ 7,256,477</u>
<b>Total Governmental Funds</b>	<u>\$ 9,487,886</u>	<u>\$ 22,698,352</u>	<u>\$ 19,885,233</u>	<u>\$ 19,653,260</u>	<u>\$ 22,178,283</u>

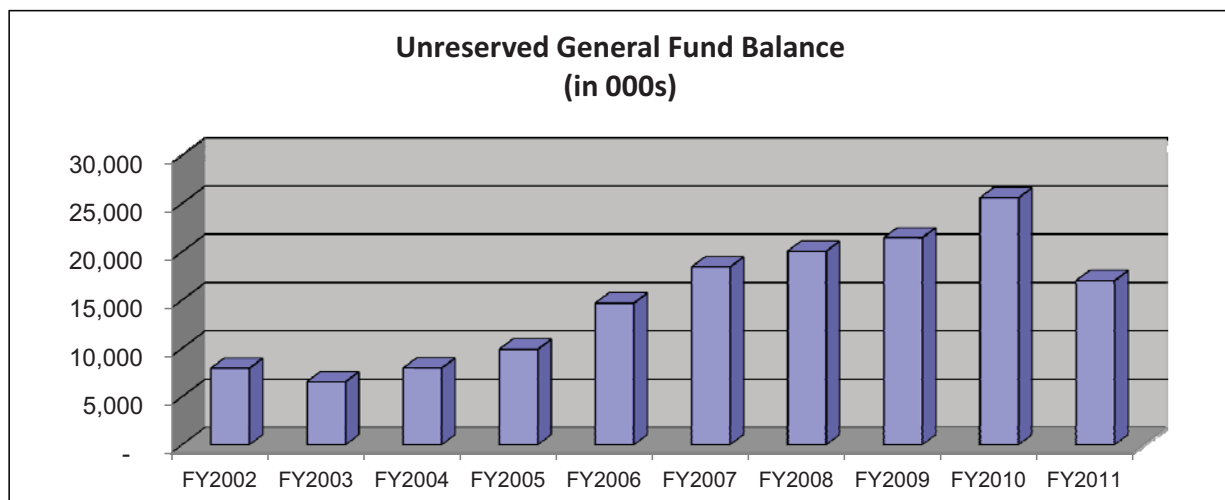


Table 3

2007	2008	2009	2010	2011
\$ -	\$ -	\$ -	\$ -	-
75,839	54,740	26,140	38,439	-
140,959	61,943	36,944	38,523	-
-	-	-	150,043	-
18,209,267	19,946,161	21,377,327	25,356,429	-
-	-	-	-	136,047
-	-	-	-	35,021
-	-	-	-	8,932
-	-	-	-	16,835,504
<u>\$ 18,426,065</u>	<u>\$ 20,062,844</u>	<u>\$ 21,440,411</u>	<u>\$ 25,583,434</u>	<u>\$ 17,015,504</u>
\$ 4,040,010	\$ 39,377,808	\$ 29,338,168	\$ 20,288,574	\$ 11,124,779
-	-	-	-	-
942,658	1,939,520	1,587,521	748,326	915,769
-	-	-	-	-
-	-	-	-	5,273
-	-	-	-	72,573
-	-	-	-	265,815
-	-	-	-	56,792
-	-	-	-	194,449
-	-	-	-	49,706
-	-	-	-	60,000
-	-	-	-	264,573
-	-	-	-	1,051,238
-	-	-	-	2,204,096
-	-	-	-	65,568
-	-	-	-	890,000
-	-	-	-	5,944,695
-	-	-	-	915,769
<u>\$ 4,982,668</u>	<u>\$ 41,317,328</u>	<u>\$ 30,925,689</u>	<u>\$ 21,036,900</u>	<u>\$ 24,081,096</u>
<u>\$ 23,408,733</u>	<u>\$ 61,380,172</u>	<u>\$ 52,366,100</u>	<u>\$ 46,620,334</u>	<u>\$ 41,096,600</u>

# COUNTY OF PRINCE GEORGE, VIRGINIA

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

## Revenues

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

## Expenditures

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

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

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

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

<b>Net Change in Fund Balances</b>	<b>\$ 5,447,497</b>	<b>\$ (2,813,120)</b>	<b>\$ (231,973)</b>	<b>\$ 2,525,024</b>	<b>\$ 1,230,450</b>
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Debt Service as a Percentage of Noncapital Expenditures	25.6%	24.9%	26.3%	15.6%	16.0%
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Data for years prior to 2002 is not available at publication

