

COUNTY OF
PRINCE GEORGE, VIRGINIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014

Prepared By:

Prince George County Finance Department

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Title Page	i
Table of Contents	iii-vi
Principal Officials	vii
Organizational Chart	ix
Certificate of Achievement	xi
Letter of Transmittal	xiii-xvi
 FINANCIAL SECTION	
Independent Auditors' Report	1-3
Management's Discussion and Analysis	5-11
 <u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	17
Exhibit 2 Statement of Activities	18-19
 Fund Financial Statements:	
Exhibit 3 Balance Sheet–Governmental Funds	23
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	24
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	25
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Exhibit 7 Statement of Net Position–Proprietary Funds	27
Exhibit 8 Statement of Revenues, Expenses and Changes in Net Position–Proprietary Funds	28

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
FINANCIAL SECTION: (CONTINUED)	
<u>Basic Financial Statements: (Continued)</u>	
Fund Financial Statements: (Continued)	
Exhibit 9	Statement of Cash Flows—Proprietary Funds 29
Exhibit 10	Statement of Net Position—Fiduciary Funds 30
Exhibit 11	Statement of Changes in Fiduciary Net Position—Pension Trust Fund 31
Notes to Financial Statements	33-73
<u>Required Supplementary Information:</u>	
Exhibit 12	Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund 77-80
Exhibit 13	Schedule of Pension and OPEB Funding Progress 81
Exhibit 14	Schedule of Changes in Net Pension Liability and Related Ratios—Pension Trust Fund 82
Exhibit 15	Schedule of Employer Contributions (GASB 67) 83
<u>Other Supplementary Information:</u>	
Exhibit 16	Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—County Capital Projects Fund 86
Exhibit 17	Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—County Debt Service Fund 87
Exhibit 18	Combining Balance Sheet—Nonmajor Governmental Funds 88
Exhibit 19	Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds 89
Exhibit 20	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Governmental Funds 90-91

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
FINANCIAL SECTION: (CONTINUED)	
<u>Other Supplementary Information: (Continued)</u>	
Exhibit 21 Combining Balance Sheet—Agency Funds	92
Exhibit 22 Statement of Changes in Assets and Liabilities—Agency Funds	93
Discretely Presented Component Unit—School Board:	
Exhibit 23 Combining Balance Sheet	97
Exhibit 24 Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	98
Exhibit 25 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—School Operating Fund	99
Exhibit 26 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds	100-101
STATISTICAL SECTION:	
<u>Statistical Tables:</u>	
Table 1 Net Position by Component	104-105
Table 2 Changes in Net Position	106-107
Table 3 Fund Balance Governmental Funds	108-109
Table 4 Changes in Fund Balances—Governmental Funds	110-111
Table 5 General Governmental Tax Revenues by Source	112-113
Table 6 Assessed Value and Actual Value of Taxable Property and Tax Rates	114-115
Table 7 Principal Property Taxpayers	116
Table 8 Property Tax Levies and Collections	117

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
STATISTICAL SECTION: (CONTINUED)	
<u>Statistical Tables: (Continued)</u>	
Table 9 Ratios of Outstanding Debt by Type	118
Table 10 Ratios of General Bonded Debt by Type	119
Table 11 Computation of Legal Debt Margin	120-121
Table 12 Demographic and Economic Statistics	122
Table 13 Principal Employers	123
Table 14 County Government Employees	124
Table 15 Operating Indicators by Function/Program	125
Table 16 Capital Asset Statistics	126
 COMPLIANCE SECTION:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	127-128
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	129-130
Schedule of Expenditures of Federal Awards	131-132
Notes to Schedule of Expenditures of Federal Awards	133
Schedule of Findings and Questioned Costs	134

COUNTY OF PRINCE GEORGE, VIRGINIA

PRINCIPAL OFFICIALS ON JUNE 30, 2014

Board of Supervisors

William A. Robertson, Jr., Chairperson
Jerry J. Skalsky, Vice-Chairperson

Alan R. Carmichael

William F. Gandel

Henry D. Parker, Jr.

County School Board

Roger Franklin, Jr., Chairperson,
Robert E. Cox, Jr., Vice-Chairperson

Jerry F. Warren

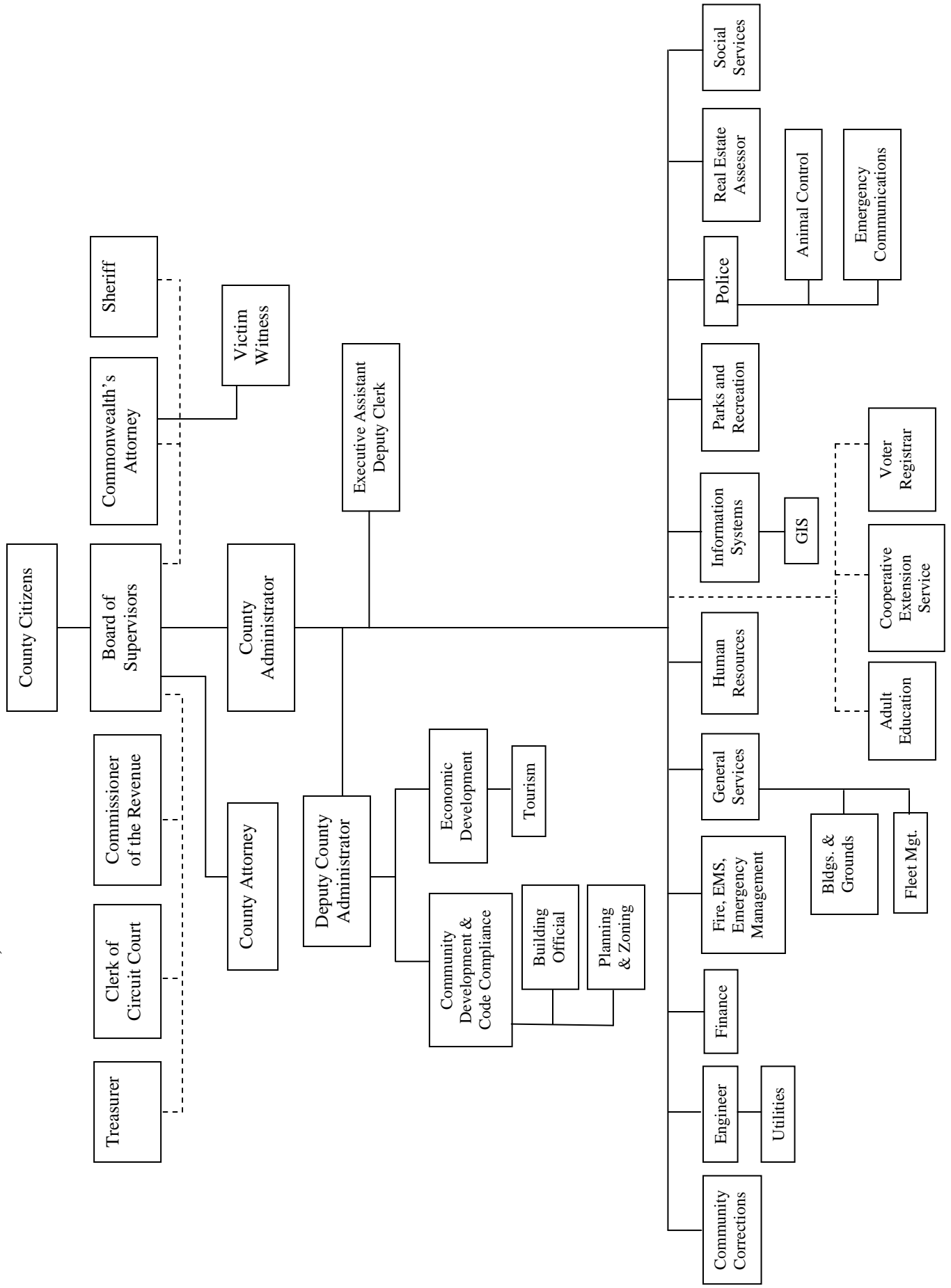
Lewis E. Stevenson

Kevin S. Foster

Other Officials

Chief Judge of the Circuit Court.....	W. Allan Sharrett
Judge of the Circuit Court	Nathan Lee
Clerk of the Circuit Court.....	C. Bishop Knott, Jr.
Chief Judge of the General District Court	Stephen D. Bloom
Judge of the General District Court.....	C. Ridley Bain
Judge of the General District Court.....	Bruce A. Clark
Chief Judge of the Juvenile and Domestic Relations Court.....	Carson E. Saunders, Jr.
Judge of the Juvenile and Domestic Relations Court	Jacqueline Waymack
Clerk of the Combined 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

PRINCE GEORGE COUNTY, VA





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Prince George
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

COUNTY OF PRINCE GEORGE, VIRGINIA

Percy C. Ashcraft
County Administrator



BOARD OF SUPERVISORS

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

December 5, 2014

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, 2014. 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 6.5% for August 2014, as compared to 5.8% for August 2013. The state and national unemployment rates for August 2014 were 5.5% and 6.1%, respectively.

Major Initiatives in Fiscal Year 2014

Following the vision and strategic initiatives of the Prince George County Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and departments have implemented and continued a number of specific programs and projects designed to enhance the levels of service provided to County residents while maintaining an effective and efficient government. A brief description of selected initiatives during fiscal year 2014 is as follows:

Crosspointe Centre Parkway

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

The initial 60-acre site has been timbered and has been graded in order to be “building pad ready”. The land was transferred to Rolls Royce, through the Industrial Development Authority, on December 19, 2008. Rappahannock Construction Company (RCCI) was awarded the design-build contract for the two roads. The road construction started July 2009 and will be complete in December 2013. The Road A and B portions of Wells Station Road is currently open for traffic and under a final VDOT punch list review. The West Quaker Road was completed in December 2013 by Perkinson Construction. Rolls Royce has completed construction of the first building which is now operational. The second Rolls-Royce building (Advanced Airfoil Machining Facility) was completed in November 2013. The building site pad for the Commonwealth Center for Advanced Manufacturing (CCAM) is complete. CCAM was constructed by UVA Foundation and became operational on September 10, 2012. Four (4) additional shovel ready pad sites on forty acres have been completed on the campus in anticipation of supply chain development.

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

Tyler Munis Financial System

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

Human Services Building Renovation

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

The project is complete and all employees have moved into their newly renovated office space.

Sections of the Report

Fiscal year 2014 was the eleventh 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, 2013. This was the tenth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the cooperation and dedication of the staff of the Prince George County Finance Department and the accounting firm of Robinson Farmer Cox Associates. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Prince George County's finances.

Respectfully submitted,


Percy C. Ashcraft
County Administrator

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Prince George, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2014, County of Prince George, Virginia adopted new accounting guidance, GASB Statement Nos. 67, *Financial Reporting for Pension Plans*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of pension and OPEB funding progress, schedule of changes in net pension liability and related ratios pension trust fund and schedule of employer contributions (GASB 67) on pages 5-11, 77-80 and 81-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Prince George, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Matters: (Continued)

Other Information: (Continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, on our consideration of the County of Prince George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Prince George, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

December 5, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of the County of Prince George's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2014. 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, 2014 by \$75,080,205 (net position). Of this amount, \$27,475,359 is unrestricted and may be used to meet the County's future obligations.

The County's total net position from Governmental Activities were \$52,664,571 on June 30, 2014, compared to \$49,397,609 total net position on June 30, 2013. Total net position represent the amount by which the County's assets exceeded its liabilities. The governmental net position increased \$3,266,962.

The total net position from Business-type activities (Water and Sewer Fund) were \$22,415,634 on June 30, 2014, compared to \$22,109,702 total net position on June 30, 2013. Net position increased \$305,932 during FY 2014.

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 2014 fiscal year and at the status of those financial resources at June 30, 2014, 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 Position and the Statement of Activities.

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

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

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

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

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

Fund Financial Statements

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Fund Financial Statements: (Continued)

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

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position

The following table reflects the condensed statement of net position:

**County of Prince George, Virginia
Schedule of Assets, Liabilities and Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 26,920,864	\$ 25,356,270	\$ 6,999,987	\$ 6,516,095	\$ 33,920,851	\$ 31,872,365
Capital assets	80,481,530	79,346,929	16,861,310	17,176,335	97,342,840	96,523,264
Total assets	<u>\$ 107,402,394</u>	<u>\$ 104,703,199</u>	<u>\$ 23,861,297</u>	<u>\$ 23,692,430</u>	<u>\$ 131,263,691</u>	<u>\$ 128,395,629</u>
Long-term liabilities outstanding	\$ 46,896,599	\$ 48,214,777	\$ 1,020,499	\$ 1,126,263	\$ 47,917,098	\$ 49,341,040
Current liabilities	7,378,966	6,919,813	425,164	456,465	7,804,130	7,376,278
Total liabilities	<u>\$ 54,275,565</u>	<u>\$ 55,134,590</u>	<u>\$ 1,445,663</u>	<u>\$ 1,582,728</u>	<u>\$ 55,721,228</u>	<u>\$ 56,717,318</u>
Deferred inflows of resources:						
Unavailable Revenue	<u>\$ 462,258</u>	<u>\$ 171,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,258</u>	<u>\$ 171,000</u>
Net position:						
Net investment in capital assets	\$ 31,487,810	\$ 32,649,611	\$ 15,778,830	\$ 15,885,286	\$ 47,266,640	\$ 48,534,897
Restricted Cash	338,206	284,061	-	-	338,206	284,061
Unrestricted	20,838,555	16,463,937	6,636,804	6,224,416	27,475,359	22,688,353
Total net position	<u>\$ 52,664,571</u>	<u>\$ 49,397,609</u>	<u>\$ 22,415,634</u>	<u>\$ 22,109,702</u>	<u>\$ 75,080,205</u>	<u>\$ 71,507,311</u>

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Net position (assets in excess of liabilities and deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. At June 30, 2014 the County's governmental assets exceeded liabilities and deferred inflows of resources by \$52,664,571 while business assets exceeded its liabilities by \$22,415,634. The largest portion of the County's net position, 60% and 66% in 2014 and 2013, respectively, represents its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment), net of accumulated depreciation and less any related debt used to acquire or construct those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The majority of the remaining balance of net position, 40% and 34% in 2014 and 2013, respectively, represents unrestricted net position, which may be used to meet the County's ongoing obligations. Unrestricted net position increased in governmental activities in FY14 by \$4,374,618 and increased in business-type activities by \$1,449,085.

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, 2012 through June 30, 2014 follows:

**County of Prince George, Virginia
Changes in Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,131,121	\$ 2,160,878	\$ 4,640,279	\$ 4,044,255	\$ 6,771,400	\$ 6,205,133
Operating grants and contributions	6,114,788	5,013,258	-	-	6,114,788	5,013,258
Capital grants and contributions	2,691,550	-	-	-	2,691,550	-
General revenues:						
General property taxes	30,689,457	28,383,780	-	-	30,689,457	28,383,780
Other local taxes	6,868,406	6,867,373	-	-	6,868,406	6,867,373
Use of money and property	197,888	238,946	60,330	54,438	258,218	293,384
C/VIA non-categorical aid	5,097,195	5,100,696	-	-	5,097,195	5,100,696
Other general revenues	315,552	330,799	-	49,073	315,552	379,872
Total revenues	\$ 54,105,957	\$ 48,095,730	\$ 4,700,609	\$ 4,147,766	\$ 58,806,566	\$ 52,243,496
Expenses:						
General government administration	\$ 4,895,544	\$ 4,927,971	\$ -	\$ -	\$ 4,895,544	\$ 4,927,971
Judicial administration	2,279,571	2,105,719	-	-	2,279,571	2,105,719
Public safety	15,169,146	13,620,239	-	-	15,169,146	13,620,239
Public works	1,918,871	1,985,467	-	-	1,918,871	1,985,467
Health and welfare	3,825,004	3,508,587	-	-	3,825,004	3,508,587
Education	17,189,503	15,976,873	-	-	17,189,503	15,976,873
Parks, recreation, and cultural	1,840,982	1,803,237	-	-	1,840,982	1,803,237
Community development	1,715,143	646,834	-	-	1,715,143	646,834
Interest and other fiscal charges	1,848,132	2,006,445	-	-	1,848,132	2,006,445
Water and sewer	-	-	4,551,777	3,919,095	4,551,777	3,919,095
Total expenses	\$ 50,681,895	\$ 46,581,372	\$ 4,551,777	\$ 3,919,095	\$ 55,233,672	\$ 50,500,467
Increase in net position before transfers	\$ 3,424,062	\$ 1,514,358	\$ 148,832	\$ 228,671	\$ 3,572,894	\$ 1,743,029
Transfers	(157,100)	(159,189)	157,100	159,189	-	-
Increase in net position	\$ 3,266,962	\$ 1,355,169	\$ 305,932	\$ 387,860	\$ 3,572,894	\$ 1,743,029
Net position, beginning	49,397,609	1,195,980	22,109,702	21,721,842	71,507,311	69,764,281
Net position, ending	\$ 52,664,571	\$ 49,397,608	\$ 22,415,634	\$ 22,109,702	\$ 75,080,205	\$ 71,507,310

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Governmental Activities

Governmental activities revenues increased from \$48,095,730 to \$54,105,957 or \$6,010,227 in FY 14 over FY 13. Grants for capital projects and property tax collections are the primary reasons for the increase in revenue.

Governmental activities expenses increased from \$46,581,372 to \$50,681,895 or 8.80%. Public safety activities increased \$1,548,907, Education expenses increased \$1,212,630 and community development activities increased \$1,068,309.

Business-type activities

Charges for services increased \$596,024 or 14.74% while total revenues increased \$552,843 or 13.33% for the Water and Sewer Fund. The majority of the increase was from an increase in connection fees.

Total expenses for the Water Fund increased from \$3,919,095 in FY13 to \$4,551,777 in FY14. Administrative and operating expenses increased \$439,816.

As a result of the above, net position in the Water and Sewer Fund increased \$305,932.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$22,328,917. Of this amount \$5,107,615 is assigned for capital projects and \$1,163,795 is assigned to various special revenue funds.

General Fund. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the general fund balance was \$15,719,301 of which \$14,793,246 represents unassigned fund balance of the General Fund. This amount represents 16.22% 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 12.5% of General Fund and School Operating expenditures and has met and exceeded that target for the fiscal year ending June 30, 2014.

The net increase to unassigned fund balance for the General Fund for 2014 was \$237,632. Significant reasons for this increase in fund balance are as follows:

Increase in property tax collections drove an increase in the revenues for the fiscal year. The property tax collections were higher than FY13 due to the billing of delinquent property. The billings were delayed due to an upgrade in the financial system used to bill and collect property taxes. The system is fully implemented for property tax collections and all billings are on schedule.