Table 4

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	25,959,745	\$ 26,778,786	\$ 28,033,301	\$ 27,774,462
	7,395,231	8,818,359	8,563,138	8,969,995
	1,032,075	396,316	453,302	360,836
	336,579	340,961	411,747	550,593
	1,647,038	1,145,446	512,337	268,838
	1,000,117	1,141,141	1,135,675	1,123,017
	266,954	128,818	146,754	1,098,511
	502,252	418,352	321,467	691,048
	-	-	-	-
	12,321,427	14,590,546	11,597,678	12,895,099
	1,095,736	1,071,835	1,013,370	931,361
\$	<u>51,557,154</u>	<u>54,830,560</u>	<u>52,188,769</u>	<u>54,663,760</u>
\$	4,264,176	\$ 4,660,952	\$ 4,254,648	\$ 4,375,716
	1,911,988	2,089,073	2,103,408	2,045,372
	10,285,574	11,076,575	11,250,451	11,790,734
	1,876,896	1,812,627	1,804,265	1,891,639
	3,122,249	3,512,350	3,379,645	3,464,941
	9,811,924	12,690,392	11,926,355	13,694,270
	980,438	1,097,109	1,100,437	1,077,696
	1,942,574	1,239,599	894,021	928,536
	11,237,307	18,022,853	7,122,731	8,719,257
	3,942,622	8,978,291	15,564,571	19,855,149
	2,673,379	3,807,361	3,826,653	3,960,041
\$	<u>52,049,127</u>	<u>68,987,182</u>	<u>63,227,185</u>	<u>71,803,351</u>
\$	<u>(491,973)</u>	<u>(14,156,622)</u>	<u>(11,038,416)</u>	<u>(17,139,591)</u>
\$	9,821,871	\$ 8,167,466	\$ 17,860,254	\$ 30,028,510
	(11,427,421)	(8,324,916)	(18,017,604)	(30,453,203)
	39,900,000	5,300,000	5,450,000	-
	168,962	-	-	-
	-	-	-	-
	-	-	-	-
\$	<u>38,463,412</u>	<u>5,142,550</u>	<u>5,292,650</u>	<u>(424,693)</u>
\$	<u>37,971,439</u>	<u>(9,014,072)</u>	<u>(5,745,766)</u>	<u>(17,564,282)</u>

14.4%

25.1%

34.5%

37.9%

## COUNTY OF PRINCE GEORGE, VIRGINIA

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

### Source

	2002	2003	2004	2005
Real Property Taxes	\$ 11,859,858	\$ 12,227,413	\$ 13,026,414	\$ 20,780,707
Real & Personal Public Service Corporation Taxes	610,025	633,216	681,882	995,625
Personal Property Taxes	3,825,026	3,495,273	3,534,437	3,839,232
Machinery & Tools Taxes	58,356	275,974	281,212	274,589
Penalties & Interest	165,442	150,991	168,416	193,413
<b>Total, General Property Taxes</b>	<b>\$ 16,518,707</b>	<b>\$ 16,782,867</b>	<b>\$ 17,692,361</b>	<b>\$ 26,083,566</b>
Local Sales and Use Taxes	\$ 1,130,684	\$ 999,578	\$ 1,110,034	\$ 1,091,419
Consumer Utility Taxes	1,001,222	1,049,842	988,608	1,462,710
Cable Franchise Taxes	62,906	59,410	51,490	50,642
Business License	463,475	542,613	603,667	631,522
Motor Vehicle Licenses	508,520	525,366	543,514	681,175
Bank Stock Taxes	63,500	63,108	66,236	79,135
Recordation Taxes	144,695	162,998	213,753	388,976
Rental Tax	6,292	5,330	4,844	3,808
Transient Occupancy Taxes	213,791	181,855	172,729	195,738
Communication taxes	-	-	-	-
Taxicab licenses	5,470	1,850	-	1,650
E911 Taxes	423,729	456,649	469,151	452,893
Meals Taxes	541,377	504,334	522,280	504,917
<b>Total, Other Local Taxes</b>	<b>\$ 4,565,661</b>	<b>\$ 4,552,933</b>	<b>\$ 4,746,306</b>	<b>\$ 5,544,585</b>
<b>Total General Governmental Tax Revenues</b>	<b>\$ 21,084,368</b>	<b>\$ 21,335,800</b>	<b>\$ 22,438,667</b>	<b>\$ 31,628,151</b>

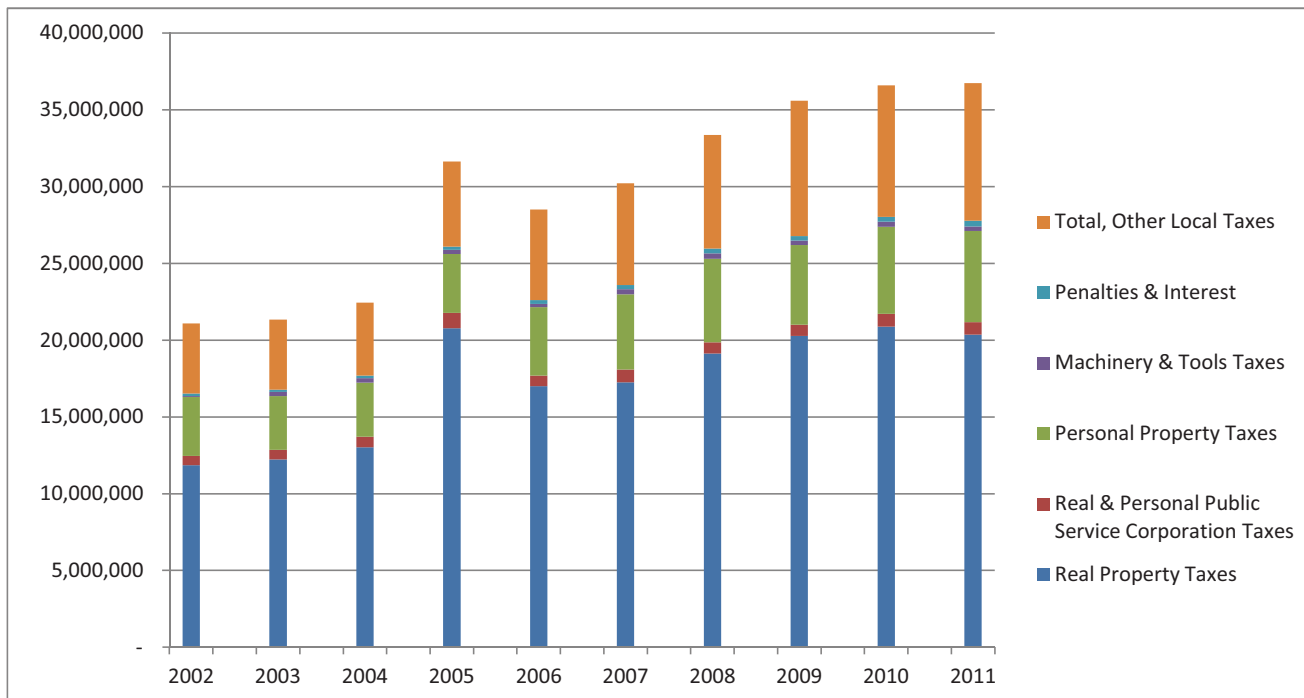


Table 5

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	17,010,527	\$ 17,250,136	\$ 19,130,413	\$ 20,266,075	\$ 20,882,673	\$ 20,353,123
	676,261	838,405	727,245	741,904	833,742	828,069
	4,460,413	4,895,952	5,449,410	5,186,845	5,666,494	5,933,062
	211,649	337,676	335,969	297,517	336,920	295,092
	<u>258,477</u>	<u>275,584</u>	<u>316,708</u>	<u>286,445</u>	<u>313,472</u>	<u>365,116</u>
\$	<u>22,617,327</u>	<u>\$ 23,597,753</u>	<u>\$ 25,959,745</u>	<u>\$ 26,778,786</u>	<u>\$ 28,033,301</u>	<u>\$ 27,774,462</u>
\$	1,141,290	\$ 1,333,959	\$ 1,427,664	\$ 1,837,964	\$ 1,768,721	\$ 1,932,433
	1,534,247	1,299,391	778,530	798,962	797,218	807,714
	43,103	56,974	1,915	(1,909)	7	-
	674,259	733,948	998,688	2,275,872	2,178,533	2,218,648
	708,033	728,165	800,986	823,067	811,012	825,154
	84,743	84,412	80,301	81,240	83,585	94,432
	524,378	487,000	542,669	282,594	252,785	239,477
	3,531	3,404	2,385	2,388	1,578	-
	200,358	555,486	602,451	513,651	516,806	454,216
	-	522,138	1,474,445	1,358,465	1,314,801	1,348,145
	1,900	-	-	-	-	-
	468,144	222,863	54,401	122,397	139,805	132,106
	<u>513,273</u>	<u>598,481</u>	<u>630,796</u>	<u>723,668</u>	<u>698,287</u>	<u>917,671</u>
\$	<u>5,897,259</u>	<u>\$ 6,626,221</u>	<u>\$ 7,395,231</u>	<u>\$ 8,818,359</u>	<u>\$ 8,563,138</u>	<u>\$ 8,969,995</u>
<b>\$</b>	<b><u>28,514,586</u></b>	<b><u>\$ 30,223,974</u></b>	<b><u>\$ 33,354,976</u></b>	<b><u>\$ 35,597,145</u></b>	<b><u>\$ 36,596,439</u></b>	<b><u>\$ 36,744,457</u></b>