Uses of funds include transferring funds from the general fund balance to capital projects to cover capital projects throughout the year. Those capital projects were related to public safety, education and community development.

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

Capital projects fund. The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$5,445,821, which was an increase of \$884,461 over FY 13. In addition to expending \$3,160,841 on Crosspointe Centre Industrial Park towards the completion of the project, the County completed the renovation of tennis courts for the Prince George High School, implementing a new financial system, renovating the Human Services Building which houses Social Services employees, constructing new parks and recreation fields and upgrading public safety buildings. More details of specific project revenues and expenditures can be found on Exhibit 14.

Debt service fund. The Debt Service Fund received transfers from the General Fund sufficient to meet its requirements thus it has no fund balance. During the year the transfer totaled \$7,179,080 and principal retirements of indebtedness totaled \$5,215,325 while interest expense totaled \$1,984,676.

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 position of the proprietary funds at the end of the current fiscal year totaled \$22,415,634. Details of the Water and Sewer operations were previously discussed in the letter.

General Fund Budgetary Highlights

Prince George County generally takes a conservative approach to financial management, staying well within budgetary limits for expenditures during the fiscal year. Fiscal year 2014 was no exception. General fund adopted budget totaled \$39,776,383, amended budget totaled \$42,357,815, an increase of \$2,581,432 and expenditures totaled \$41,341,083. Details supporting comparison of final amended budget and actual results can be found on Exhibit 12. No appropriation category exceeded its amended appropriations during FY 14. The following is a summary of the most significant changes in the adopted and amended budgets for FY14:

- An increase in state revenue of \$591,776 - Fire Program Funds, a Rescue Squad Assistance Fund Grant, Department of Motor Vehicle Grants and Comprehensive Services Supplements are among the top increases in the state revenue budget.
- An increase in federal revenue of \$57,297 - SAFER grant to hire additional fire fighter/medics.
- An increase in the law enforcement grant budget of \$365,482. The county appropriates grants as they are notified and carries forward grant balances after the beginning of the fiscal year.
- An increase to the local transfer to the school board of \$1,103,663 due to the allowance of carry forwards for one-time capital projects, including the renovation of a building used for the transportation office.
- An increase in public safety expenditures of \$1,216,201 due to an increase in fire and rescue service of \$470,997 and due to an increase of law enforcement of \$365,482.

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 Position. The portion of these capital assets free of related debt are reported as buildings and improvements under the component unit School Board (see Note 5 in the Notes to Financial Statements).

CAPITAL ASSETS AND DEBT ADMINISTRATION: (CONTINUED)

The following table summarizes the County's capital assets, net of depreciation, as of June 30, 2014. The County's total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totals \$129,761,056.

**County of Prince George, Virginia
Capital Assets (net of Depreciation)
Governmental and Business-type Activities
For the Year Ended June 30, 2014**

	Governmental Activities 2014	Business-type Activities 2014
Land	\$ 3,995,396	\$ 244,744
Buildings and improvements	70,632,527	-
Utility plant	-	30,182,708
Equipment	21,660,365	684,970
Construction in progress	23,486,546	17,064
Total	\$ 119,774,834	\$ 31,129,486
Less accumulated depreciation	39,293,304	14,268,176
Net capital assets	\$ 80,481,530	\$ 16,861,310

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

At the end of fiscal year 2014, the County had total outstanding debt of \$49,821,255 (excluding compensated absences, bond premiums, length of service award program and OPEB, see Note 7 in the Notes to Financial Statements), in comparison; the County had \$52,045,149 and \$57,382,063 outstanding at June 30, 2013 and 2012, respectively. Of the \$49,821,255 of outstanding debt at June 30, 2014, \$22,695,200 is for general government purposes and \$26,043,575 is outstanding debt on behalf of the School Board. The Water and Sewer Fund has outstanding debt of \$1,082,480.

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 6.5 % for August 2014, as compared to 5.8% for August 2013. The state and national unemployment rates for August 2014 were 5.5% and 6.1%, respectively.

The FY 15 General Fund operating budget totaled \$47,880,706, which was a \$346,349 increase over the FY 14 adopted budget. All revenues and expenditures were balanced without the use of fund balance.

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

REQUESTS FOR INFORMATION

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

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 22,228,499	\$ 4,149,266	\$ 26,377,765	\$ 6,675,653
Restricted cash	338,206	-	338,206	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,825,258	-	3,825,258	-
Accounts receivable	529,377	339,152	868,529	183,233
Internal balances	(2,511,569)	2,511,569	-	-
Due from Component Unit	1,154,942	-	1,154,942	-
Due from other governmental units	1,356,151	-	1,356,151	1,735,887
Total current assets	\$ 26,920,864	\$ 6,999,987	\$ 33,920,851	\$ 8,594,774
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 3,995,396	\$ 244,744	\$ 4,240,140	\$ 1,154,404
Construction in progress	23,486,546	17,064	23,503,610	-
Buildings	21,117,162	-	21,117,162	28,335,171
Machinery and equipment	6,395,351	392,683	6,788,034	2,928,641
Jointly owned assets	25,487,075	-	25,487,075	-
Utility plant in service	-	16,206,819	16,206,819	-
Total capital assets	\$ 80,481,530	\$ 16,861,310	\$ 97,342,840	\$ 32,418,216
Total assets	\$ 107,402,394	\$ 23,861,297	\$ 131,263,691	\$ 41,012,990
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 1,548,569	\$ 168,565	\$ 1,717,134	\$ 329,874
Accrued liabilities	-	-	-	6,134,792
Customers' deposits	-	116,457	116,457	-
Due to Primary Government	-	-	-	1,154,942
Accrued interest payable	767,123	15,376	782,499	-
Long-term liabilities:				
Due within one year	5,063,274	124,766	5,188,040	42,328
Due in more than one year	46,896,599	1,020,499	47,917,098	5,070,967
Total liabilities	\$ 54,275,565	\$ 1,445,663	\$ 55,721,228	\$ 12,732,903
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	\$ 462,258	\$ -	\$ 462,258	\$ -
NET POSITION				
Net Investment in capital assets	\$ 31,487,810	\$ 15,778,830	\$ 47,266,640	\$ 32,418,216
Restricted cash - proffers	338,206	-	338,206	-
Unrestricted (deficit)	20,838,555	6,636,804	27,475,359	(4,138,129)
Total net position	\$ 52,664,571	\$ 22,415,634	\$ 75,080,205	\$ 28,280,087
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 107,402,394	\$ 23,861,297	\$ 131,263,691	\$ 41,012,989

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, 2014

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,895,544	\$ 13,625	\$ 260,319	\$ -
Judicial administration	2,279,571	577,035	719,841	-
Public safety	15,169,146	857,627	2,919,580	-
Public works	1,918,871	427,282	9,272	-
Health and welfare	3,825,004	-	2,202,888	-
Education	17,189,503	-	-	-
Parks, recreation, and cultural	1,840,982	135,969	-	-
Community development	1,715,143	119,583	2,888	2,691,550
Interest on long-term debt	1,848,132	-	-	-
Total governmental activities	\$ 50,681,895	\$ 2,131,121	\$ 6,114,788	\$ 2,691,550
Business-type activities:				
Public Utilities	\$ 4,551,777	\$ 4,640,279	\$ -	\$ -
Total business-type activities	\$ 4,551,777	\$ 4,640,279	\$ -	\$ -
Total primary government	\$ 55,233,672	\$ 6,771,400	\$ 6,114,788	\$ 2,691,550
COMPONENT UNIT:				
School Board	\$ 61,810,850	\$ 1,367,835	\$ 44,239,555	\$ -
Total component unit	\$ 61,810,850	\$ 1,367,835	\$ 44,239,555	\$ -
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle license taxes				
Taxes on recordation and wills				
Meals taxes				
Lodging taxes				
Bank stock tax				
Unrestricted revenues from use of money and property				
Miscellaneous				
County contribution to School Board, unrestricted				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
\$ (4,621,600)	\$ -	\$ (4,621,600)	\$ -
(982,695)	-	(982,695)	-
(11,391,939)	-	(11,391,939)	-
(1,482,317)	-	(1,482,317)	-
(1,622,116)	-	(1,622,116)	-
(17,189,503)	-	(17,189,503)	-
(1,705,013)	-	(1,705,013)	-
1,098,878	-	1,098,878	-
(1,848,132)	-	(1,848,132)	-
<u>\$ (39,744,436)</u>	<u>\$ -</u>	<u>\$ (39,744,436)</u>	<u>\$ -</u>
\$ -	\$ 88,502	\$ 88,502	\$ -
\$ -	\$ 88,502	\$ 88,502	\$ -
<u>\$ (39,744,436)</u>	<u>\$ 88,502</u>	<u>\$ (39,655,933)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (16,203,459)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,203,459)</u>
\$ 30,689,457	\$ -	\$ 30,689,457	\$ -
1,966,673	-	1,966,673	-
881,836	-	881,836	-
1,498,296	-	1,498,296	-
828,701	-	828,701	-
269,505	-	269,505	-
867,584	-	867,584	-
464,452	-	464,452	-
91,358	-	91,358	-
197,888	60,330	258,218	-
315,552	-	315,552	7,265
-	-	-	16,077,932
5,097,195	-	5,097,195	-
(157,100)	157,100	-	-
<u>\$ 43,011,397</u>	<u>\$ 217,430</u>	<u>\$ 43,228,827</u>	<u>\$ 16,085,197</u>
\$ 3,266,962	\$ 305,932	\$ 3,572,894	\$ (118,262)
49,397,609	22,109,702	71,507,311	28,398,349
<u>\$ 52,664,571</u>	<u>\$ 22,415,634</u>	<u>\$ 75,080,205</u>	<u>\$ 28,280,087</u>

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Fund Financial Statements

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Balance Sheet
Governmental Funds
At June 30, 2014

	General	Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 15,848,224	\$ 5,283,829	\$ 1,096,446	\$ 22,228,499
Restricted cash	-	338,206	-	338,206
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,825,258	-	-	3,825,258
Accounts receivable	446,792	-	82,585	529,377
Due from component unit	1,154,942	-	-	1,154,942
Due from other governmental units	1,089,059	267,092	-	1,356,151
Total assets	<u>\$ 22,364,275</u>	<u>\$ 5,889,127</u>	<u>\$ 1,179,031</u>	<u>\$ 29,432,433</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,090,028	\$ 443,306	\$ 15,235	\$ 1,548,569
Due to other funds	2,511,569	-	-	2,511,569
Total liabilities	<u>\$ 3,601,597</u>	<u>\$ 443,306</u>	<u>\$ 15,235</u>	<u>\$ 4,060,138</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>\$ 3,043,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,043,377</u>
Fund balances				
Restricted:				
Proffers	\$ -	\$ 338,206	\$ -	\$ 338,206
Total restricted	<u>\$ -</u>	<u>\$ 338,206</u>	<u>\$ -</u>	<u>\$ 338,206</u>
Committed:				
Subsequent years expenditures	\$ 926,055	\$ -	\$ -	\$ 926,055
Total committed	<u>\$ 926,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 926,055</u>
Assigned:				
Public safety	\$ -	\$ -	\$ 264,804	\$ 264,804
Economic development	-	-	680,384	680,384
Capital projects	-	5,107,615	-	5,107,615
Asset forfeiture	-	-	110,256	110,256
Tourism	-	-	108,352	108,352
Total assigned	<u>\$ -</u>	<u>\$ 5,107,615</u>	<u>\$ 1,163,795</u>	<u>\$ 6,271,410</u>
Unassigned:				
General	\$ 14,793,246	\$ -	\$ -	\$ 14,793,246
Total fund balance	<u>\$ 15,719,301</u>	<u>\$ 5,445,821</u>	<u>\$ 1,163,795</u>	<u>\$ 22,328,917</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 22,364,275</u>	<u>\$ 5,889,127</u>	<u>\$ 1,179,031</u>	<u>\$ 29,432,432</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 At June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	22,328,917
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		80,481,530
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(767,123)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		2,581,119
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Details supporting this amount are as follows:		
Compensated absences		(1,667,870)
County general obligation bonds		(22,695,200)
School Board state literary fund loans		(115,000)
School Board general obligation bonds		(25,928,575)
Net OPEB obligation		(1,298,283)
School Board premium on bonds payable		<u>(254,945)</u>
Net position of governmental activities	\$	<u><u>52,664,571</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, 2014

	General	Capital Projects	Debt Service	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 30,429,887	\$ -	\$ -	\$ -	\$ 30,429,887
Other local taxes	5,722,150	-	-	1,146,255	6,868,405
Permits, privilege fees, and regulatory licenses	314,697	-	-	-	314,697
Fines and forfeitures	525,325	-	-	-	525,325
Revenue from the use of money and property	189,600	8,288	-	-	197,888
Charges for services	1,271,283	-	-	19,815	1,291,099
Miscellaneous	251,966	54,145	-	9,441	315,552
Recovered costs	170,703	-	-	148,814	319,517
Intergovernmental:					
Commonwealth	9,335,674	2,691,550	-	663,464	12,690,688
Federal	1,088,957	-	20,921	123,889	1,233,767
Total revenues	<u>\$ 49,300,242</u>	<u>\$ 2,753,983</u>	<u>\$ 20,921</u>	<u>\$ 2,111,678</u>	<u>\$ 54,186,825</u>
EXPENDITURES					
Current:					
General government administration	\$ 4,526,357	\$ 502,758	\$ -	\$ -	\$ 5,029,115
Judicial administration	2,191,059	-	-	-	2,191,059
Public safety	13,158,688	691,245	-	936,567	14,786,501
Public works	1,936,664	-	-	-	1,936,664
Health and welfare	3,793,534	688,448	-	-	4,481,982
Education	14,276,665	425,000	-	-	14,701,665
Parks, recreation, and cultural	1,389,303	1,097,696	-	-	2,486,999
Community development	68,813	3,161,629	-	912,030	4,142,473
Debt service:					
Principal retirement	-	-	5,215,325	-	5,215,325
Interest and other fiscal charges	-	-	1,984,676	-	1,984,676
Total expenditures	<u>\$ 41,341,083</u>	<u>\$ 6,566,775</u>	<u>\$ 7,200,001</u>	<u>\$ 1,848,597</u>	<u>\$ 56,956,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,959,159</u>	<u>\$ (3,812,792)</u>	<u>\$ (7,179,080)</u>	<u>\$ 263,080</u>	<u>\$ (2,769,633)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 1,497,253	\$ 7,179,080	\$ 247,445	\$ 8,923,778
Issuance of debt	-	3,200,000	-	-	3,200,000
Transfers (out)	(8,523,778)	-	-	(557,100)	(9,080,878)
Total other financing sources (uses)	<u>\$ (8,523,778)</u>	<u>\$ 4,697,253</u>	<u>\$ 7,179,080</u>	<u>\$ (309,655)</u>	<u>\$ 3,042,900</u>
Net change in fund balances	\$ (564,619)	\$ 884,461	\$ -	\$ (46,575)	\$ 273,267
Fund balances - beginning	16,283,920	4,561,360	-	1,210,370	22,055,650
Fund balances - ending	<u>\$ 15,719,301</u>	<u>\$ 5,445,821</u>	<u>\$ -</u>	<u>\$ 1,163,795</u>	<u>\$ 22,328,917</u>

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

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$ 273,267
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details are as follows:

Depreciation expense	(3,638,682)
Capital asset additions	6,314,358

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(166,885)
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Transfer of joint tenancy assets from Primary Government to the Component Unit.	(1,374,190)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unavailable property taxes.	259,571
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Details supporting these changes are as follows:

Issuance of debt	(3,200,000)
Amortization of premium on bonds payable	21,246
Retirement of County general obligation bonds	2,481,525
Retirement of School Board general obligation bonds	2,618,800
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	94,377
Change in net OPEB obligation	(230,563)
Change in compensated absences	(300,862)

Change in net position of governmental activities	\$ <u>3,266,962</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 At June 30, 2014

	Enterprise Funds Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,149,266
Due from other funds	268,086
Accounts receivable, net of allowance for uncollectibles	339,152
Total current assets	<u>\$ 4,756,504</u>
Noncurrent assets:	
Due from other funds	\$ 2,243,483
	<u>\$ 2,243,483</u>
Capital assets (net of accumulated depreciation):	
Land	\$ 244,744
Utility plant in service	16,206,819
Machinery and equipment	392,683
Construction in progress	17,064
Total capital assets	<u>\$ 16,861,310</u>
Total noncurrent assets	<u>\$ 19,104,793</u>
 Total assets	 <u><u>\$ 23,861,297</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 168,565
Customers' deposits	116,457
Accrued interest payable	15,376
Compensated absences - current portion	6,278
Bonds payable - current portion	118,488
Total current liabilities	<u>\$ 425,164</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 56,507
Bonds payable - net of current portion	963,992
Total noncurrent liabilities	<u>\$ 1,020,499</u>
Total liabilities	<u>\$ 1,445,663</u>
NET POSITION	
Net investment in capital assets	\$ 15,778,830
Unrestricted	6,636,804
Total net position	<u>\$ 22,415,634</u>
 Total liabilities and net position	 <u><u>\$ 23,861,297</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2014

	Enterprise Funds Water and Sewer
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 1,362,921
Sewer revenues	2,433,130
Penalty/reconnection charges	69,890
Miscellaneous	35,312
Total operating revenues	<u>\$ 3,901,253</u>
OPERATING EXPENSES	
Water supply, treatment and pumping	\$ 612,556
Wastewater treatment, pumping and disposal	1,753,717
Administrative and operation	1,280,826
Other supplies and expenses	75,583
Depreciation	656,255
Total operating expenses	<u>\$ 4,378,937</u>
Operating income (loss)	<u>\$ (477,684)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection/capacity fees	\$ 739,026
Interest income	12,770
Rental income	47,560
South Central Wastewater Authority	(130,921)
Interest expense	(41,919)
Total nonoperating revenues (expenses)	<u>\$ 626,516</u>
Income (loss) before transfers	\$ 148,832
Transfers in	<u>157,100</u>
Change in net position	\$ 305,932
Net position - beginning	<u>22,109,702</u>
Net position - ending	<u><u>\$ 22,415,634</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, 2014

	Enterprise Funds Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,894,238
Payments for operating activities	(3,054,577)
Payments to employees	(591,515)
Net cash provided by (used for) operating activities	<u>\$ 248,146</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Loan to other funds	\$ 122,059
Transfers from other funds	<u>157,100</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 279,159</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (197,857)
Connection/capacity charges	739,026
Principal payments on bonds	(208,569)
South Central Wastewater Authority	(130,921)
Interest expense	(47,011)
Net cash provided by (used for) capital and related financing activities	<u>\$ 154,668</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 12,770
Rental income	<u>47,560</u>
Net cash provided by (used for) investing activities	<u>\$ 60,330</u>
Net increase in cash and cash equivalents	\$ 742,303
Cash and cash equivalents - beginning	<u>3,406,963</u>
Cash and cash equivalents - ending	<u><u>\$ 4,149,266</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>(477,684)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 656,255
(Increase) Decrease in accounts receivable	(7,020)
Increase / (Decrease) in accounts payable	62,453
Increase / (Decrease) in compensated absences	14,137
Increase / (Decrease) in customer deposits	5
Total adjustments	<u>\$ 725,830</u>
Net cash provided by (used for) operating activities	<u><u>\$ 248,146</u></u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 At June 30, 2014

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 140,296	\$ 145,863
Accounts receivable	-	267,909
Guaranteed investment contracts	<u>1,369,003</u>	<u>-</u>
Total assets	<u>\$ 1,509,299</u>	<u>\$ 413,772</u>
LIABILITIES		
Accounts payable	\$ 4,200	\$ -
Amounts held for others	<u>-</u>	<u>413,772</u>
Total liabilities	<u>\$ 4,200</u>	<u>\$ 413,772</u>
NET POSITION		
Held in trust for benefits	<u>\$ 1,505,099</u>	<u>\$ -</u>
Total net position	<u>\$ 1,505,099</u>	<u>\$ -</u>
Total liabilities and net position	<u>\$ 1,509,299</u>	<u>\$ 413,772</u>

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

Statement of Changes in Fiduciary Net Position
Pension Trust Fund
Year Ended June 30, 2014

Additions:

Employer contributions	\$	104,500
Interest income		<u>41,052</u>
Total additions	\$	<u>145,552</u>

Deductions:

Members' benefits	\$	<u>83,574</u>
Total deductions	\$	<u>83,574</u>
Change in net position	\$	61,978

Net position - beginning of year		<u>1,443,121</u>
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Net position - end of year	\$	<u><u>1,505,099</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

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COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements As of June 30, 2014

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 accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board, and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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

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

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

A. Financial Reporting Entity

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

B. Individual Component Unit Disclosures

Blended Component Unit - The County has no blended component units at June 30, 2014.

Discretely Presented Component Unit - The School Board members are elected by the citizens of Prince George County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2014.

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 purchases 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, 2014 were \$486,703. 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, 2014 were \$2,113,200. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 1000 River Road, Hopewell, Virginia 23860.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

C. Other Related Organizations: (Continued)

Excluded from the County's Comprehensive Annual Financial Report: (Continued)

Appomattox 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 purchases water from the Authority at prescribed rates and capacity levels. The County's expenses for water purchased for the year ended June 30, 2014 were \$269,335. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 21300 Chesdin Road, Petersburg, Virginia 23860.

Appomattox Regional Library

The County is a participant with the County of Dinwiddie and the City of Hopewell in a joint venture to operate the Appomattox Regional Library (the Library). The Library is governed by a 9-member board composed of three appointees each from Hopewell, Dinwiddie, and Prince George. Each locality is obligated by contract to fund a percentage of the Library's approved budget. In accordance with the joint venture agreement, the County remitted \$543,713 to the Library for fiscal 2014. Financial statements for the Library can be obtained at its administrative offices at 245 East Cawson Street, Hopewell, Virginia 23860. The participants have no ongoing financial responsibilities to or equity interest in the Library.

Jointly Governed Organizations

The County participates with the eight other localities in District 19 Community Services Board. The County also participates with five other localities in Virginia's Gateway Region, a regional economic development organization. The County provided funding of \$96,018 to District 19 CSB during fiscal 2014. The County provided funding of \$302,595 to Crater Youth Care Commission during fiscal 2014. The County provided funding of \$30,479 to Virginia Gateway Region during fiscal 2014.

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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.

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

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

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

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

1. Governmental Funds

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

General Fund - The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

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

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

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

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating 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, 2014 (Continued)

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

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

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

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

E. Cash and Cash Equivalents:

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

F. Investments

Investments are reported at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments for the government, as well as for its component unit, are reported at fair value.

G. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$277,900 at June 30, 2014 is comprised of property taxes in the amount of \$191,506 and utility accounts of \$86,394.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

G. Receivables and Payables: (Continued)

Real and Personal Property Tax Data:

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2014.

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

I. Compensated Absences

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

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

J. Retirement Plan

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

K. Use of Estimates

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

L. Fund Equity

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

L. Fund Equity: (Continued)

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

The Board of Supervisors establishes and modifies or rescinds fund balance commitments and assignments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment or assignment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes). The County's Board of Supervisor's has not delegated this authority to assign amounts to any individual for the fiscal year ending June 30, 2014.

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.

M. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued as well as premiums received are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Restricted Cash

The County has restricted assets which consist of proffers in the amount of \$328,206 at June 30, 2014.

O. Net Position

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

P. Net Position Flow Assumption

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows of resources as of June 30, 2014.

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

R. Financial Reporting for Pension Plans, Statement No. 67 of the Governmental Accounting Standards Board

The County implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2014. This Statement replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements.

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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

4. The Appropriations Resolution places legal restrictions on expenditures at the department level for the General Fund and Fund level for other Governmental Funds. The School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30 for all County units with the exception of Capital Projects.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any department level for the General Fund and Fund level for the other Governmental Funds nor in any School Board category at June 30, 2014.

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, 2014 were held by the County or in the County's name by the County's custodial banks; except \$604 of the Virginia Local Government Investment Pool where the underlying securities were uninsured and held by the investment's counterparty. The County does not have a formal policy related to credit risk of investments.

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2014 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, 2014 (Continued)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)**External Investment Pools**

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

<u>Rated Debt Investments' Values</u>	
	<u>Fair Quality Rating</u>
<u>Rated Debt Investments</u>	<u>AAAm</u>
Local Government Investment Pool	\$ 604
SNAP	4,802,951
Total	<u>\$ 4,803,555</u>

NOTE 4—DUE TO/FROM OTHER GOVERNMENTS:

At June 30, 2014, the County has amounts due from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 360,201	-
Social Services	47,762	-
Comprehensive services	313,316	-
Constitutional officer reimbursements	116,676	-
Communication tax	107,499	-
Other funds	318,424	173,912
State sales tax	-	958,479
Federal Government:		
School grants	-	603,496
Social Services	92,273	-
Total due from other governments	<u>\$ 1,356,151</u>	<u>\$ 1,735,887</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 5—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2014:

Primary Government:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,995,396	\$ -	\$ -	\$ 3,995,396
Construction in progress	<u>18,595,483</u>	<u>4,891,063</u>	<u>-</u>	<u>23,486,546</u>
Total capital assets not being depreciated	<u>\$ 22,590,879</u>	<u>\$ 4,891,063</u>	<u>\$ -</u>	<u>\$ 27,481,942</u>
Capital assets being depreciated:				
Buildings	\$ 31,966,527	\$ 187,053	\$ -	\$ 32,153,580
Machinery and equipment	20,650,248	1,236,242	226,125	21,660,365
Jointly owned assets	<u>40,944,201</u>	<u>-</u>	<u>2,465,254</u>	<u>38,478,947</u>
Total capital assets being depreciated	<u>\$ 93,560,976</u>	<u>\$ 1,423,295</u>	<u>\$ 2,691,379</u>	<u>\$ 92,292,892</u>
Accumulated depreciation:				
Buildings	\$ 10,189,985	\$ 846,433	\$ -	\$ 11,036,418
Machinery and equipment	13,891,615	1,432,639	59,240	15,265,014
Jointly owned assets	<u>12,723,326</u>	<u>1,359,610</u>	<u>1,091,064</u>	<u>12,991,872</u>
Total accumulated depreciation	<u>\$ 36,804,926</u>	<u>\$ 3,638,682</u>	<u>\$ 1,150,304</u>	<u>\$ 39,293,304</u>
Total capital assets being depreciated, net	<u>\$ 56,756,050</u>	<u>\$ (2,215,387)</u>	<u>\$ 1,541,075</u>	<u>\$ 52,999,588</u>
Governmental activities capital, assets, net	<u>\$ 79,346,929</u>	<u>\$ 2,675,676</u>	<u>\$ 1,541,075</u>	<u>\$ 80,481,530</u>

The following is a summary of capital project activity for the fiscal year ending June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Crosspointe	\$ 17,649,681	\$ 2,476,239	\$ -	\$ 20,125,920
Carson construction project	-	192,002	-	192,002
Disputanta Fire Station	-	177,939	-	177,939
PGHS tennis courts	-	555,986	-	555,986
New Scott fields	-	329,962	-	329,962
Financial system replacement	843,603	470,487	-	1,314,090
Human services building	<u>102,199</u>	<u>688,448</u>	<u>-</u>	<u>790,647</u>
	<u>\$ 18,595,483</u>	<u>\$ 4,891,063</u>	<u>\$ -</u>	<u>\$ 23,486,546</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 101,371	\$ 143,373	\$ -	\$ 244,744
Construction in progress	-	17,064	-	17,064
Total capital assets not being depreciated	\$ 101,371	\$ 160,437	\$ -	\$ 261,808
Capital assets being depreciated:				
Utility Plant in service	\$ 30,182,708	\$ -	\$ -	\$ 30,182,708
Machinery and equipment	504,177	180,793	-	684,970
Total capital assets being depreciated	\$ 30,686,885	\$ 180,793	\$ -	\$ 30,867,678
Accumulated depreciation:				
Utility Plant in service	\$ 13,328,014	\$ 647,875	\$ -	\$ 13,975,889
Machinery and equipment	283,907	8,380	-	292,287
Total accumulated depreciation	\$ 13,611,921	\$ 656,255	\$ -	\$ 14,268,176
Total capital assets being depreciated, net	\$ 17,074,964	\$ (475,462)	\$ -	\$ 16,599,502
Business-type activities capital assets, net	\$ 17,176,335	\$ (315,025)	\$ -	\$ 16,861,310

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 1,066,842	\$ 87,562	\$ -	\$ 1,154,404
Total capital assets not being depreciated	\$ 1,066,842	\$ 87,562	\$ -	\$ 1,154,404
Capital assets being depreciated:				
Buildings	\$ 39,602,020	\$ 3,134,649	\$ -	\$ 42,736,669
Machinery and equipment	10,309,622	293,994	1,460,875	9,142,741
Total capital assets being depreciated	\$ 49,911,642	\$ 3,428,643	\$ 1,460,875	\$ 51,879,410
Accumulated depreciation:				
Buildings	\$ 12,278,118	\$ 2,123,380	\$ -	\$ 14,401,498
Machinery and equipment	6,810,191	680,258	1,276,349	6,214,100
Total accumulated depreciation	\$ 19,088,309	\$ 2,803,638	\$ 1,276,349	\$ 20,615,598
Total capital assets being depreciated, net	\$ 30,823,333	\$ 625,005	\$ 184,526	\$ 31,263,812
School Board capital assets, net	\$ 31,890,175	\$ 712,567	\$ 184,526	\$ 32,418,216

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 343,761
Judicial administration	185,966
Public safety	1,415,967
Public works	29,069
Health and welfare	47,014
Education	1,359,610
Parks, recreation and cultural	224,541
Community development	32,754
Total Governmental activities	\$ 3,638,682
Business-type activities	\$ 656,255
Component Unit School Board	\$ 1,712,574 *
* Transfer of jointly owned assets	1,091,064
Total accumulated depreciation increase	\$ 2,803,638

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 6—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 8,523,778
Proprietary Fund	157,100	-
Capital Projects Fund	1,497,253	-
Debt Service Fund	7,179,080	-
Nonmajor Funds	247,445	557,100
Total	<u>\$ 9,080,878</u>	<u>\$ 9,080,878</u>

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

The following is a summary of due to/from other funds/Component Units at June 30, 2014:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government:		
General Fund	\$ -	\$ 2,511,569
Water and Sewer Fund	2,511,569	-
Total	<u>\$ 2,511,569</u>	<u>\$ 2,511,569</u>
Entity-Wide		
Component Unit School Board	\$ -	\$ 1,154,942
General Fund	1,154,942	-
Total	<u>\$ 1,154,942</u>	<u>\$ 1,154,942</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

The following is a summary of long-term obligation transactions for the year ended June 30, 2014:

	Balance at July 1, 2013	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2014	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences	\$ 1,367,008	\$ 364,084	\$ 63,222	\$ 1,667,870	\$ 166,787
Net OPEB obligation	1,067,720	324,813	94,250	1,298,283	-
General obligation bonds	<u>22,533,225</u>	<u>2,643,500</u>	<u>2,481,525</u>	<u>22,695,200</u>	<u>1,996,390</u>
Total incurred by County	\$ <u>24,967,953</u>	\$ <u>3,332,397</u>	\$ <u>2,638,997</u>	\$ <u>25,661,353</u>	\$ <u>2,163,177</u>
Incurred by School Board:					
State Literary Fund Loans	\$ 230,000	\$ -	\$ 115,000	\$ 115,000	\$ 115,000
General Obligation Bonds	27,990,875	556,500	2,618,800	25,928,575	2,763,851
Premium on Bonds	<u>276,191</u>	<u>-</u>	<u>21,246</u>	<u>254,945</u>	<u>21,246</u>
Total incurred by School Board	\$ <u>28,497,066</u>	\$ <u>556,500</u>	\$ <u>2,755,046</u>	\$ <u>26,298,520</u>	\$ <u>2,900,097</u>
Total Governmental Obligations	\$ <u><u>53,465,019</u></u>	\$ <u><u>3,888,897</u></u>	\$ <u><u>5,394,043</u></u>	\$ <u><u>51,959,873</u></u>	\$ <u><u>5,063,274</u></u>

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

	Balance at July 1, 2013	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2014	Amounts Due Within One Year
Enterprise Fund Obligations:					
Compensated absences	\$ 48,648	\$ 20,541	\$ 6,404	\$ 62,785	\$ 6,278
General obligation bonds	<u>1,291,049</u>	<u>-</u>	<u>208,569</u>	<u>1,082,480</u>	<u>118,488</u>
Total Enterprise Fund Obligations	\$ <u><u>1,339,697</u></u>	\$ <u><u>20,541</u></u>	\$ <u><u>214,973</u></u>	\$ <u><u>1,145,265</u></u>	\$ <u><u>124,766</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2015	\$ 1,996,390	\$ 615,836
2016	2,143,278	572,101
2017	2,100,497	526,523
2018	2,030,117	482,685
2019	2,074,937	439,731
2020	1,321,757	393,589
2021	1,360,576	357,882
2022	1,401,396	320,007
2023	1,437,216	280,814
2024	942,036	240,497
2025	563,000	213,965
2026	441,000	195,181
2027	455,000	184,181
2028	474,000	172,425
2029	489,000	160,050
2030	325,000	147,263
2031	340,000	133,450
2032	350,000	119,000
2033	365,000	104,125
2034	380,000	88,612
2035	400,000	72,463
2036	415,000	55,463
2037	435,000	37,825
2038	455,000	19,338
Total	\$ <u>22,695,200</u>	\$ <u>5,933,005</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	School Obligations				Enterprise Obligations	
	State Literary Fund Loans		General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 115,000	\$ 2,300	\$ 2,763,851	\$ 1,163,929	\$ 118,488	\$ 38,474
2016	-	-	2,886,234	1,027,042	122,943	33,935
2017	-	-	3,000,257	883,123	127,565	29,225
2018	-	-	3,116,037	732,920	132,362	24,339
2019	-	-	1,784,497	614,339	137,339	19,268
2020	-	-	1,845,512	527,622	142,503	14,007
2021	-	-	1,918,090	434,227	147,861	8,548
2022	-	-	899,769	365,002	153,420	2,884
2023	-	-	933,786	320,932	-	-
2024	-	-	967,282	276,359	-	-
2025	-	-	932,666	235,807	-	-
2026	-	-	965,594	194,740	-	-
2027	-	-	495,000	164,456	-	-
2028	-	-	515,000	144,038	-	-
2029	-	-	535,000	122,794	-	-
2030	-	-	555,000	100,725	-	-
2031	-	-	580,000	77,138	-	-
2032	-	-	605,000	52,488	-	-
2033	-	-	630,000	26,775	-	-
Total	\$ 115,000	\$ 2,300	\$ 25,928,575	\$ 7,464,456	\$ 1,082,480	\$ 170,680

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

General Obligations—Incurred by the County:

The following is a summary of general obligations incurred by the County:

General Obligation Bonds:

\$386,500 General Obligation Note 2014A series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semiannually, at 2.15%	\$ 386,500
\$2,257,000 General Obligation Note 2014B series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semiannually, at 2.4%	2,257,000
\$5,233,000 General Obligation Refunding Note, Series 2012 A issued May 10, 2012 due in varying installments through February 1, 2019, interest payable semiannually at 1.70%	3,784,000
\$7,350,000 Public Improvement Bond, issued February 20, 2008, due in various semi-annual payments though February 1, 2038, interest payable semiannually at 4.25%	6,930,000
\$880,000 RZED 2010A, issued March 15, 2010, due in various semi-annual payments though February 15, 2025, interest payable semiannually at average rate of 5.5%, subsidized by the Federal Government at .35%	594,000
\$770,000 General Obligation Bond Series 2010B, issued March 15, 2010, due in various semi-annual payments though February 15, 2025, interest payable semiannually at 3.271%	686,000
\$9,009,000 General Obligation Refunding Note, Series 2012B, issued May 24, 2012, due in various semi-annual payments though February 11, 2024, interest payable semiannually at 2.25%	7,534,000
\$1,819,400 General Obligation Public Safety Facilities Note Series 2006B issued June 27, 2006 due in varying annual installments through August 1, 2016, interest payable semi-annually at 3.98%	<u>523,700</u>
Total General Obligation Bonds	\$ 22,695,200
Net OPEB obligation	1,298,283
Compensated absences	<u>1,667,870</u>
Total incurred by the County	<u><u>\$ 25,661,353</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

General Obligations—Incurred by the School Board:

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

Premium on bond	\$ <u>254,945</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%	\$ 25,000
\$1,000,000 issued May 26, 1995, due in annual installments of \$50,000 through July 1, 2015, interest payable annually at 2%	50,000
\$800,000, issued May 26, 1995, due in annual installments of \$40,000 through July 1, 2015, interest payable annually at 2%	<u>40,000</u>
Total State Literary Fund Loans	\$ <u>115,000</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	\$ 939,993
\$14,540,000 issued June, 1998 due in semiannual installments of varying amounts and interest rates through July, 2017	4,250,000
\$10,284,493 issued November, 2000, due in various annual installments through July, 2020. Interest payable semiannually at coupon rates varying from 4.975% to 5.850%	4,029,238
\$5,000,000 issued November, 2000, due in various annual installments through July, 2020. Interest payable semiannually at coupon rates varying from 4.975% to 5.850%	2,584,576
\$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semiannually at 4.06%	5,098,268
\$10,150,000 Public Improvement Bond issued February 20, 2008, payable in various semi-annual installments through February 1, 2033, interest at 4.25%	8,470,000
\$556,500 General Obligation Note 2014A series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semiannually, at 2.15%	<u>556,500</u>
Total General Obligation Bonds	\$ <u>25,928,575</u>
Total Incurred by School Board	\$ <u>26,298,520</u>
Total Governmental Long-term Obligations	\$ <u><u>51,959,873</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Incurred by Enterprise Fund:

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

General Obligation Bonds:

\$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%

\$ 1,082,480

Total General Obligation Bonds

\$ 1,082,480

Compensated Absences

62,785

Total Incurred by Enterprise Fund

\$ 1,145,265

Component Unit School Board:

The following is a summary of long-term obligations for the fiscal year ended June 30, 2014:

	Balance at July 1, 2013	Increases	Decreases	Balance at June 30, 2014	Amounts Due Within One Year
Compensated absences	\$ 393,207	\$ 94,148	\$ 64,068	\$ 423,287	\$ 42,328
Net OPEB obligation	<u>3,934,908</u>	<u>1,153,850</u>	<u>398,750</u>	<u>4,690,008</u>	<u>-</u>
Total	\$ <u><u>4,328,115</u></u>	\$ <u><u>1,247,998</u></u>	\$ <u><u>64,068</u></u>	\$ <u><u>5,113,295</u></u>	\$ <u><u>42,328</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 8—DEFERRED/UNAVAILABLE REVENUE:

The following is a summary of unearned/unavailable revenue for the year ended June 30, 2014:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 2,581,119
Prepaid property taxes due in December 2014, but paid in advance by the taxpayers.	462,258	462,258
Total deferred / unavailable	<u>\$ 462,258</u>	<u>\$ 3,043,377</u>

NOTE 9—COMMITMENTS AND CONTINGENT LIABILITIES:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by our audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

At June 30, 2014, the County had the following construction contracts outstanding:

Project	Contractor	Balance June 30, 2014
PG HS Tennis Court	Moseley Architects, P.C.	\$ 96,458
West Quaker Road	Rinker Design Associates, P.C.	41,248
Total		<u>\$ 137,706</u>

NOTE 10—LITIGATION:

At June 30, 2014, 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, 2014 (Continued)

NOTE 11—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Association of Counties Risk Pool (VaCorp) insurance program for its property, automobile, liability, public officials and worker's compensation coverage. The pool is a nonprofit, tax exempt association.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays VaCorp 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—PENSION PLAN:

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

- 1. Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

10. **Normal Retirement Age** - Age 65.

11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

14. **Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

15. **Exceptions to COLA Effective Dates** - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 1 (CONTINUED)

15. Exceptions to COLA Effective Dates: (Continued)

- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS – PLAN 2

- 1. Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** – Same as VRS Plan 1—Refer to Section 4.
5. **Creditable Service** – Same as VRS Plan 1— Refer to Section 5.
6. **Vesting** – Same as VRS Plan 1—Refer to Section 6.
7. **Calculating the Benefit** – Same as VRS Plan 1—Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.
11. **Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.
- Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS – PLAN 2 (CONTINUED)

- 14. Eligibility** – Same as VRS Plan 1—Refer to Section 14.
- 15. Exceptions to COLA Effective Dates** – Same as VRS Plan 1—Refer to Section 15.
- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
- 17. Purchase of Prior Service** – Same as VRS Plan 1—Refer to Section 17.

HYBRID RETIREMENT PLAN

- 1. Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
- 2. Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

2. Eligible Members: (Continued)

- Political subdivision employees*
- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

3. *Non-Eligible Members - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. Retirement Contributions - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. Creditable Service

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component – Same as VRS Plan 1—Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

8. Average Final Compensation – Same as VRS Plan 2—Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

9. Service Retirement Multiplier - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

10. Normal Retirement Age

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component – Same as VRS Plan 2—Refer to Section 13.

Defined Contribution Component – Not Applicable.

14. Eligibility – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 14.

15. Exceptions to COLA Effective Dates – Same as VRS Plan 1 and VRS Plan 2—Refer to Section 15.

16. Disability Coverage - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component – Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County 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 Board's contribution rates for the fiscal year ended 2014 were 16.15% and 10.92% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$3,618,331, \$3,501,731, and \$1,933,899, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, County's annual pension cost of \$1,913,608 was equal to the County's required and actual contributions.

Three-Year Trend Information for the County

Fiscal Year Ended	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 1,913,608	100%	-
June 30, 2013	1,741,977	100%	-
June 30, 2012	1,505,652	100%	-

(1) Employer portion only

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

C. Annual Pension Cost: (Continued)

For fiscal year 2014, School Board's annual pension cost of \$448,541 was equal to the School Board's required and actual contributions.

Three-Year Trend Information for School Board Non-professional			
Fiscal Year Ended	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	\$ 448,541	100%	-
June 30, 2013	427,963	100%	-
June 30, 2012	382,113	100%	-

(1) Employer portion only

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 67.93% funded. The actuarial accrued liability for benefits was \$51,253,691, and the actuarial value of assets was \$34,815,030, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,438,661. The covered payroll (annual payroll of active employees covered by the plan) was \$10,965,405 and ratio of the UAAL to the covered payroll was 149.91%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 74.40% funded. The actuarial accrued liability for benefits was \$16,649,376, and the actuarial value of assets was \$12,387,042, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,262,334. The covered payroll (annual payroll of active employees covered by the plan) was \$3,786,265 and ratio of the UAAL to the covered payroll was 112.57%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) 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.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 13—LENGTH OF SERVICE AWARD PENSION PROGRAM GASB 67:

This disclosure applies to the Pension Plan itself and includes specific additional pension disclosures required by GASB 67 Financial Reporting for Pension Plans not already included in Note 7.

A. Plan Description and Provisions

On January 1, 2001 the Prince George County Board of Supervisors adopted the Length of Service Awards Program for the Prince George County Volunteer Fire Companies and Emergency Crew to recognize the service provided by the volunteers. The plan is a single employer, defined benefit pension plan which was open to any volunteer emergency service technician or volunteer firefighter who has earned a year of credited service. Participants vest after five years of service and earn a fixed dollar benefit based on years of service. Benefits and refunds of the postemployment defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. No separate financial report is issued for the plan.

As of January 1, 2014 the program membership consisted of the following:

Eligible Members	97
Retirees and beneficiaries	37

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 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 5.25% 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, 2014 totaled \$144,598. The program's funding provides for periodic County contributions at actuarially determined rates that are sufficient to accumulate adequate assets to pay benefits when due. At June 30, 2013 the actuarial values of assets plan had net position available for benefits totaled \$1,422,958. Unfunded past service costs total \$412,218 and will be fully amortized in ten years. The plan additions fund the cost of administering the plan.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
County:		
June 30, 2014	\$ 144,598	100%
June 30, 2013	130,478	100%
June 30, 2012	134,037	100%
June 30, 2011	138,122	100%
June 30, 2010	129,905	100%
June 30, 2009	126,134	100%

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 13—LENGTH OF SERVICE AWARD PENSION PROGRAM GASB 67: (CONTINUED)

C. Investments:

Investments held by the County consist of the following guaranteed investment contracts:

Empire National Bank	\$	77,481
American Equity Annuity		437,896
First Security Benefit Annuity		776,795
Genworth Financial Annuity		130,786
Total	\$	<u>1,422,958</u>

D. Funded Status and Funding Progress:

As of January 1, 2014, the most recent actuarial valuation date, the County's plan was 77.5% funded. The actuarial accrued liability for benefits was \$1,835,176 and the actuarial value of assets was \$1,422,958, resulting in an unfunded actuarial accrued liability (UAAL) of \$412,218. The plan is being amortized over a ten year period and the amortization period is still open. The UAAL is being amortized as a level dollar on a closed amortization period basis.

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

E. Net Pension Liability of the LOSAP

The components of the net pension liability of the LOSAP at June 30, 2014, were as follows:

Total pension liability	\$	1,835,176
Plan fiduciary net position		<u>(1,422,958)</u>
County's net pension liability	\$	<u>412,218</u> (1)

(1) Note - Net pension liability is calculated for the Plan at June 30, 2014 as required by GASB 67; however, it will not be included as a liability of the County until the fiscal year ended June 30, 2015 when the County implements GASB 68.

NOTE 14—LANDFILL POSTCLOSURE CARE COSTS:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

NOTE 15—SURETY BONDS:

	<u>Amount</u>
Division of Risk Management Surety:	
Commonwealth Funds	
C. Bishop Knott, Jr., Clerk of the Circuit Court	\$ 400,000
Jean N. Barker, Treasurer	500,000
Darlene M. Rowsey, Commissioner of the Revenue	3,000
H.E. Allin, Sheriff	30,000
Selective Insurance Company:	
All County employees and School Board employees-blanket bond	500,000

NOTE 16—OTHER POSTEMPLOYMENT BENEFITS-HEALTH INSURANCE:

County and School Board:

A. Plan Description

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

B. Funding Policy

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

The annual cost of other post employment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC and for FY 14 totaled \$325,674 for the County and \$1,157,113 for the School Board. The estimated pay as you go cost for OPEB benefits is \$94,250 for the County and \$398,750 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:

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 325,674	\$ 1,157,113
Interest on net OPEB obligation	41,712	157,990
Adjustment to annual required contribution	(42,573)	(161,253)
Annual OPEB cost (expense)	\$ 324,813	\$ 1,153,850
Contributions made	94,250	398,750
Contribution percentage made	29%	35%
Increase (decrease) in net OPEB obligation	\$ 230,563	\$ 755,100
Net OPEB obligation - beginning of year	1,067,720	3,934,908
Net OPEB obligation - end of year	<u>\$ 1,298,283</u>	<u>\$ 4,690,008</u>

For the past three fiscal years the County's annual pension cost, the percentage of annual OPEB cost contributed to the plan, and net pension obligation for fiscal year 2014 and the two preceding years are as follows:

Three Year Trend Information - County			
<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (1)</u>	<u>Percentage of Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 324,813	29%	\$ 1,298,283
June 30, 2013	377,472	19%	1,065,720
June 30, 2012	377,472	24%	759,818

(1) Employer portion only

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2014 (Continued)

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

For the past three fiscal years the School Board's annual pension cost, the percentage of annual OPEB cost contributed to the plan, and net pension obligation for fiscal year 2014 and the two preceding years are as follows:

Three Year Trend Information - School Board - Non-Professional			
Fiscal Year Ended	Annual OPEB Cost (1)	Percentage of Cost Contributed	Net OPEB Obligation
School Board:			
June 30, 2014	\$ 1,153,850	35%	\$ 4,690,008
June 30, 2013	1,533,425	27%	3,934,908
June 30, 2012	1,533,425	41%	2,815,990

(1) Employer portion only

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014 is as follows:

	County	School Board
Actuarial accrued liability (AAL)	\$ 3,187,751	\$ 12,377,886
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability	3,187,751	12,377,886
Funded ratio (actuarial value of plan assets / AAL)	0%	0%
Covered payroll (active plan members)	10,245,236	27,673,578
UAAL as a percentage of covered payroll	31%	45%

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, 2014 (Continued)

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

County and School Board: (Continued)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The remaining amortization period at July 1, 2013 (actuarial valuation date) for the UAAL is 30 years. The UAAL is being amortized as a level percentage of projected payroll on a closed amortization period basis.

Cost Method

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

Interest Assumptions

	<u>Unfunded</u>
Discount rate	4.0%
Payroll growth	2.5%
Inflation rate	4.0%
Health care trend rate	7.0%

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

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

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

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Required Supplementary Information

Note to Required Supplementary Information:

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

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General Fund

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

For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 28,832,000	\$ 28,832,000	\$ 30,429,887	\$ 1,597,887
Other local taxes	5,664,500	5,664,500	5,722,150	57,650
Permits, privilege fees, and regulatory licenses	319,300	319,300	314,697	(4,603)
Fines and forfeitures	527,800	527,800	525,325	(2,475)
Revenue from the use of money and property	279,400	279,400	189,600	(89,800)
Charges for services	1,106,757	1,106,757	1,271,283	164,526
Miscellaneous	-	56,888	251,966	195,079
Recovered costs	153,450	187,944	170,703	(17,241)
Intergovernmental:				
Commonwealth	8,593,873	9,185,649	9,335,674	150,025
Federal	790,231	847,528	1,088,957	241,429
Total revenues	<u>\$ 46,267,311</u>	<u>\$ 47,007,765</u>	<u>\$ 49,300,242</u>	<u>\$ 2,292,477</u>
EXPENDITURES				
Current:				
General government administration:				
Legislative:				
Board of supervisors	<u>\$ 116,770</u>	<u>\$ 174,170</u>	<u>\$ 174,139</u>	<u>\$ 31</u>
General and financial administration:				
County administrator	<u>\$ 454,873</u>	<u>\$ 459,998</u>	<u>459,994</u>	<u>\$ 4</u>
Human resources	225,641	230,445	230,444	1
Legal services	202,465	225,265	225,260	5
Commissioner of revenue	420,013	446,732	446,728	4
Treasurer	517,956	566,956	566,935	21
Assessor	489,679	450,679	450,005	674
Finance	571,611	577,375	571,958	5,417
Information Technology	597,155	623,415	623,411	4
County garage	418,780	446,260	445,685	575
Other general and financial administration	<u>109,705</u>	<u>119,318</u>	<u>119,276</u>	<u>42</u>
Total general and financial administration	<u>\$ 4,007,878</u>	<u>\$ 4,146,443</u>	<u>\$ 4,139,696</u>	<u>\$ 6,747</u>
Board of elections:				
Registrar	<u>\$ 256,695</u>	<u>\$ 212,695</u>	<u>\$ 212,522</u>	<u>\$ 173</u>
Total general government administration	<u>\$ 4,381,343</u>	<u>\$ 4,533,308</u>	<u>\$ 4,526,357</u>	<u>\$ 6,951</u>
Judicial administration:				
Courts:				
Circuit court	<u>\$ 127,857</u>	<u>\$ 127,857</u>	<u>\$ 121,276</u>	<u>\$ 6,581</u>
General district court	34,430	46,730	46,719	11
Magistrate	475	475	65	410
Sheriff	969,753	952,253	951,738	515
Law library	-	23,275	8,475	14,800

General Fund

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

For the Year Ended June 30, 2014 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Courts: (Continued)				
Victim witness	\$ 60,358	\$ 60,358	\$ 33,693	\$ 26,665
Clerk of Circuit Court	516,003	478,003	477,221	782
Total courts	\$ 1,708,876	\$ 1,688,951	\$ 1,639,187	\$ 49,764
Commonwealth's attorney:				
Commonwealth's attorney	\$ 649,992	\$ 634,938	\$ 551,872	\$ 83,066
Total judicial administration	\$ 2,358,868	\$ 2,323,889	\$ 2,191,059	\$ 132,830
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 5,048,414	\$ 5,173,291	\$ 5,171,894	\$ 1,398
Law enforcement grants	-	365,482	306,159	59,323
Total law enforcement and traffic control	\$ 5,048,414	\$ 5,538,773	\$ 5,478,052	\$ 60,721
Fire and rescue services:				
Volunteer fire departments	\$ 222,682	\$ 361,350	\$ 297,696	\$ 63,654
Volunteer emergency crew	14,500	14,701	14,701	-
LOSAP volunteers	104,500	104,500	104,500	-
SAFER Grant	-	55,490	55,490	-
Fire and rescue service	1,793,233	2,264,230	2,243,076	21,155
Total fire and rescue services	\$ 2,134,915	\$ 2,800,271	\$ 2,715,462	\$ 84,809
Correction and detention:				
Confinement and care of prisoners	\$ 2,319,611	\$ 2,434,711	\$ 2,434,692	\$ 19
Juvenile services - VJCCCA	78,922	78,922	73,537	5,385
Court services	19,250	19,760	16,893	2,867
Total correction and detention	\$ 2,417,783	\$ 2,533,393	\$ 2,525,122	\$ 8,271
Inspections:				
Building	\$ 1,097,498	\$ 1,074,898	\$ 1,071,894	\$ 3,004
Other protection:				
Animal control	\$ 410,997	\$ 410,997	\$ 395,477	\$ 15,520
Emergency services	1,005,287	972,762	972,681	81
Total other protection	\$ 1,416,284	\$ 1,383,759	\$ 1,368,158	\$ 15,601
Total public safety	\$ 12,114,894	\$ 13,331,095	\$ 13,158,688	\$ 172,406

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 49,495	\$ 49,495	\$ 42,889	\$ 6,606
Total sanitation and waste removal	\$ 49,495	\$ 49,495	\$ 42,889	\$ 6,606
Maintenance of general buildings and grounds:				
General properties	\$ 1,811,664	\$ 1,884,818	\$ 1,884,723	\$ 95
Engineering	16,195	11,195	9,052	2,143
Total maintenance of general buildings and grounds	\$ 1,827,859	\$ 1,896,013	\$ 1,893,774	\$ 2,239
Total public works	\$ 1,877,354	\$ 1,945,508	\$ 1,936,664	\$ 8,844
Health and welfare:				
Health:				
Supplement of local health department	\$ 222,377	\$ 222,377	\$ 222,377	\$ -
Mental health and mental retardation:				
District 19 CSB	\$ 96,018	\$ 96,018	\$ 96,018	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,010,733	\$ 2,035,721	\$ 2,034,452	\$ 1,269
Comprehensive services	952,250	1,260,475	1,260,039	436
Tax Relief for the Elderly & Disabled	450,000	181,000	180,648	352
Total welfare	\$ 3,412,983	\$ 3,477,196	\$ 3,475,139	\$ 2,057
Total health and welfare	\$ 3,731,378	\$ 3,795,591	\$ 3,793,534	\$ 2,057
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	\$ 13,843,392	\$ 14,947,055	\$ 14,276,665	\$ 670,390
Total education	\$ 13,843,392	\$ 14,947,055	\$ 14,276,665	\$ 670,390
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 835,022	\$ 845,142	\$ 845,123	\$ 19
Farmer's market	-	1,000	467	533