## 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
2002	\$ 1,079,245,691	\$ 158,456,786	\$ 1,237,702,477	\$ 167,960,641	\$ 21,159,378	\$ 10,470,209
2003	1,130,897,654	156,769,459	1,287,667,113	172,692,969	18,149,925	10,122,843
2004	1,265,149,140	167,859,400	1,433,008,540	172,558,951	15,217,236	9,714,944
2005*	2,022,653,496	303,609,911	2,326,263,407	194,513,246	18,389,743	9,600,239
2006	1,566,773,203	250,402,650	1,817,175,853	198,735,156	20,174,643	10,143,919
2007	1,812,825,997	284,491,563	2,097,317,560	214,481,355	22,479,110	10,112,446
2008	2,065,799,353	335,401,908	2,401,201,261	229,808,695	22,377,197	10,172,937
2009	2,199,209,735	379,328,355	2,578,538,090	219,663,799	19,980,100	10,457,422
2010	2,227,563,595	385,081,597	2,612,645,192	234,885,176	22,355,354	10,426,530
2011	2,110,613,700	385,087,400	2,495,701,100	241,130,391	22,779,215	10,743,368

**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.

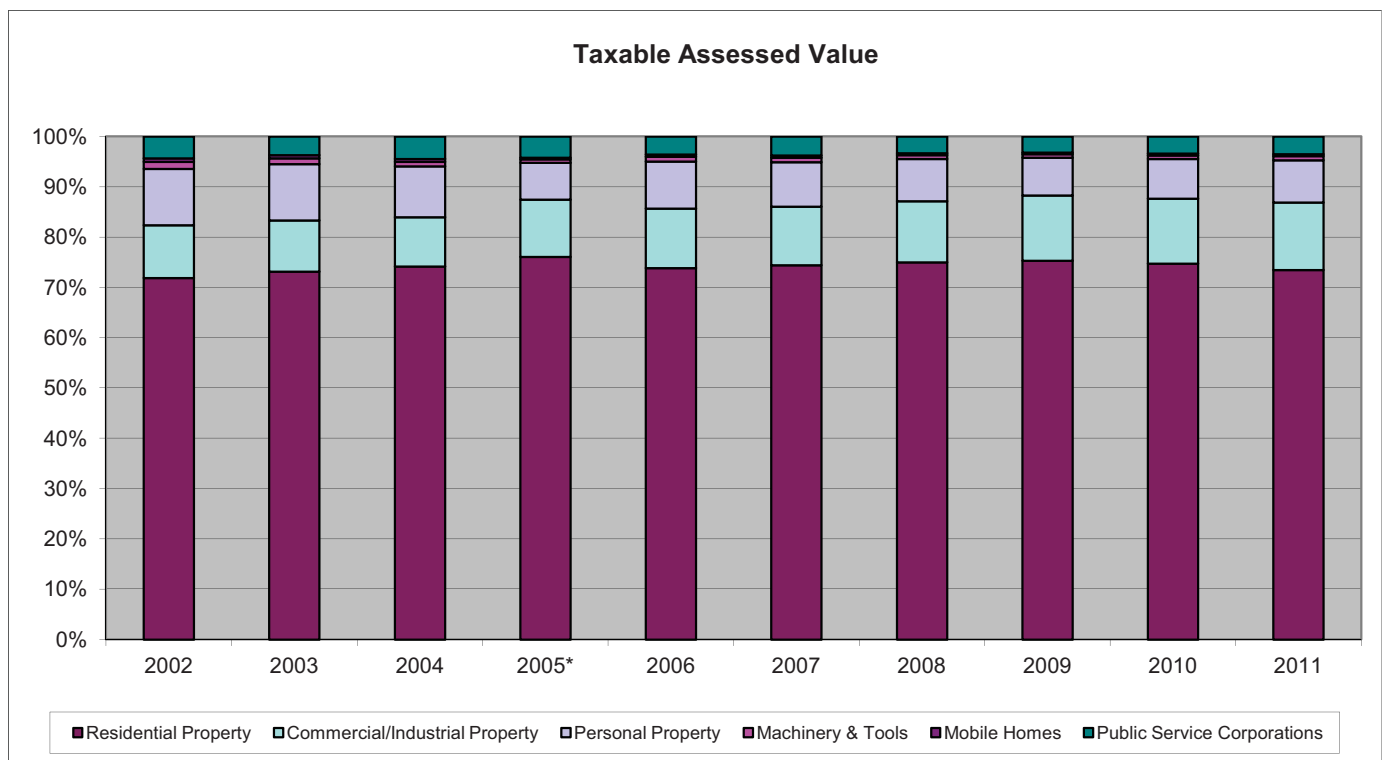




Table 6

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<b>Public Service Corporations</b>	<b>Total Taxable Assessed Value</b>	<b>Real Estate Direct Tax Rate</b>	<b>Personal Property Direct Tax Rate</b>
\$ 64,463,316	\$ 1,501,756,021	0.95	4.00
56,511,816	1,545,144,666	0.95	4.00
75,682,416	1,706,182,087	0.90	4.00
110,551,010	2,659,317,645	0.90	4.00
74,958,876	2,121,188,447	0.88	4.00
91,330,546	2,435,721,017	0.80	4.00
90,463,693	2,754,023,783	0.80	4.00
91,883,661	2,920,523,072	0.80	4.00
100,234,074	2,980,546,326	0.80	4.00
100,859,694	2,871,213,768	0.80	4.00