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to regional library	543,713	543,713	543,713	-
Total parks, recreation, and cultural	\$ 1,378,735	\$ 1,389,855	\$ 1,389,303	\$ 552
Community development:				
Environmental management:				
Contribution to soil and water conservation district	\$ 14,250	\$ 14,250	\$ 14,250	\$ -
Resource conservation and development council	2,850	2,850	2,850	-
Total environmental management	\$ 17,100	\$ 17,100	\$ 17,100	\$ -
Cooperative extension program:				
Extension office	\$ 73,319	\$ 74,415	\$ 51,713	\$ 22,702
Total community development	\$ 90,419	\$ 91,515	\$ 68,813	\$ 22,702
Total expenditures	\$ 39,776,383	\$ 42,357,815	\$ 41,341,083	\$ 1,016,732
Excess (deficiency) of revenues over (under) expenditures	\$ 6,490,928	\$ 4,649,950	\$ 7,959,159	\$ 3,309,209
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,267,039	\$ 4,026,846	\$ -	\$ (4,026,846)
Transfers (out)	(7,757,974)	(8,681,227)	(8,523,778)	157,449
Total other financing sources (uses)	\$ (6,490,935)	\$ (4,654,381)	\$ (8,523,778)	\$ (3,869,397)
Net change in fund balances	\$ (7)	\$ (4,430)	\$ (564,619)	\$ (560,189)
Fund balances - beginning	7	4,430	16,283,920	16,279,490
Fund balances - ending	\$ -	\$ -	\$ 15,719,301	\$ 15,719,301

Schedule of Pension and OPEB Funding Progress
Last Three Fiscal Years

Virginia Retirement System

County

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 34,815,030	\$ 51,253,691	\$ 16,438,661	67.93%	\$ 10,965,405	149.91%
6/30/2012	33,034,810	51,222,227	18,187,417	64.49%	10,649,978	170.77%
6/30/2011	32,554,640	49,385,599	16,830,959	65.92%	11,406,503	147.56%

School Board Non-professionals:

6/30/2013	\$ 12,387,042	\$ 16,649,376	\$ 4,262,334	74.40%	\$ 3,786,265	112.57%
6/30/2012	12,013,207	16,663,709	4,650,502	72.09%	4,042,249	115.05%
6/30/2011	11,967,400	16,190,168	4,222,768	73.92%	4,282,755	98.60%

Length of Service Awards Pension Program

County

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)
(1)	(2)	(3)	(4)	(5)
1/1/2014	\$ 1,422,958	\$ 1,835,176	\$ 412,218	77.54%
1/1/2013	1,355,116	1,726,811	371,695	78.48%
1/1/2012	1,293,308	1,649,652	356,344	78.40%
1/1/2011	1,220,788	1,571,499	350,711	77.68%
1/1/2010	1,113,067	1,436,494	323,427	77.48%
1/1/2009	1,021,112	1,358,971	337,859	75.14%

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
7/1/2011	\$ -	\$ 3,150,454	\$ 3,150,454	0.00%	\$ 10,633,155	14.40%
7/1/2012	-	3,150,454	3,150,454	0.00%	10,619,626	29.70%
7/1/2013	-	3,187,751	3,187,751	0.00%	10,245,236	31.10%

School Board

7/1/2011	\$ -	\$ 13,550,047	\$ 13,550,047	0.00%	\$ 31,977,421	25.60%
7/1/2012	-	13,550,047	13,550,047	0.00%	31,074,008	43.60%
7/1/2013	-	12,377,886	12,377,886	0.00%	27,673,578	44.70%

Schedule of Changes in Net Pension Liability and Related Ratios
Pension Trust Fund
Year Ended June 30, 2014

Total pension liability:	
Service costs	\$ 144,598
Differences between expected and actual experience	<u>(104,075)</u>
Net change in total pension liability	\$ 40,523
Total pension liability - beginning	<u>371,695</u>
Total pension liability - ending	<u><u>412,218</u></u>
Plan fiduciary net position:	
Employer contributions	\$ 104,500
Net investment income	41,052
Benefit payments	(119,897)
Administrative expenses	<u>(4,200)</u>
Net change in plan fiduciary net position	\$ 21,455
Plan fiduciary net position - beginning	<u>1,071,426</u>
Plan fiduciary net position - ending	\$ <u>1,092,881</u>
Net pension liability	\$ <u>412,218</u>
Plan fiduciary net position as a percentage of the total pension liability	\$ <u><u>265%</u></u>

Note: The County implemented GASB 67 in fiscal year 2014. Information for the previous 9 years is unavailable.

Schedule of Employer Contributions (GASB 67)
 Year Ended June 30, 2014

Actuarially determined contribution	\$	144,598
Contributiions in relation to the actuarially determined contribution		<u>104,500</u>
Contribution deficiency (excess)	\$	<u>(40,098)</u>

Notes to Schedule

Valuation date:

Actuarially determined contribution reates are calculated as of January 1, 18 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar on a closed amortization period
Remaining amortization period	10 years
Inflation	n/a
Investment rate of return	5.25%

Note: The County implemented GASB 67 in fiscal year 2014. Information for

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Other Supplementary Information

County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from local sources:				
Revenue from the use of money and property	\$ 12,812	\$ 22,188	\$ 8,288	\$ (13,900)
Miscellaneous	160,000	-	54,145	54,145
Intergovernmental:				
Commonwealth	40,000	724,602	2,691,550	1,966,948
Total revenues	\$ 212,812	\$ 746,790	\$ 2,753,983	\$ 2,007,193
EXPENDITURES				
Current:				
General government administration				
Financial system replacement	\$ 591,607	\$ 591,607	\$ 470,487	\$ 121,120
Broadband implementation	32,060	32,060	-	32,060
Miscellaneous outlays / projects	120,079	146,779	32,271	114,508
Total general government administration	\$ 743,745	\$ 770,445	\$ 502,758	\$ 267,688
Public safety				
Police vehicles	\$ 2,833	\$ 249,489	\$ 238,142	\$ 11,347
Fire / EMS apparatus	180,073	283,018	37,001	246,017
Fire departments - outlays / projects	141,000	341,000	168,939	172,061
Carson VFD construction	3,800	2,198,800	180,990	2,017,810
Crew building renovation	14,878	34,314	34,313	1
Police building renovation	28,412	31,860	31,860	-
New animal shelter	146,840	51,256	-	51,256
Total public safety	\$ 517,836	\$ 3,189,737	\$ 691,245	\$ 2,498,492
Health and Welfare				
Human Services Building Renovation	\$ 515,801	\$ 730,871	\$ 688,448	\$ 42,423
Total health and welfare	\$ 515,801	\$ 730,871	\$ 688,448	\$ 42,423
Parks, recreation, and cultural:				
Prince George Community Center	\$ 40,000	\$ 40,000	\$ 39,996	\$ 4
Park and playground development	398,582	398,582	329,962	68,620
Riverside Park Access Road	26,484	26,484	1,224	25,260
Courthouse library	27,556	50,612	17,099	33,513
Scott Park restroom liprovement	160,000	160,000	153,429	6,571
PGHS tennis courts	37,600	556,500	555,986	514
Total parks, recreation and cultural	\$ 690,222	\$ 1,232,178	\$ 1,097,696	\$ 134,482
Education:				
Abateco building	\$ 425,000	\$ 425,000	\$ 425,000	\$ -
Total education	\$ 425,000	\$ 425,000	\$ 425,000	\$ -
Community development:				
Crosspointe center development	\$ 7,345,980	\$ 7,345,980	\$ 3,160,841	\$ 4,185,139
Building permit software	16,100	16,100	788	15,312
Total community development	\$ 7,362,080	\$ 7,362,080	\$ 3,161,629	\$ 4,200,452
Total expenditures	\$ 10,254,684	\$ 13,710,312	\$ 6,566,775	\$ 7,143,537
Excess (deficiency) of revenues over (under) expenditures	\$ (10,041,873)	\$ (12,963,522)	\$ (3,812,792)	\$ 9,150,730
OTHER FINANCING SOURCES (USES)				
Transfer in	\$ 10,501,806	\$ 12,401,839	\$ 1,497,253	\$ (10,904,586)
Issuance of debt	-	3,200,000	3,200,000	-
Total other financing sources (uses)	\$ 10,501,806	\$ 15,601,839	\$ 4,697,253	\$ (10,904,586)
Net change in fund balances	\$ 459,934	\$ 2,638,318	\$ 884,461	\$ (1,753,857)
Fund balances - beginning	(459,934)	(2,638,318)	4,561,360	7,199,678
Fund balances - ending	\$ -	\$ -	\$ 5,445,821	\$ 5,445,821

County Debt Service Fund
Schedule of Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Federal subsidy	\$ -	\$ -	\$ 20,921	\$ 20,921
Total revenues	\$ -	\$ -	\$ 20,921	\$ 20,921
EXPENDITURES				
Debt Service - School Obligations:				
Principal retirement	\$ 2,733,800	\$ 2,733,800	\$ 2,733,800	\$ -
Interest and other fiscal charges	1,298,600	1,298,600	1,291,486	7,114
Total debt service school obligations	\$ 4,032,400	\$ 4,032,400	\$ 4,025,286	\$ 7,114
Debt Service - County Obligations:				
Principal retirement	\$ 2,486,525	\$ 2,486,525	\$ 2,481,525	\$ 5,000
Interest and other fiscal charges	682,775	682,775	693,190	(10,415)
Total debt service county obligations	\$ 3,169,300	\$ 3,169,300	\$ 3,174,715	\$ (5,415)
Total expenditures:				
Principal retirement	\$ 5,220,325	\$ 5,220,325	\$ 5,215,325	\$ 5,000
Interest and other fiscal charges	1,981,375	1,981,375	1,984,676	(3,301)
Total debt service expenditures	\$ 7,201,700	\$ 7,201,700	\$ 7,200,001	\$ 1,699
Excess (deficiency) of revenues over (under) expenditures	\$ (7,201,700)	\$ (7,201,700)	\$ (7,179,080)	\$ 22,620
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 7,201,700	\$ 7,201,700	\$ 7,179,080	\$ (22,620)
Total other financing sources (uses)	\$ 7,201,700	\$ 7,201,700	\$ 7,179,080	\$ (22,620)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet
 Nonmajor Governmental Funds
 At June 30, 2014

	Community Corrections Fund	Economic Development Fund	Asset Forfeiture Fund	Tourism Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 270,465	\$ 598,185	\$ 110,525	\$ 117,271	\$ 1,096,446
Receivables (net of allowance for uncollectibles):					
Accounts receivable	96	82,489	-	-	82,585
Total assets	<u>\$ 270,561</u>	<u>\$ 680,674</u>	<u>\$ 110,525</u>	<u>\$ 117,271</u>	<u>\$ 1,179,031</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 5,756	\$ 290	\$ 270	\$ 8,919	\$ 15,235
Total liabilities	<u>\$ 5,756</u>	<u>\$ 290</u>	<u>\$ 270</u>	<u>\$ 8,919</u>	<u>\$ 15,235</u>
FUND BALANCES					
Assigned:					
Special revenue	\$ 264,804	\$ 680,384	\$ 110,256	\$ 108,352	\$ 1,163,795
Total fund balances	<u>\$ 264,804</u>	<u>\$ 680,384</u>	<u>\$ 110,256</u>	<u>\$ 108,352</u>	<u>\$ 1,163,795</u>
Total liabilities and fund balances	<u>\$ 270,560</u>	<u>\$ 680,674</u>	<u>\$ 110,526</u>	<u>\$ 117,271</u>	<u>\$ 1,179,031</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Community Corrections Fund	Economic Development Fund	Asset Forfeiture Fund	Tourism Fund	Total Nonmajor Governmental Funds
REVENUES					
Other local taxes	\$ -	\$ 867,584	\$ -	\$ 278,671	\$ 1,146,255
Charges for services	19,815	-	-	-	19,815
Miscellaneous	-	-	9,441	-	9,441
Recovered costs	148,814	-	-	-	148,814
Intergovernmental:					-
Commonwealth	650,774	-	12,690	-	663,464
Federal	-	-	123,889	-	123,889
Total revenues	<u>\$ 819,403</u>	<u>\$ 867,584</u>	<u>\$ 146,020</u>	<u>\$ 278,671</u>	<u>\$ 2,111,678</u>
EXPENDITURES					
Current:					
Public safety	\$ 824,283	\$ -	\$ 112,284	\$ -	\$ 936,567
Community Development	-	659,144	-	252,886	912,030
Total expenditures	<u>\$ 824,283</u>	<u>\$ 659,144</u>	<u>\$ 112,284</u>	<u>\$ 252,886</u>	<u>\$ 1,848,597</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,880)</u>	<u>\$ 208,440</u>	<u>\$ 33,736</u>	<u>\$ 25,785</u>	<u>\$ 263,080</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 76,445	\$ 171,000	\$ -	\$ -	\$ 247,445
Transfers (out)	-	(400,000)	-	(157,100)	(557,100)
Total other financing sources (uses)	<u>\$ 76,445</u>	<u>\$ (229,000)</u>	<u>\$ -</u>	<u>\$ (157,100)</u>	<u>\$ (309,655)</u>
Net change in fund balances	\$ 71,565	\$ (20,560)	\$ 33,736	\$ (131,315)	\$ (46,575)
Fund balances - beginning	<u>193,239</u>	<u>700,944</u>	<u>76,520</u>	<u>239,667</u>	<u>1,210,370</u>
Fund balances - ending	<u><u>\$ 264,804</u></u>	<u><u>\$ 680,384</u></u>	<u><u>\$ 110,256</u></u>	<u><u>\$ 108,352</u></u>	<u><u>\$ 1,163,795</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Community Corrections Fund				Economic Development Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 741,151	\$ 741,151	\$ 867,584	\$ 126,433
Charges for services	25,000	16,006	19,815	3,809	-	-	-	-
Miscellaneous	-	14,775	-	(14,775)	-	-	-	-
Recovered costs	161,251	161,251	148,814	(12,437)	-	-	-	-
Intergovernmental:								
Commonwealth	633,234	650,774	650,774	0	-	-	-	-
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ 819,485	\$ 842,806	\$ 819,403	\$ (23,403)	\$ 741,151	\$ 741,151	\$ 867,584	\$ 126,433
EXPENDITURES								
Current:								
Public Safety:								
Law enforcement and traffic control:								
Drug enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Correction and detention:								
Local Community Corrections	930,897	919,247	824,283	94,964	-	-	-	-
Total public safety	\$ 930,897	\$ 919,247	\$ 824,283	\$ 94,964	\$ -	\$ -	\$ -	\$ -
Community Development:								
Planning and community development:								
Tourism initiatives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	-	-	-	-	512,151	512,151	659,144	(146,993)
Total community development	\$ -	\$ -	\$ -	\$ -	\$ 512,151	\$ 512,151	\$ 659,144	\$ (146,993)
Total expenditures	\$ 930,897	\$ 919,247	\$ 824,283	\$ 94,964	\$ 512,151	\$ 512,151	\$ 659,144	\$ (146,993)
Excess (deficiency) of revenues over (under) expenditures	\$ (111,412)	\$ (76,441)	\$ (4,880)	\$ 71,561	\$ 229,000	\$ 229,000	\$ 208,440	\$ (20,560)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 76,445	\$ 76,445	\$ 76,445	\$ -	\$ 171,000	\$ 171,000	\$ 171,000	\$ -
Transfers (out)	-	-	-	-	(400,000)	(400,000)	(400,000)	-
Total other financing sources (uses)	\$ 76,445	\$ 76,445	\$ 76,445	\$ -	\$ (229,000)	\$ (229,000)	\$ (229,000)	\$ -
Net change in fund balances	\$ (34,967)	\$ 4	\$ 71,565	\$ 71,561	\$ -	\$ -	\$ (20,560)	\$ (20,560)
Fund balances - beginning	34,967	(4)	193,239	193,243	-	-	700,944	700,944
Fund balances - ending	\$ -	\$ -	\$ 264,804	\$ 264,804	\$ -	\$ -	\$ 680,384	\$ 680,384

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	\$ 278,671	\$ (96,329)
-	-	-	-	-	-	-	-
-	1,013	9,441	8,428	-	-	-	-
-	-	-	-	-	-	-	-
-	12,690	12,690	-	-	-	-	-
-	123,759	123,889	129	-	-	-	-
\$ -	\$ 137,463	\$ 146,020	\$ 8,557	\$ 375,000	\$ 375,000	\$ 278,671	\$ (96,329)
\$ -	\$ 205,253	\$ 112,284	\$ 92,969	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ 205,253	\$ 112,284	\$ 92,969	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 217,900	\$ 353,995	\$ 252,886	\$ 101,109
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ 217,900	\$ 353,995	\$ 252,886	\$ 101,109
\$ -	\$ 205,253	\$ 112,284	\$ 92,969	\$ 217,900	\$ 353,995	\$ 252,886	\$ 101,109
\$ -	\$ (67,790)	\$ 33,736	\$ 101,526	\$ 157,100	\$ 21,005	\$ 25,785	\$ 4,780
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(157,100)	(157,100)	(157,100)	-
\$ -	\$ -	\$ -	\$ -	\$ (157,100)	\$ (157,100)	\$ (157,100)	\$ -
\$ -	\$ (67,790)	\$ 33,736	\$ 101,526	\$ -	\$ (136,095)	\$ (131,315)	\$ 4,780
-	67,790	76,520	8,730	-	136,095	239,667	103,572
\$ -	\$ -	\$ 110,256	\$ 110,256	\$ -	\$ -	\$ 108,352	\$ 108,352

Combining Statement of Fiduciary Net Position
 Agency Funds
 At June 30, 2014

	Agency Funds			
	Special Welfare Fund	Fringe Benefits Fund	Performance Bond Fund	Total
ASSETS				
Cash and cash equivalents	\$ 7,816	\$ -	\$ 138,047	\$ 145,863
Accounts receivable	<u>-</u>	<u>267,909</u>	<u>-</u>	<u>267,909</u>
Total assets	<u>\$ 7,816</u>	<u>\$ 267,909</u>	<u>\$ 138,047</u>	<u>\$ 413,772</u>
LIABILITIES				
Amounts held for others	\$ <u>7,816</u>	\$ <u>267,909</u>	\$ <u>138,047</u>	\$ <u>413,772</u>
Total liabilities	<u>\$ 7,816</u>	<u>\$ 267,909</u>	<u>\$ 138,047</u>	<u>\$ 413,772</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2014

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>4,340</u>	\$ <u>27,363</u>	\$ <u>23,887</u>	\$ <u>7,816</u>
Liabilities:			-	
Amounts held for others	\$ <u>4,340</u>	\$ <u>27,363</u>	\$ <u>23,887</u>	\$ <u>7,816</u>
Fringe Benefits Fund:				
Assets:				
Cash and cash equivalents	\$ -	\$ 7,592,248	\$ 7,592,248	\$ -
Accounts receivable	<u>67,744</u>	<u>267,909</u>	<u>67,744</u>	<u>267,909</u>
Total assets	\$ <u>67,744</u>	\$ <u>7,860,157</u>	\$ <u>7,659,992</u>	\$ <u>267,909</u>
Liabilities:				
Amounts held for others	\$ <u>67,744</u>	\$ <u>7,860,157</u>	\$ <u>7,659,992</u>	\$ <u>267,909</u>
Performance Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>120,061</u>	\$ <u>34,984</u>	\$ <u>16,999</u>	\$ <u>138,046</u>
Total assets	\$ <u>120,061</u>	\$ <u>34,984</u>	\$ <u>16,999</u>	\$ <u>138,046</u>
Liabilities:				
Amounts held for others	\$ <u>120,061</u>	\$ <u>34,984</u>	\$ <u>16,999</u>	\$ <u>138,046</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 124,401	\$ 7,654,595	\$ 7,633,134	\$ 145,862
Accounts receivable	<u>67,744</u>	<u>267,909</u>	<u>67,744</u>	<u>267,909</u>
Total assets	\$ <u>192,145</u>	\$ <u>7,922,504</u>	\$ <u>7,700,878</u>	\$ <u>413,771</u>
Liabilities:				
Amounts held for others	\$ <u>192,145</u>	\$ <u>7,922,504</u>	\$ <u>7,700,878</u>	\$ <u>413,771</u>
Total liabilities	\$ <u>192,145</u>	\$ <u>7,922,504</u>	\$ <u>7,700,878</u>	\$ <u>413,771</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, 2014

	<u>Major Fund</u>		<u>NonMajor Funds</u>	
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Adult Basic Education Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,636,592	\$ 837,717	\$ 201,345	\$ 6,675,653
Receivables (net of allowance for uncollectibles):				
Accounts receivable	183,233	-	-	183,233
Due from other governmental units	1,635,718	56,758	43,410	1,735,887
Total assets	<u>\$ 7,455,544</u>	<u>\$ 894,475</u>	<u>\$ 244,755</u>	<u>\$ 8,594,774</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 326,696	\$ 2,438	\$ 740	\$ 329,874
Due to Primary Government	1,154,942	-	-	1,154,942
Accrued liabilities	5,973,706	161,086	-	6,134,792
Total liabilities	<u>\$ 7,455,344</u>	<u>\$ 163,524</u>	<u>\$ 740</u>	<u>\$ 7,619,608</u>
Fund balances:				
Assigned:				
Special Revenue	\$ 200	\$ 730,951	\$ 244,015	\$ 975,166
Total fund balances	<u>\$ 200</u>	<u>\$ 730,951</u>	<u>\$ 244,015</u>	<u>\$ 975,166</u>
Total liabilities and fund balances	<u>\$ 7,455,544</u>	<u>\$ 894,474</u>	<u>\$ 244,755</u>	<u>\$ 8,594,774</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:				
Total fund balances per above			\$	975,166
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				32,418,216
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.				<u>(5,113,295)</u>
Net position of governmental activities			\$	<u>28,280,087</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, 2014

	Major Fund	Nonmajor Funds		
	School Operating Fund	School Cafeteria Fund	Adult Basic Education Fund	Total Governmental Funds
REVENUES				
Charges for services	\$ 153,790	\$ 1,107,374	\$ 106,671	\$ 1,367,835
Miscellaneous	7,265	-	-	7,265
Recovered costs	358,776	-	-	358,776
Intergovernmental:				
County contribution to school board	14,276,665	-	-	14,276,665
Commonwealth	36,012,240	45,489	205,690	36,263,419
Federal	6,157,233	1,501,611	317,291	7,976,136
Total revenues	<u>\$ 56,965,970</u>	<u>\$ 2,654,475</u>	<u>\$ 629,652</u>	<u>\$ 60,250,097</u>
EXPENDITURES				
Current:				
Education	\$ 56,965,970	\$ 2,513,233	\$ 632,017	\$ 60,111,220
Total expenditures	<u>\$ 56,965,970</u>	<u>\$ 2,513,233</u>	<u>\$ 632,017</u>	<u>\$ 60,111,220</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 141,242	\$ (2,365)	\$ 138,877
Net change in fund balances	\$ -	\$ 141,242	\$ (2,365)	\$ 138,877
Fund balances - beginning	200	589,709	246,380	836,289
Fund balances - ending	<u>\$ 200</u>	<u>\$ 730,951</u>	<u>\$ 244,015</u>	<u>\$ 975,166</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 \$ 138,877

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

Current year asset additions	623,873
Depreciation expense	(1,712,574)
County contribution for land acquisition	427,078

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (184,526)

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

Details supporting these changes are as follows:

Change in compensated absences	(30,080)
Change in net OPEB obligation	(755,100)

Transfer of joint tenancy assets from Component Unit to the Primary Government. 1,374,190

Change in net position of governmental activities \$ (118,262)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 127,000	\$ 127,000	\$ 153,790	\$ 26,790
Miscellaneous	-	-	7,265	7,265
Recovered costs	270,000	270,000	358,776	88,776
Intergovernmental:				
County contribution to School Board	14,443,392	14,947,055	14,276,665	(670,390)
Commonwealth	36,700,722	36,700,722	36,012,240	(688,482)
Federal	6,136,203	6,136,203	6,157,233	21,030
Total revenues	\$ 57,677,317	\$ 58,180,980	\$ 56,965,970	\$ (1,215,010)
EXPENDITURES				
Current:				
Education				
Instruction - regular	\$ 41,458,397	\$ 41,458,397	\$ 40,664,155	\$ 794,242
Instruction - Title 1	660,209	660,209	602,704	57,505
Administrative, attendance & health services	2,896,964	2,896,964	2,847,208	49,756
Pupil transportation	4,423,211	4,423,211	3,937,950	485,261
Operation and maintenance	5,268,422	5,268,422	5,538,961	(270,539)
Facilities	449,165	952,828	731,322	221,506
Technology	2,500,949	2,500,949	2,644,122	(143,173)
Contingencies	20,000	20,000	(452)	20,452
Total education	\$ 57,677,317	\$ 58,180,980	\$ 56,965,970	\$ 1,215,010
Total expenditures	\$ 57,677,317	\$ 58,180,980	\$ 56,965,970	\$ 1,215,010
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	200	200
Fund balances - ending	\$ -	\$ -	\$ 200	\$ 200

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2014

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 1,559,222	\$ 1,559,222	\$ 1,107,374	\$ (451,848)
Intergovernmental:				
Commonwealth	35,000	35,000	45,489	10,489
Federal	1,331,717	1,331,717	1,501,611	169,894
Total revenues	<u>\$ 2,925,939</u>	<u>\$ 2,925,939</u>	<u>\$ 2,654,475</u>	<u>\$ (271,464)</u>
EXPENDITURES				
Current:				
Education				
Instruction	\$ -	\$ -	\$ -	\$ -
School food services	<u>2,925,939</u>	<u>2,925,939</u>	<u>2,513,233</u>	<u>412,706</u>
Total expenditures	<u>\$ 2,925,939</u>	<u>\$ 2,925,939</u>	<u>\$ 2,513,233</u>	<u>\$ 412,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,242</u>	<u>\$ 141,242</u>
Net change in fund balances	\$ -	\$ -	\$ 141,242	\$ 141,242
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>589,709</u>	<u>589,709</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 730,951</u>	<u>\$ 730,951</u>

Adult Basic Education Fund				
Budgeted Amounts			Variance with	
Original	Final	Actual	Final Budget	
			Positive	
			(Negative)	
\$ 207,606	\$ 274,992	\$ 106,671	\$ (168,321)	
387,051	331,211	205,690	(125,521)	
348,663	327,458	317,291	(10,167)	
<u>\$ 943,320</u>	<u>\$ 933,661</u>	<u>\$ 629,652</u>	<u>\$ (304,009)</u>	
\$ 943,320	\$ 933,661	\$ 632,017	\$ 301,644	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ 943,320</u>	<u>\$ 933,661</u>	<u>\$ 632,017</u>	<u>\$ 301,644</u>	
\$ -	\$ -	\$ (2,365)	\$ (2,365)	
\$ -	\$ -	\$ (2,365)	\$ (2,365)	
<u>-</u>	<u>-</u>	<u>246,380</u>	<u>246,380</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,015</u>	<u>\$ 244,015</u>	

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Statistical Table of Contents

Description / Table Name	Table Number
<u><i>Financial Trends</i></u>	
These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.	
Net Position by Component	1
Changes in Net Position	2
Fund Balance, Governmental Funds	3
Changes in Fund Balances, Governmental Funds	4
General Governmental Tax Revenues by Source (Modified Accrual Basis of Accounting)	5
<u><i>Revenue Capacity</i></u>	
These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
Assessed Value and Actual Value of Taxable Property and Tax Rates	6
Principal Property Taxpayers	7
Property Tax Levies and Collections	8
<u><i>Debt Capacity</i></u>	
These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	
Ratios of Outstanding Debt by Type	9
Ratio of General Bonded Debt by Type	10
Computation of Legal Debt Margin	11
<u><i>Demographic and Economic Information</i></u>	
These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	
Demographic and Economic Statistics	12
<u><i>Operating Information</i></u>	
These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.	
Principal Employers--Current Year and Nine Years Ago	13
County Government Employees	14
Operating Indicators by Function / Program	15
Capital Asset Statistics by Function	16

Sources:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Governmental Activities	2005	2006	2007	2008
Net Investment in Capital Assets	\$ 6,218,165	\$ 6,898,198	\$ 9,834,937	\$ 29,592,060
Restricted	-	-	-	-
Unrestricted	<u>18,333,160</u>	<u>20,550,928</u>	<u>21,926,560</u>	<u>24,936,425</u>
Total Governmental Activities Net Position	<u><u>\$ 24,551,325</u></u>	<u><u>\$ 27,449,126</u></u>	<u><u>\$ 31,761,497</u></u>	<u><u>\$ 54,528,485</u></u>
Business-Type Activities				
Net Investment in Capital Assets	\$ 16,239,992	\$ 16,190,499	\$ 15,399,163	\$ 15,953,939
Unrestricted	<u>712,013</u>	<u>1,393,528</u>	<u>2,411,666</u>	<u>4,228,623</u>
Total Business-Type Activities Net Position	<u><u>\$ 16,952,005</u></u>	<u><u>\$ 17,584,027</u></u>	<u><u>\$ 17,810,829</u></u>	<u><u>\$ 20,182,562</u></u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 22,458,157	\$ 23,088,697	\$ 25,234,100	\$ 45,545,999
Restricted	-	-	-	-
Unrestricted	<u>19,045,173</u>	<u>21,944,456</u>	<u>24,338,226</u>	<u>29,165,048</u>
Total Primary Government Activities Net Position	<u><u>\$ 41,503,330</u></u>	<u><u>\$ 45,033,153</u></u>	<u><u>\$ 49,572,326</u></u>	<u><u>\$ 74,711,047</u></u>

Table 1

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 13,316,464	\$ 20,600,365	\$ 29,428,539	\$ 28,371,837	\$ 32,649,611	\$ 31,487,810
-	-	704,609	730,241	284,061	338,206
<u>28,028,342</u>	<u>27,377,636</u>	<u>17,034,238</u>	<u>18,940,361</u>	<u>16,463,937</u>	<u>20,838,555</u>
<u>\$ 41,344,806</u>	<u>\$ 47,978,001</u>	<u>\$ 47,167,386</u>	<u>\$ 48,042,439</u>	<u>\$ 49,397,609</u>	<u>\$ 52,664,571</u>
\$ 15,914,863	\$ 15,801,892	\$ 16,652,732	\$ 16,208,880	\$ 16,923,983	\$ 15,778,830
<u>4,461,519</u>	<u>4,966,361</u>	<u>5,654,321</u>	<u>5,512,962</u>	<u>5,185,719</u>	<u>6,636,804</u>
<u>\$ 20,376,382</u>	<u>\$ 20,768,253</u>	<u>\$ 22,307,053</u>	<u>\$ 21,721,842</u>	<u>\$ 22,109,702</u>	<u>\$ 22,415,634</u>
\$ 29,231,327	\$ 36,402,257	\$ 46,081,271	\$ 44,580,717	\$ 49,573,594	\$ 47,266,640
-	-	704,609	730,241	284,061	338,206
<u>32,489,861</u>	<u>32,343,997</u>	<u>22,688,559</u>	<u>24,453,323</u>	<u>21,649,656</u>	<u>27,475,359</u>
<u>\$ 61,721,188</u>	<u>\$ 68,746,254</u>	<u>\$ 69,474,439</u>	<u>\$ 69,764,281</u>	<u>\$ 71,507,311</u>	<u>\$ 75,080,205</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
General Government Administration	\$ 3,356,184	\$ 3,646,174	\$ 3,945,059	\$ 4,524,653	\$ 4,912,326	\$ 4,466,221	\$ 4,578,412	\$ 4,887,534	\$ 4,927,971	\$ 4,895,544
Judicial Administration	1,559,938	1,664,985	1,914,889	2,018,229	2,268,022	2,241,269	2,118,018	2,189,341	2,105,719	2,279,571
Public Safety	8,219,961	9,282,848	10,024,872	11,333,146	12,941,920	12,554,537	12,527,189	13,139,882	13,620,239	15,169,146
Public Works	1,812,987	2,009,006	1,738,472	1,934,442	2,955,347	1,789,189	1,813,526	2,008,209	1,985,467	1,918,871
Health and Welfare	2,579,140	2,784,708	2,991,083	3,148,144	3,604,839	3,436,317	3,468,253	3,797,482	3,508,587	3,825,004
Education	10,315,023	15,458,698	13,963,513	16,531,372	27,698,650	14,895,354	24,520,498	15,792,643	15,976,873	17,189,503
Parks, Recreation, and Cultural	854,883	823,136	1,019,420	1,041,353	986,137	1,212,554	1,248,896	1,839,838	1,803,237	1,840,982
Community Development	851,895	1,573,969	1,909,449	1,860,965	7,577,851	980,382	772,579	1,161,919	646,834	1,715,143
Interest on Long-Term Debt	3,219,339	2,617,150	2,633,447	2,619,296	4,234,390	3,701,436	3,577,996	2,586,665	2,006,445	1,848,132
Total Governmental Activities Expenses	\$ 32,769,350	\$ 39,860,674	\$ 40,140,204	\$ 45,011,600	\$ 67,179,482	\$ 45,277,259	\$ 54,625,367	\$ 47,403,513	\$ 46,581,372	\$ 50,681,895
Business-Type Activities										
Public Utilities	\$ 3,659,594	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346	\$ 3,920,804	\$ 4,078,522	\$ 3,942,765	\$ 4,907,268	\$ 3,919,095	\$ 4,551,777
Total Business-Type Activities Expenses	\$ 3,659,594	\$ 3,417,680	\$ 3,993,097	\$ 3,940,346	\$ 3,920,804	\$ 4,078,522	\$ 3,942,765	\$ 4,907,268	\$ 3,919,095	\$ 4,551,777
Total Primary Government Expenses	\$ 36,428,944	\$ 43,278,354	\$ 44,133,301	\$ 48,951,946	\$ 71,100,286	\$ 49,355,781	\$ 58,568,132	\$ 52,310,781	\$ 50,500,467	\$ 55,233,672
Program Revenues										
Governmental Activities										
Charges for Services										
General Government Administration	\$ -	\$ 126,652	\$ 142,375	\$ -	\$ 312	\$ 4,455	\$ 186,865	\$ 180,435	\$ 44,476	\$ 13,625
Judicial Administration	507,318	378,717	423,874	475,295	477,248	572,973	677,370	601,631	788,800	577,035
Public Safety	554,902	1,207,031	1,156,680	1,386,124	869,831	894,482	764,177	717,115	729,407	857,627
Public Works	309,048	203,998	201,579	390,298	407,362	396,658	227,707	155,793	65,298	427,282
Parks, Recreation, and Cultural	59,377	113,637	92,558	112,023	119,881	130,764	136,609	138,982	125,298	135,969
Community Development	2,179	4,605	4,320	5,031	3,784	1,392	41,718	29,929	407,599	119,583
Operating Grants and Contributions	4,899,540	5,062,436	5,476,358	5,718,613	5,788,348	5,134,599	5,013,445	5,203,184	5,013,258	6,114,788
Capital Grants and Contributions	69,715	1,948,596	405,998	21,779,285	6,010,436	3,687,143	5,000,000	-	-	2,691,550
Total Governmental Activities Program Revenues	\$ 6,402,079	\$ 9,045,672	\$ 7,903,742	\$ 29,866,669	\$ 13,677,202	\$ 10,822,466	\$ 12,047,891	\$ 7,027,069	\$ 7,174,136	\$ 10,937,459
Business-Type Activities										
Charges for Services										
Public Utilities	\$ 3,664,823	\$ 3,972,998	\$ 4,080,718	\$ 4,610,809	\$ 4,085,219	\$ 4,224,792	\$ 4,974,219	\$ 4,076,488	\$ 4,044,255	\$ 4,640,279
Total Business-Type Activities Program Revenues	\$ 3,664,823	\$ 3,972,998	\$ 4,080,718	\$ 4,610,809	\$ 4,085,219	\$ 4,224,792	\$ 4,974,219	\$ 4,076,488	\$ 4,044,255	\$ 4,640,279
Total Primary Government Program Revenues	\$ 10,066,902	\$ 13,018,670	\$ 11,984,460	\$ 34,477,478	\$ 17,762,421	\$ 15,047,258	\$ 17,022,110	\$ 11,103,557	\$ 11,218,391	\$ 15,577,738