Principal Property Taxpayers  
Current Year and Nine Years Prior

Taxpayer	2011			2002		
	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation
Farrish Properties LLC	\$ 66,677,400	1	2.24%	\$ N/A	N/A	N/A
Save Rite Inc (Food Lion)	45,929,550	2	1.54%	40,757,755	1	3.01%
Rolls-Royce Crosspointe LLC	42,762,951	3	1.43%	N/A	N/A	N/A
Ace Hardware Corp	31,618,680	4	1.06%	32,220,913	2	2.38%
Crossings Holdings LLC	18,032,818	5	0.61%	N/A	N/A	N/A
Crossings Center LLP	13,983,782	6	0.47%	11,202,300	5	0.83%
Jefferson Pointe	13,311,144	7	0.45%	7,356,300	7	0.54%
Lowe's Home Centers, Inc	11,607,916	8	0.39%	N/A	N/A	N/A
Standard Motor Products	10,831,061	9	0.36%	9,133,500	6	0.68%
Noland Properties	8,278,805	10	0.28%	N/A	N/A	N/A
Perdue Farms, Inc	6,525,691	N/A	N/A	15,609,545	3	1.15%
Wachovia Bank NA	N/A	N/A	N/A	12,056,400	4	0.89%
BL Associates LLC	N/A	N/A	N/A	5,121,800	10	0.38%
Bailey's Ridge Apartments, LLC	N/A	N/A	N/A	4,817,800	9	0.36%
Robert Daniel, Jr.	N/A	N/A	N/A	6,223,353	8	0.46%

(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, 2011	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 11,846,122	\$ 11,624,049	98.13%	\$ 222,073	\$ 11,846,122	100.00%
2003	12,239,412	12,037,498	98.35%	201,228	12,238,726	99.99%
2004	12,961,734	12,758,457	98.43%	203,169	12,961,626	100.00%
2005	21,152,525	20,378,260	96.34%	774,148	21,152,408	100.00%
2006	17,171,765	15,033,320	87.55%	1,143,902	16,177,222	94.21%
2007	18,635,631	16,471,448	88.39%	1,266,159	17,737,607	95.18%
2008	20,474,647	19,006,888	92.83%	272,044	19,278,932	94.16%
2009	21,139,550	19,930,582	94.28%	218,620	20,149,202	95.32%
2010	20,893,527	20,385,261	97.57%	-	20,385,261	97.57%
2011	20,463,446	19,591,946	95.74%	-	19,591,946	95.74%

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, 2011	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 7,016,817	\$ 6,480,915	92.36%	\$ 503,117	\$ 6,984,033	99.53%
2003	7,183,025	6,967,291	97.00%	123,149	7,090,441	98.71%
2004	7,366,421	7,047,727	95.67%	197,372	7,245,100	98.35%
2005	7,347,937	6,842,836	93.13%	450,395	7,293,232	99.26%
2006	8,522,877	8,224,086	96.49%	270,678	8,494,764	99.67%
2007	5,369,199	4,947,253	92.14%	355,353	5,302,607	98.76%
2008	6,053,157	5,394,924	89.13%	12,705	5,407,629	89.34%
2009	5,225,646	5,033,733	96.33%	37,561	5,071,294	97.05%
2010	6,142,759	5,628,933	91.64%	-	5,628,933	91.64%
2011	6,023,216	5,430,303	90.16%	-	5,430,303	90.16%

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 Eight Fiscal Years

Fiscal Year	Governmental Activities					Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds/ Notes			Virginia Public School Authority Bonds		General Obligation Bonds/ Notes			
	Supported by General Taxes	Supported by Dedicated Revenue	Capital Leases	Literary Fund Loans					
2004	\$ 35,443,854	\$ 3,627,110	\$ 103,631	\$ 28,166,377	\$ 1,265,000	\$ 4,969,709	\$ 73,575,681	8.61%	2,144
2005	31,070,921	3,051,176	-	26,810,532	1,150,000	3,247,367	65,329,996	7.15%	1,780
2006	21,394,890	5,268,155	-	33,167,371	1,035,000	2,859,729	63,725,145	6.97%	1,737
2007	20,653,290	4,462,341	-	31,415,317	920,000	4,358,110	61,809,058	5.85%	1,684
2008	19,381,827	25,191,677	-	48,029,824	805,000	3,811,281	97,219,609	8.85%	2,653
2009	23,047,444	20,147,295	-	45,845,295	690,000	3,432,383	93,162,417	8.24%	2,470
2010	24,834,067	8,962,205	-	43,615,789	575,000	3,082,734	81,069,795	7.17%	2,112
2011	26,350,327	-	-	32,949,987	460,000	1,684,048	61,444,362	5.43%	1,720

(1) Reference table 12

Ratios of General Bonded Debt by Type  
Last Eight Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Percentage of Estimated Actual Value of Property	Per Capita
	General Obligation	Capital Leases	Virginia Public School Authority Bonds	Literary Fund Loans	Total		
2004	\$ 39,070,964	\$ 103,631	\$ 28,166,377	\$ 1,265,000	\$ 68,605,972	\$ 4.02%	\$ 1,999
2005	34,122,097	-	26,810,532	1,150,000	62,082,629	2.33%	1,692
2006	26,663,045	-	33,167,371	1,035,000	60,865,416	2.87%	1,659
2007	25,115,631	-	31,415,317	920,000	57,450,948	2.36%	1,574
2008	44,573,504	-	48,029,824	805,000	93,408,328	3.39%	2,546
2009	43,194,739	-	45,845,295	690,000	89,730,034	3.07%	2,379
2010	33,796,272	-	43,615,789	575,000	77,987,061	2.62%	2,031
2011	26,350,327	-	32,949,987	460,000	59,760,314	2.08%	1,673

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 Eight Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Net Assessed Value (real property)</b>	\$ 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>
<b>Legal Debt Margin</b>	<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%

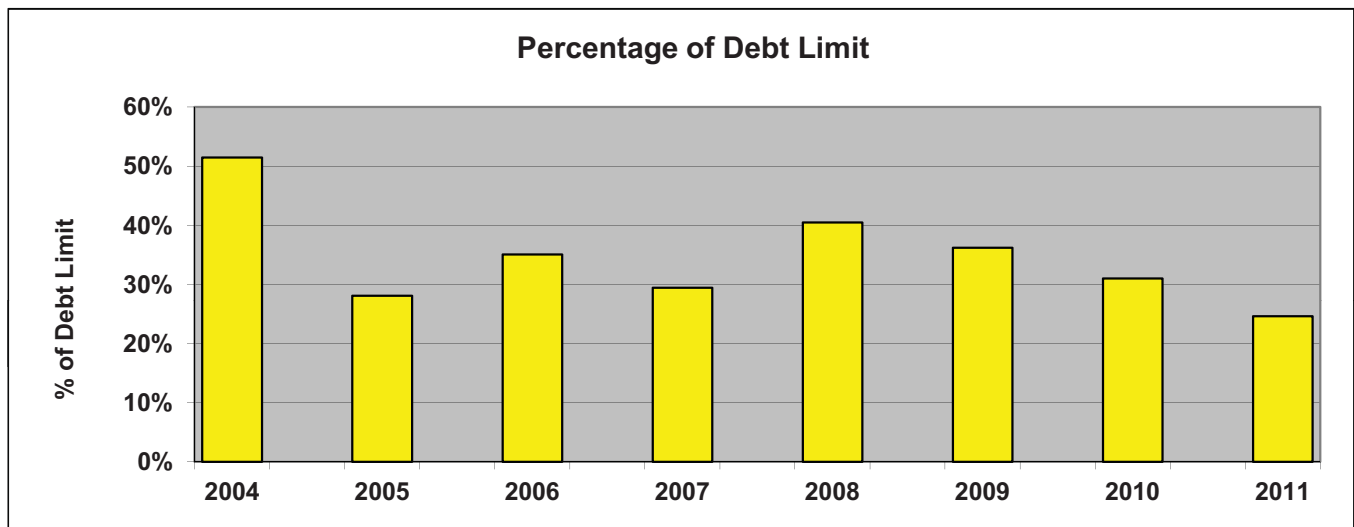


Table 11

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 2,097,317,560	\$ 2,401,201,261	\$ 2,578,538,090	\$ 2,612,645,192	\$ 2,495,701,100
209,731,756	240,120,126	257,853,809	261,264,519	249,570,110
<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><u>147,922,698</u></u>	\$ <u><u>142,900,517</u></u>	\$ <u><u>164,548,250</u></u>	\$ <u><u>180,194,724</u></u>	\$ <u><u>188,125,748</u></u>
29.5%	40.5%	36.2%	31.0%	24.6%

Demographic and Economic Statistics  
Last Ten Years

Year	Population	Student Enrollment	Per Capita Personal Income	Median Household Income	Median Age	Average Unemployment Rate	Educational Attainment: Bachelor's Degree or Higher
2001	33,882 (a)	5,839 (d)	22,879 (f)	49,877 (b)	32.1 (b)	3.5% (e)	19.4% (a)
2002	33,985 (a)	5,961 (d)	23,172 (f)	49,877 (b)	32.1 (b)	3.8% (e)	19.4% (a)
2003	34,262 (a)	6,089 (d)	23,602 (f)	49,877 (b)	32.1 (b)	4.2% (e)	19.4% (a)
2004	34,313 (a)	6,162 (d)	24,906 (f)	50,649 (f)	32.1 (b)	3.6% (e)	19.4% (a)
2005	36,694 (a)	6,039 (d)	25,712 (f)	55,476 (f)	32.1 (b)	3.8% (e)	19.4% (a)
2006	36,694 (a)	6,193 (d)	28,778 (h)	57,883 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2007	36,647 (g)	6,297 (d)	29,986 (h)	59,780 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2008	37,723 (g)	6,305 (d)	N/A	62,570 (j)	32.1 (b)	4.3% (e)	14.0% (e)
2009	38,393 (g)	6,158 (d)	25,869 (i)	67,985 (i)	32.1 (b)	7.0% (j)	19.4% (i)
2010	35,725 (i)	6,357	25,712 (i)	59,349 (j)	37.3 (i)	7.3% (j)	18.4% (i)