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues: (Continued)										
Net (Expense)/ Revenue										
Governmental Activities	\$ (26,367,271)	\$ (30,815,002)	\$ (32,236,462)	\$ (15,144,931)	\$ (53,502,280)	\$ (34,454,793)	\$ (42,577,475)	\$ (40,376,444)	\$ (39,407,236)	\$ (39,744,436)
Business-Type Activities	5,229	555,318	87,621	670,463	164,415	146,270	1,031,454	(830,780)	125,160	88,502
Total Primary Government Net Expense	\$ (26,362,042)	\$ (30,259,684)	\$ (32,148,841)	\$ (14,474,468)	\$ (53,337,865)	\$ (34,308,523)	\$ (41,546,021)	\$ (41,207,224)	\$ (39,282,076)	\$ (39,655,934)
General Revenues and Other Changes in Net Position										
Governmental Activities										
General Property Taxes	\$ 26,560,949	\$ 22,488,889	\$ 23,645,616	\$ 26,287,215	\$ 27,104,556	\$ 28,233,803	\$ 28,041,192	\$ 28,463,166	\$ 28,383,780	\$ 30,689,457
Other Local Taxes	5,544,585	6,175,296	6,626,221	7,395,231	8,818,359	8,563,138	8,120,610	7,373,261	6,867,373	6,868,405
Unrestricted Revenues from Use of Money and Property	614,725	974,010	1,958,759	1,647,038	1,145,446	512,337	268,838	314,909	238,946	197,888
Miscellaneous	222,188	151,132	459,721	266,954	128,819	146,753	1,098,511	60,435	330,799	315,552
Grants and contributions not restricted to specific programs	3,482,409	3,914,301	3,869,796	3,921,031	3,863,597	3,789,308	3,813,016	5,197,796	5,100,696	5,097,195
Transfers	(1,482,453)	9,175	(11,280)	(1,605,550)	(157,450)	(157,350)	424,693	(158,070)	(159,189)	(157,100)
Total Governmental Activities	\$ 34,942,403	\$ 33,712,803	\$ 36,548,833	\$ 37,911,919	\$ 40,903,327	\$ 41,087,989	\$ 41,766,860	\$ 41,251,497	\$ 40,762,405	\$ 43,011,397
Business-Type Activities										
Unrestricted Revenues from Use of Money and Property	\$ 31,067	\$ 59,529	\$ 88,648	\$ 60,985	\$ 46,607	\$ 54,196	\$ 51,735	\$ 54,466	\$ 54,438	\$ 60,330
Miscellaneous	31,611	26,350	39,252	34,735	30,935	34,055	30,918	33,033	49,073	-
Transfers	1,482,453	(9,175)	11,280	1,605,550	157,450	157,350	424,693	158,070	159,189	157,100
Total Business-Type Activities	\$ 1,545,131	\$ 76,704	\$ 139,180	\$ 1,701,270	\$ 234,992	\$ 245,601	\$ 507,346	\$ 245,569	\$ 262,700	\$ 217,430
Total Primary Government	\$ 36,487,534	\$ 33,789,507	\$ 36,688,013	\$ 39,613,189	\$ 41,138,319	\$ 41,333,590	\$ 42,274,206	\$ 41,497,066	\$ 41,025,105	\$ 43,228,827
Change in Net Position										
Governmental Activities	\$ 8,575,132	\$ 2,897,801	\$ 4,312,371	\$ 22,766,988	\$ (12,598,953)	\$ 6,633,196	\$ (810,615)	\$ 875,053	\$ 1,355,169	\$ 3,266,962
Business-Type Activities	1,550,360	632,022	226,801	2,371,733	399,407	391,871	1,538,800	(585,211)	387,860	305,932
Total Primary Government Change in Net Position	\$ 10,125,492	\$ 3,529,823	\$ 4,539,172	\$ 25,138,721	\$ (12,199,546)	\$ 7,025,067	\$ 728,185	\$ 289,842	\$ 1,743,029	\$ 3,572,894

COUNTY OF PRINCE GEORGE, VIRGINIA

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

General Fund	2005	2006	2007	2008
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated for Revenue Maximization	110,593	93,393	75,839	54,740
Unreserved, Designated for Housing	-	146,488	140,959	61,943
Unreserved, Designated for Community Corrections	-	-	-	-
Unreserved	9,890,093	14,681,925	18,209,267	19,946,161
Restricted:				
Public safety	-	-	-	-
Committed:				
Subsequent years expenditures	-	-	-	-
Assigned:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	\$ 10,000,686	\$ 14,921,806	\$ 18,426,065	\$ 20,062,844

All Other Governmental Funds

Unavailable revenue	\$ -	\$ -	\$ -	\$ -
Reserved for capital projects	8,592,971	6,042,481	4,040,010	39,377,808
Unreserved, reported in Debt Service Fund	36,204	-	-	-
Unreserved, reported in Special Revenue Funds	1,023,399	1,213,996	942,658	1,939,520
Restricted:				
Proffers	-	-	-	-
Committed:				
Library	-	-	-	-
Crosspointe Center	-	-	-	-
Animal Shelter	-	-	-	-
Police Building	-	-	-	-
Human Services Building	-	-	-	-
Disoutanta Fire Station	-	-	-	-
Broadband Implementation	-	-	-	-
Fire EMS Apparatus	-	-	-	-
Enterprise Resource Software	-	-	-	-
Assigned:				
Other capital purposes	-	-	-	-
Special revenue	-	-	-	-
Total All Other Governmental Funds	\$ 9,652,574	\$ 7,256,477	\$ 4,982,668	\$ 41,317,328

Total Governmental Funds	\$ 19,653,260	\$ 22,178,283	\$ 23,408,733	\$ 61,380,172
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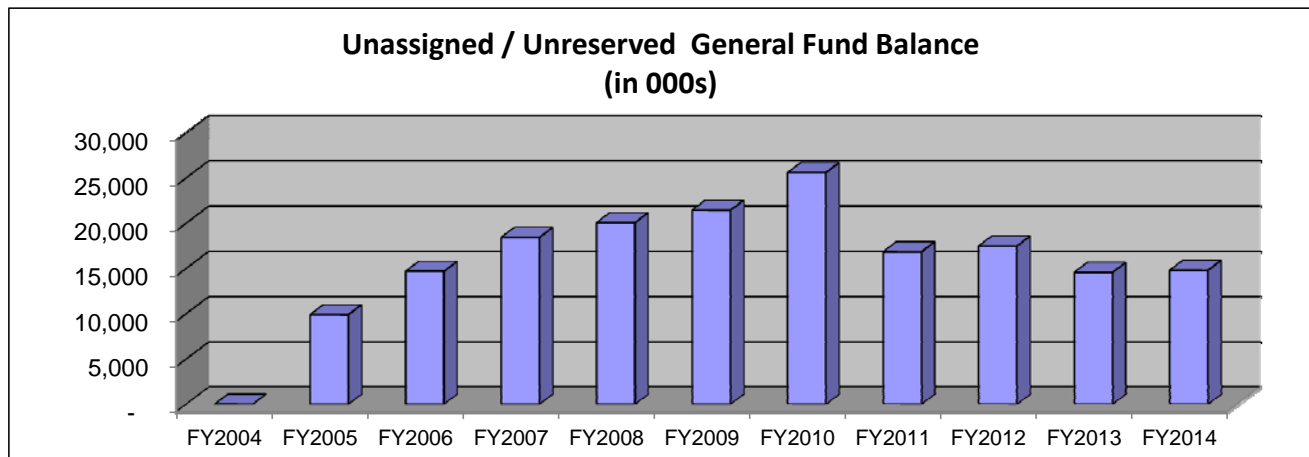


Table 3

2009	2010	2011	2012	2013	2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26,140	38,439	-	-	-	-
36,944	38,523	-	-	-	-
-	150,043	-	-	-	-
21,377,327	25,356,429	-	-	-	-
-	-	136,047	210,199	-	-
-	-	-	-	1,269,724	926,055
-	-	35,021	-	60,000	-
-	-	8,932	-	398,582	-
-	-	16,835,504	17,473,532	14,555,614	14,793,246
<u>\$ 21,440,411</u>	<u>\$ 25,583,434</u>	<u>\$ 17,015,504</u>	<u>\$ 17,683,731</u>	<u>\$ 16,283,920</u>	<u>\$ 15,719,301</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29,338,168	20,288,574	-	-	-	-
-	-	-	-	-	-
1,587,521	748,326	-	-	-	-
-	-	704,609	730,241	284,061	338,206
-	-	264,573	-	-	-
-	-	1,051,238	1,315,919	953,060	4,185,139
-	-	2,204,096	422,142	146,840	51,256
-	-	65,568	-	-	-
-	-	-	-	515,801	42,423
-	-	-	-	-	172,061
-	-	-	-	32,060	32,060
-	-	-	-	180,073	246,016
-	-	890,000	1,017,636	591,607	121,120
-	-	5,944,695	3,680,196	1,857,859	257,540
-	-	915,769	896,868	1,210,370	1,163,795
<u>\$ 30,925,689</u>	<u>\$ 21,036,900</u>	<u>\$ 12,745,157</u>	<u>\$ 8,793,243</u>	<u>\$ 5,771,730</u>	<u>\$ 6,609,616</u>
<u>\$ 52,366,100</u>	<u>\$ 46,620,334</u>	<u>\$ 29,760,661</u>	<u>\$ 26,476,974</u>	<u>\$ 22,055,650</u>	<u>\$ 22,328,917</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Revenues

	2005	2006	2007	2008	2009
General Property Taxes	\$ 26,083,566	\$ 22,617,327	\$ 23,597,753	\$ 25,959,745	\$ 26,778,786
Other Local Taxes	5,544,585	6,175,296	6,626,221	7,395,231	8,818,359
Permits, Privilege Fees, and Licenses	523,801	706,915	733,173	1,032,075	396,316
Fines and Forfeitures	375,931	297,727	295,893	336,579	340,961
Revenue from Use of Money and Property	614,725	974,010	1,958,759	1,647,038	1,145,446
Charges for Services	533,092	1,029,998	992,320	1,000,117	1,141,141
Miscellaneous	222,188	151,132	451,285	266,954	128,818
Recovered Costs	491,308	270,772	476,616	502,252	418,352
Intergovernmental Revenues:					
Commonwealth	7,156,337	9,745,610	8,624,196	12,321,427	14,590,546
Federal	1,295,327	1,179,723	1,128,285	1,095,736	1,071,835
Total Revenues	\$ 42,840,860	\$ 43,148,510	\$ 44,884,501	\$ 51,557,154	\$ 54,830,560

Expenditures

General Government Administration	\$ 2,995,994	\$ 3,405,619	\$ 3,801,800	\$ 4,264,176	\$ 4,660,952
Judicial Administration	1,422,426	1,524,110	1,788,031	1,911,988	2,089,073
Public Safety	7,933,359	8,478,865	9,385,203	10,285,574	11,076,575
Public Works	1,664,820	1,584,135	1,703,355	1,876,896	1,812,627
Health and Welfare	2,519,191	2,726,733	2,945,060	3,122,249	3,512,350
Education	8,781,909	10,561,403	9,666,163	9,811,924	12,690,392
Parks, Recreation, and Cultural	797,057	866,007	1,005,038	980,438	1,097,109
Community Development	896,444	1,017,693	1,913,858	1,942,574	1,239,599
Capital Projects	4,948,743	7,669,800	5,574,828	11,237,307	18,022,853
Debt Service:					
Principal Retirement	6,523,336	3,216,287	3,414,797	3,942,622	8,978,291
Interest and Other Fiscal Charges	3,107,101	2,427,093	2,723,642	2,673,379	3,807,361
Total Expenditures	\$ 41,590,380	\$ 43,477,745	\$ 43,921,775	\$ 52,049,127	\$ 68,987,182

Excess (deficiency) of revenues over (under) expenditures

	\$ 1,250,480	\$ (329,235)	\$ 962,726	\$ (491,973)	\$ (14,156,622)
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Other Financing Sources (Uses)

Transfers in	\$ 13,069,186	\$ 5,497,004	\$ 8,477,352	\$ 9,821,871	\$ 8,167,466
Transfers (out)	(14,551,639)	(5,487,829)	(8,488,632)	(11,427,421)	(8,324,916)
Proceeds of general obligation debt	-	11,935,253	-	39,900,000	5,300,000
Premium on Bonds	-	424,912	-	168,962	-
Retirement of bond anticipation notes	-	(9,938,180)	-	-	-
Sale of Capital Assets	-	423,099	279,004	-	-
Total Other Financing Sources (Uses)	\$ (1,482,453)	\$ 2,854,259	\$ 267,724	\$ 38,463,412	\$ 5,142,550

Net Change in Fund Balances

	\$ (231,973)	\$ 2,525,024	\$ 1,230,450	\$ 37,971,439	\$ (9,014,072)
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Debt Service as a Percentage of

Noncapital Expenditures:					
Total debt service	\$ 9,630,437	\$ 5,643,380	\$ 6,138,439	\$ 6,616,001	\$ 12,785,652
Total expenditures	\$ 41,590,380	\$ 43,477,745	\$ 43,921,775	\$ 52,049,127	\$ 68,987,182
Capital outlay	(4,948,743)	(7,360,253)	(5,574,828)	(6,083,223)	(17,979,571)
Non-capital expenditures	\$ 36,641,637	\$ 36,117,492	\$ 38,346,947	\$ 45,965,904	\$ 51,007,611
Debt service as a percentage of non-capital expenditures	26.3%	15.6%	16.0%	14.4%	25.1%

Table 4

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 28,033,301	\$ 27,774,462	\$ 28,278,105	\$ 28,076,404	\$ 30,429,887
8,563,138	8,969,995	7,373,261	6,867,372	6,868,405
453,302	360,836	301,859	421,103	314,697
411,747	550,593	472,094	719,967	525,325
512,337	268,838	314,909	238,946	197,888
1,135,675	1,123,017	1,049,932	1,019,808	1,291,099
146,754	1,098,511	60,435	330,799	315,552
321,467	691,048	291,421	316,849	319,517
11,597,678	12,895,099	9,214,172	9,272,385	12,690,688
1,013,370	931,361	1,186,808	841,568	1,233,767
<u>\$ 52,188,769</u>	<u>\$ 54,663,760</u>	<u>\$ 48,542,996</u>	<u>\$ 48,105,201</u>	<u>\$ 54,186,825</u>
\$ 4,254,648	\$ 4,375,716	\$ 4,671,416	\$ 4,546,495	\$ 5,029,115
2,103,408	2,045,372	2,083,443	2,122,535	2,191,059
11,250,451	11,790,734	11,955,650	12,048,224	14,786,501
1,804,265	1,891,639	1,989,512	1,988,541	1,936,664
3,379,645	3,464,941	3,854,750	3,520,115	4,481,982
11,926,355	13,694,270	13,245,989	13,292,762	14,701,665
1,100,437	1,077,696	1,285,903	3,118,571	2,486,999
894,021	928,536	1,187,412	616,973	4,142,473
7,122,731	8,719,257	4,657,799	3,200,916	
15,564,571	19,855,149	18,111,981	5,136,233	5,215,325
3,826,653	3,960,041	2,892,390	2,045,733	1,984,676
<u>\$ 63,227,185</u>	<u>\$ 71,803,351</u>	<u>\$ 65,936,245</u>	<u>\$ 51,637,098</u>	<u>\$ 56,956,458</u>
<u>\$ (11,038,416)</u>	<u>\$ (17,139,591)</u>	<u>\$ (17,393,249)</u>	<u>\$ (3,531,897)</u>	<u>\$ (2,769,633)</u>
\$ 17,860,254	\$ 30,028,510	\$ 7,744,887	\$ 8,358,994	\$ 8,923,778
(18,017,604)	(30,453,203)	(7,902,957)	(8,518,183)	(9,080,878)
5,450,000	-	13,741,089	-	3,200,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,292,650</u>	<u>\$ (424,693)</u>	<u>\$ 13,583,019</u>	<u>\$ (159,189)</u>	<u>\$ 3,042,900</u>
<u>\$ (5,745,766)</u>	<u>\$ (17,564,282)</u>	<u>\$ (3,810,230)</u>	<u>\$ (3,691,086)</u>	<u>\$ 273,267</u>
<u>\$ 19,391,224</u>	<u>\$ 23,815,190</u>	<u>\$ 21,004,371</u>	<u>\$ 7,181,966</u>	<u>\$ 7,200,001</u>
\$ 63,227,185	\$ 71,803,351	\$ 65,936,245	\$ 51,637,098	\$ 56,956,458
(7,032,012)	(8,980,372)	(4,708,846)	(4,691,090)	(6,314,358)
<u>\$ 56,195,173</u>	<u>\$ 62,822,979</u>	<u>\$ 61,227,399</u>	<u>\$ 46,946,008</u>	<u>\$ 50,642,100</u>
34.5%	37.9%	34.3%	15.3%	14.2%

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Sources

	2005	2006	2007	2008
Real Property Taxes	\$ 20,780,707	\$ 17,010,527	\$ 17,250,136	\$ 19,130,413
Real & Personal Public Service Corporation Taxes	995,625	676,261	838,405	727,245
Personal Property Taxes	3,839,232	4,460,413	4,895,952	5,449,410
Machinery & Tools Taxes	274,589	211,649	337,676	335,969
Penalties & Interest	193,413	258,477	275,584	316,708
Total, General Property Taxes	\$ 26,083,566	\$ 22,617,327	\$ 23,597,753	\$ 25,959,745
Local Sales and Use Taxes	\$ 1,091,419	\$ 1,141,290	\$ 1,333,959	\$ 1,427,664
Consumer Utility Taxes	1,462,710	1,534,247	1,299,391	778,530
Cable Franchise Taxes	50,642	43,103	56,974	1,915
Business License	631,522	674,259	733,948	998,688
Motor Vehicle Licenses	681,175	708,033	728,165	800,986
Bank Stock Taxes	79,135	84,743	84,412	80,301
Recordation Taxes	388,976	524,378	487,000	542,669
Rental Tax	3,808	3,531	3,404	2,385
Transient Occupancy Taxes	195,738	200,358	555,486	602,451
Communication taxes	-	-	522,138	1,474,445
Taxicab licenses	1,650	1,900	-	-
E911 Taxes	452,893	468,144	222,863	54,401
Meals Taxes	504,917	513,273	598,481	630,796
Total, Other Local Taxes	\$ 5,544,585	\$ 5,897,259	\$ 6,626,221	\$ 7,395,231
Total General Governmental Tax Revenues	\$ 31,628,151	\$ 28,514,586	\$ 30,223,974	\$ 33,354,976