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

(b) 2000 Federal Census

(c) 1990 Federal Census

(d) September Enrollment

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

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

(g) Weldon Cooper Center

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

(i) US Census Bureau

(j) USDA Economic Research Service

N/A - Not Available



Principal Employers  
Current Year and Nine Years Ago

Employer	2010			2001		
	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+	7.7%	1
County of Prince George	1000+	7.1%	2	1000+	7.7%	3
Food Lion	500-999	3.6%	3	500-999	5.8%	4
U.S. Department of Justice	500-999	5.3%	4	500-999	2.9%	5
U.S. Army Non-Appropriated Funds Division	250-499	2.7%	5	250-499	2.9%	7
Standard Motor Products	250-499	2.7%	6	100-249	2.9%	10
Riverside Regional Jail	250-499	2.7%	7	N/A	N/A	N/A
Perdue Products	100-249	2.7%	8	250-499	2.9%	6
U.S. Department of Army and Air Force	250-499	2.7%	9	250-499	2.9%	8
Ace Hardware Corporation	100-249	1.4%	10	250-499	2.9%	9
Manpower International	N/A	N/A	N/A	500-999	5.8%	2
The Pro Source Group	N/A	N/A	N/A	N/A	N/A	
Alrod Inc	N/A	N/A	N/A	N/A	N/A	
Total Employment	14,059			13,033		

**Source:** Virginia Employment Commission

County Government Employees  
Last Seven Fiscal Years

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

Source - Human Resources

Data for years prior to 2005 are not available

Operating Indicators by Function/ Program  
Last Seven Fiscal Years

	2005	2006	2007	2008	2009	2010	2011
General Government Administration							
Real Property Parcels	12,705	12,961	13,272	13,362	13,568	13,597	13,612
Public Safety							
Physical Arrests	577	561	523	577	573	528	553
Traffic Violations	5,796	5,127	5,243	5,355	7,018	7,842	7,309
Police Stations	1	1	1	1	1	1	1
Police Personnel and Officers	54	54	56	57	56	56	56
Fire Protection							
EMS Service Calls	2,140	2,055	2,297	2,500	2,417	2,374	2,527
Fire Service Calls	973	1,097	1,117	1,249	1,205	1,060	1,432
Fire Stations	6	6	6	6	6	6	6
EMS Stations	1	1	1	1	1	1	1
Volunteer Fire and EMS Personnel	250	275	290	350	438	314	272
Professional Paramedic/Firefighter	5	7	7	9	9	6	6
Building Official							
Single Family Resid. Building Permits	245	216	249	172	121	68	53
Commercial Building Permits	54	65	163	98	115	37	62
Public Works							
Miles of Water Line	62.2	68.5	71.4	72.2	72.2	74.5	74.5
Miles of Sewer Line	87.8	92.6	93.9	93.9	93.9	95.1	95.8
Utilities Customers	3,776	3,901	3,969	4,170	4,170	4,228	4,261
Health and Welfare							
Request for Services (Social Services)	426	466	536	622	638	715	749
Food Stamp Applications	N/A	630	576	525	897	903	1,013
Parks, Recreation & Cultural							
Youth League Participants	1,750	2,112	2,072	2,100	2,286	2,481	2,405
Community Development							
Employment	13,767	13,986	15,441	14,648	14,044 (a)	13,853 (a)	14,207
Component Unit - School Board							
Students Enrolled	6,162	6,059	6,062	6,189	6,305	6,158	6,357

Source - Various County Departments

Data for years prior to 2005 are not available

(a) Virginia Employment Commission

Capital Asset Statistics by Function  
Last Seven Fiscal Years

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

Source: Individual County Departments

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia as of and for the year ended June 30, 2011, which collectively comprise the County of Prince George, Virginia's basic financial statements and have issued our report thereon dated September 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*; issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County of Prince George, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the County of Prince George, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Prince George, Virginia's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Prince George, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County of Prince George, Virginia, in a separate letter dated September 30, 2011.

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
September 30, 2011

# ROBINSON, FARMER, COX ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### **Compliance**

We have audited the County of Prince George, Virginia's Compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The County of Prince George, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Prince George, Virginia's management. Our responsibility is to express an opinion on the County of Prince George, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Prince George, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County of Prince George, Virginia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## **Internal Control Over Compliance**

The management of the County of Prince George, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Prince George, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
September 30, 2011



COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title (Pass - Through Grantor's Number)	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	\$ 9,770
Temporary Assistance for Needy Families (TANF)	93.558	0400111	153,097
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	331
Low-Income Home Energy Assistance	93.568	0600411	11,882
CCDF Cluster:			
Child Care and Development Block Grant	93.575	0770110	44,955
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	46,095
ARRA - Child Care and Development Block Grant	93.713	0740109 / 0780109	2,110
Child Welfare Services - State Grants	93.645	0900111	822
Foster Care - Title IV-E	93.658	1100111	\$ 98,419
ARRA - Foster Care - Title IV-E	93.658	1100111	1,381
Adoption Assistance	93.659	1120111	\$ 31,004
ARRA - Adoption Assistance	93.659	1120111	1,703
Social Services Block Grant	93.667	1000111	95,475
Chafee Foster Care Independence Program	93.674	9150111	1,148
Children's Health Insurance Program (CHIP)	93.767	0540111	5,123
Medical Assistance Program	93.778	1200111	105,269
Total Department of Health and Human Services			\$ 608,584
U. S. Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	7750100-52740 / 7750100-52749	\$ 35,064
State Homeland Security Program (SHSP)	97.073	7750100-52709	17,000
Total U. S. Department of Homeland Security			\$ 52,064
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
National school breakfast program	10.553	405910	\$ 300,540
Department of Agriculture:			
Food distribution	10.555	N/A	\$ 201,385
Department of Education:			
National School lunch program	10.555	406230	941,555 1,142,940
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040111	\$ 171,501
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040111	11,283 182,784
Total Department of Agriculture			\$ 1,626,264
Department of the Interior:			
Direct payments:			
Bureau of Land Management:			
Payments in Lieu of Taxes	15.226	N/A	\$ 28,243
Total Department of the Interior			\$ 28,243

**COUNTY OF PRINCE GEORGE, VIRGINIA**

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2011

<b>Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title (Pass - Through Grantor's Number)</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	N/A	\$ <u>37,043</u>
Total Department of Justice			\$ <u>37,043</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	6050700-50209	\$ 14,761
Alcohol Open Container Requirements	20.607	6050700-51129	<u>7,882</u>
Total Department of Transportation			\$ <u>22,643</u>
Department of Education:			
Direct Payments:			
Impact Aid	84.041	N/A	\$ 3,939,350
Pass Through Payments:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	428010 / 611110	325,208
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	429010	695,486
ARRA - Title I Grants to Local Educational Agencies	84.389	429130	172,362
Title I State Agency Program for Neglected and Delinquent Children	84.013	429480	55,029
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	430710	1,106,685
ARRA - Special Education - Grants to States	84.391	612450	697,132
Special Education - Preschool Grants	84.173	625210	57,845
ARRA - Special Education - Preschool Grants	84.392	612470	46,000
Career and Technical Education - Basic Grants to States	84.048	610950	78,466
Safe and Drug-Free Schools and Communities - State Grants	84.186	605110	7,041
Improving Teacher Quality State Grants	84.367	614800	171,468
ARRA - Education Technology State Grants	84.386	608970	12,669
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	625320 / 62532A / 62532B	<u>1,017,634</u>
Total Department of Education			\$ <u>8,382,375</u>
Department of Defense:			
Direct Payments:			
Junior ROTC Program	12.000	N/A	\$ 97,238
Support for K-12 Student Achievement at Military Connected Schools	12.030	N/A	<u>323,466</u>
Total Department of Defense			\$ <u>420,704</u>
Total Federal Expenditures of Federal Awards			\$ <u><u>11,177,920</u></u>

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, 2011

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#### 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, 2010 . The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* . Because the Schedule presents only a selected portion of operations of the County of Prince George, Virginia, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County of Prince George, Virginia.

#### Note 2 - 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 - 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

\$ 931,361

Total primary government

\$ 931,361

Component Unit Public Schools

\$ 10,246,559

Total component units

\$ 10,246,559

Total federal expenditures per basic financial  
statements

\$ 11,177,920

Total federal expenditures per the Schedule of Expenditures  
of Federal Awards

\$ 11,177,920

## COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

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

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.002	Adult Education
84.010 / 84.389	Title I Part A Cluster
84.027 / 84.173 / 84.391 / 84.392	Special Education Cluster (IDEA)
84.041	Impact Aid
84.394	ARRA - State Fiscal Stabilization Fund Education State Grants
93.575 / 93.596 / 93.713	CCDF Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$ 335,338

Auditee qualified as low-risk auditee? Yes

### Section II - Financial Statement Findings

There are no financial statement findings to report.

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

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

### Section IV - Financial Statement Findings - Prior Year

There are no financial statement findings from the prior year.