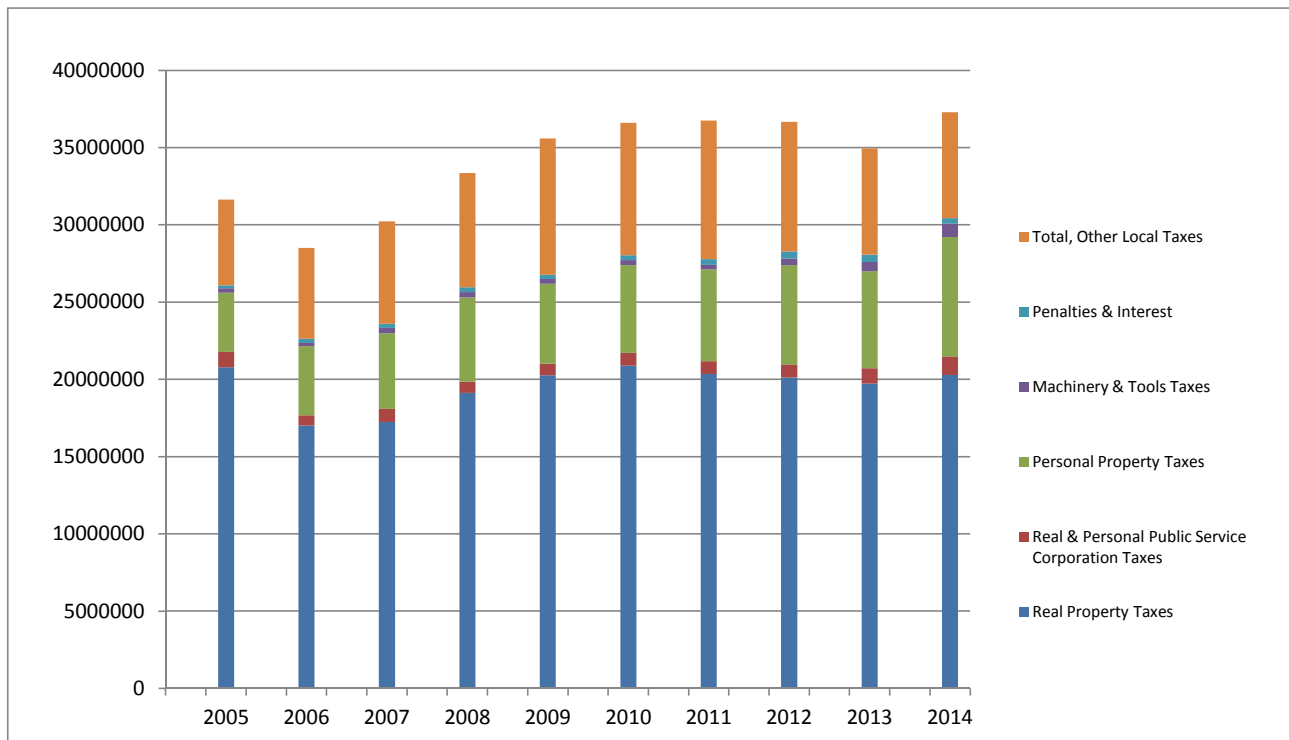


Table 5

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 20,266,075	\$ 20,882,673	\$ 20,353,123	\$ 20,119,169	\$ 19,721,432	\$ 20,296,880
741,904	833,742	828,069	846,693	1,008,576	1,198,121
5,186,845	5,666,494	5,933,062	6,423,233	6,273,041	7,719,403
297,517	336,920	295,092	443,667	596,734	858,035
286,445	313,472	365,116	445,344	476,621	357,449
<u>\$ 26,778,786</u>	<u>\$ 28,033,301</u>	<u>\$ 27,774,462</u>	<u>\$ 28,278,106</u>	<u>\$ 28,076,404</u>	<u>\$ 30,429,887</u>
\$ 1,837,964	\$ 1,768,721	\$ 1,932,433	\$ 1,902,611	\$ 1,933,998	\$ 1,966,673
798,962	797,218	807,714	772,302	832,304	881,836
(1,909)	7	-	-	-	-
2,275,872	2,178,533	2,218,648	2,018,510	1,493,187	1,498,296
823,067	811,012	825,154	820,939	802,468	828,701
81,240	83,585	94,432	89,452	92,247	91,358
282,594	252,785	239,477	281,894	287,472	269,505
2,388	1,578	-	-	-	-
513,651	516,806	454,216	243,712	588,649	464,452
1,358,465	1,314,801	1,348,145	1,388,841	-	-
-	-	-	-	-	-
122,397	139,805	132,106	174,522	-	-
723,668	698,287	917,671	703,751	837,049	867,584
<u>\$ 8,818,359</u>	<u>\$ 8,563,138</u>	<u>\$ 8,969,995</u>	<u>\$ 8,396,534</u>	<u>\$ 6,867,373</u>	<u>\$ 6,868,405</u>
<u><u>\$ 35,597,145</u></u>	<u><u>\$ 36,596,439</u></u>	<u><u>\$ 36,744,457</u></u>	<u><u>\$ 36,674,640</u></u>	<u><u>\$ 34,943,777</u></u>	<u><u>\$ 37,298,292</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Fiscal Year Ended June 30,	Residential Property	Commercial/ Industrial Property	Real Estate Totals	Personal Property	Machinery & Tools	Mobile Homes
2005*	\$ 2,022,653,496	\$ 303,609,911	\$ 2,326,263,407	\$ 194,513,246	\$ 18,389,743	\$ 9,600,239
2006	1,566,773,203	250,402,650	1,817,175,853	198,735,156	20,174,643	10,143,919
2007	1,812,825,997	284,491,563	2,097,317,560	214,481,355	22,479,110	10,112,446
2008	2,065,799,353	335,401,908	2,401,201,261	229,808,695	22,377,197	10,172,937
2009	2,199,209,735	379,328,355	2,578,538,090	219,663,799	19,980,100	10,457,422
2010	2,227,563,595	385,081,597	2,612,645,192	234,885,176	22,355,354	10,426,530
2011	2,110,613,700	385,087,400	2,495,701,100	241,130,391	22,779,215	10,743,368
2012	2,071,031,300	416,408,500	2,487,439,800	242,242,272	28,644,294	10,321,685
2013	2,262,706,000	419,048,200	2,681,754,200	235,156,981	39,313,969	10,046,854
2014	2,262,888,600	434,024,400	2,696,913,000	260,094,073	46,907,596	9,921,855

Notes: Property in the County is reassessed each year. Property is assessed at fair market value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

*FY2005 was the first year real estate was collected in semiannual installments. Assessed value includes all of calendar 2004 assessments and one-half of calendar 2005 assessments. FY2006 includes one-half of calendar 2005 and one-half of calendar year 2006 assessments.

The County of Prince George does not have any overlapping property tax rates.

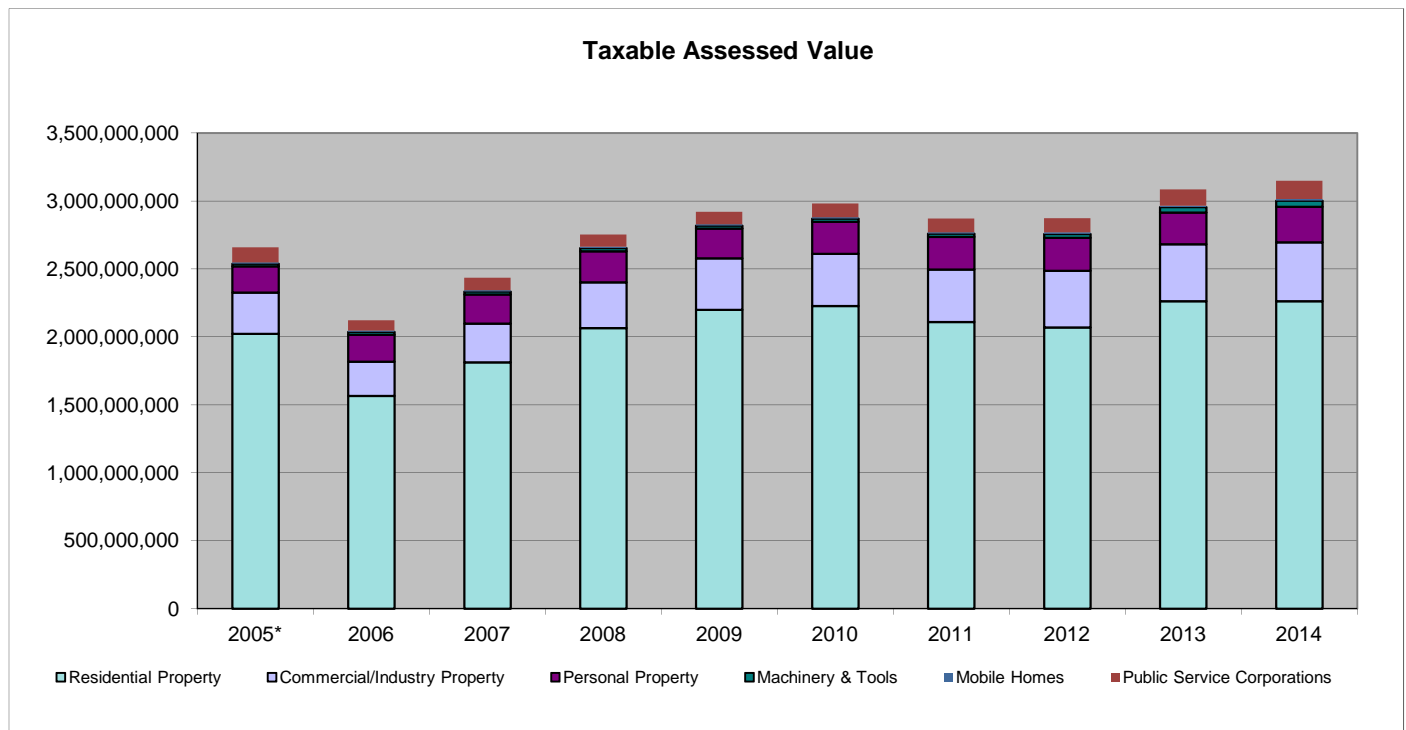


Table 6

Public Service Corporations		Total Taxable Assessed Value	Total Direct Tax Rate
\$ 110,551,010		\$ 2,659,317,645	\$ 0.93
74,958,876		2,121,188,447	0.83
91,330,546		2,435,721,017	1.01
90,463,693		2,754,023,783	1.04
91,883,661		2,920,523,072	1.11
100,234,074		2,980,546,326	1.10
100,859,694		2,871,213,768	1.08
104,214,656		2,872,862,707	1.08
118,764,823		3,085,036,827	1.14
136,030,775		3,149,867,299	1.04

Principal Property Taxpayers
Current Year and Nine Years Prior

Taxpayer	2014			2005		
	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation
Rolls Royce Crosspointe LLC	\$ 57,667,300	1	1.87%	\$ N/A	N/A	N/A
Delhaize america Distributing LLC	35,523,000	2	1.15%	36,287,200	1	2.13%
Ace Hardware Corp.	26,767,000	3	0.87%	26,784,600	2	1.57%
Crossroads Holdings LLC	18,218,700	4	0.59%	N/A	N/A	N/A
James C. Justice Companies Inc.	17,904,300	5	0.58%	N/A	N/A	N/A
Independence Place Jefferson Park	16,186,300	6	0.52%	N/A	N/A	N/A
RCC Crossings LLC	13,554,700	7	0.44%	13,794,800	3	0.81%
Jefferson Pointe	13,205,500	8	0.43%	N/A	N/A	N/A
Summit Investments II	11,564,600	9	0.37%	N/A	N/A	N/A
Standard Motor Products Inc.	10,745,100	10	0.35%	9,732,100	5	0.57%
RAJ	N/A	N/A	N/A	10,346,000	4	0.61%
Baileys Ridge apartments	N/A	N/A	N/A	5,676,800	8	0.33%
P G Housing	N/A	N/A	N/A	9,082,300	6	0.53%
Perdue Farms	N/A	N/A	N/A	8,510,800	7	0.50%
Horizon Partners	N/A	N/A	N/A	5,076,200	9	0.30%
C I Associates LP	N/A	N/A	N/A	3,819,700	10	0.22%

(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, 2014	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	1,149,668	16,182,988	94.24%
2007	18,635,631	16,471,448	88.39%	1,281,283	17,752,731	95.26%
2008	20,474,647	19,006,888	92.83%	352,738	19,359,626	94.55%
2009	21,139,550	19,930,582	94.28%	415,576	20,346,158	96.25%
2010	20,893,527	20,385,261	97.57%	284,899	20,670,160	98.93%
2011	20,463,446	19,591,946	95.74%	275,263	19,867,209	97.09%
2012	20,363,119	20,072,424	98.57%	184,061	20,256,485	99.48%
2013	19,936,703	19,124,392	95.93%	243,425	19,367,816	97.15%
2014	20,491,748	19,990,130	97.55%	-	19,990,130	97.55%

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, 2014	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 7,347,937	\$ 6,842,836	93.13%	\$ 452,211	\$ 7,295,048	99.28%
2006	8,522,877	8,224,086	96.49%	272,894	8,496,981	99.70%
2007	5,369,199	4,947,253	92.14%	361,744	5,308,998	98.88%
2008	6,053,157	5,394,924	89.13%	24,942	5,419,865	89.54%
2009	5,225,646	5,033,733	96.33%	79,730	5,113,463	97.85%
2010	6,142,759	5,628,933	91.64%	109,885	5,738,818	93.42%
2011	6,023,216	5,430,303	90.16%	21,230	5,451,533	90.51%
2012	6,764,699	5,950,673	87.97%	71,195	6,021,869	89.02%
2013	7,343,951	6,196,235	84.37%	947,716	7,143,952	97.28%
2014	9,780,855	8,422,027	86.11%	-	8,422,028	86.11%

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds/ Notes		Virginia Public School Authority Bonds	Literary Fund Loans	General Obligation Bonds/ Notes			
	Supported by General Taxes	Supported by Dedicated Revenue						
2005	\$ 31,070,921	\$ 3,051,176	\$ 26,810,532	\$ 1,150,000	\$ 3,247,367	\$ 65,329,996	6.54%	1,904
2006	21,394,890	5,268,155	33,167,371	1,035,000	2,859,729	63,725,145	6.38%	1,737
2007	20,653,290	4,462,341	31,415,317	920,000	4,358,110	61,809,058	5.47%	1,684
2008	19,381,827	25,191,677	48,029,824	805,000	3,811,281	97,219,609	8.09%	2,653
2009	23,047,444	20,147,295	45,845,295	690,000	3,432,383	93,162,417	7.53%	2,470
2010	24,834,067	8,962,205	43,615,789	575,000	3,082,734	81,069,795	6.56%	2,112
2011	26,350,327	-	32,949,987	460,000	1,684,048	61,444,362	4.97%	1,720
2012	25,027,000	-	30,518,333	345,000	1,491,730	57,382,063	4.64%	1,570
2013	22,533,225	-	27,990,875	230,000	1,291,049	52,045,149	4.21%	1,409
2014	22,695,200	-	25,928,575	115,000	1,082,480	49,821,255	4.03%	1,337

(1) Reference table 12

Ratios of General Bonded Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Percentage of Estimated Actual Value of Property
	General Obligation	Virginia Public School Authority Bonds	Literary Fund Loans	Business- Type Activities	Total	
2005	\$ 34,122,097	\$ 26,810,532	\$ 1,150,000	\$ 3,247,367	\$ 65,329,996	2.46%
2006	26,663,045	33,167,371	1,035,000	2,859,729	63,725,145	3.00%
2007	25,115,631	31,415,317	920,000	4,358,110	61,809,058	2.54%
2008	44,573,504	48,029,824	805,000	3,811,281	97,219,609	3.53%
2009	43,194,739	45,845,295	690,000	3,432,383	93,162,417	3.19%
2010	33,796,272	43,615,789	575,000	3,082,734	81,069,795	2.72%
2011	26,350,327	32,949,987	460,000	1,684,048	61,444,362	2.14%
2012	25,027,000	30,518,333	345,000	1,491,730	57,382,063	2.00%
2013	22,533,225	27,990,875	230,000	1,291,049	52,045,149	1.81%
2014	22,695,200	25,928,575	115,000	1,082,480	49,821,255	1.61%

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Computation of Legal Debt Margin Last Ten Fiscal Years

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

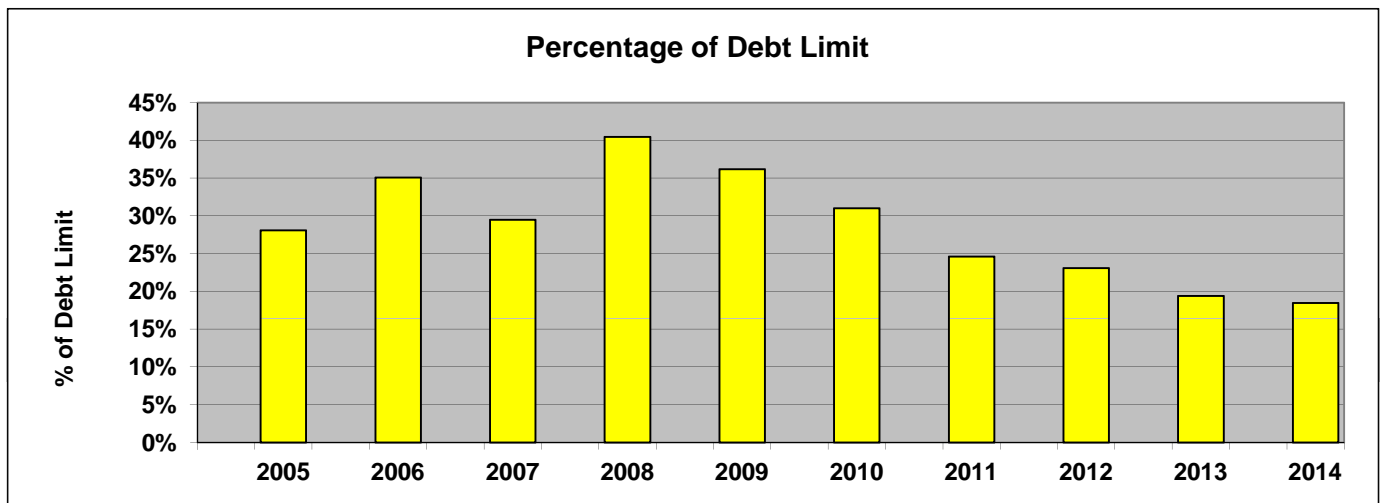


Table 11

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 2,578,538,090	\$ 2,612,645,192	\$ 2,495,701,100	\$ 2,487,439,800	\$ 2,681,754,200	\$ 2,696,913,000
257,853,809	261,264,519	249,570,110	248,743,980	268,175,420	269,691,300
<u>93,305,559</u>	<u>81,069,795</u>	<u>61,444,362</u>	<u>57,382,063</u>	<u>52,045,149</u>	<u>49,821,255</u>
\$ <u>164,548,250</u>	\$ <u>180,194,724</u>	\$ <u>188,125,748</u>	\$ <u>191,361,917</u>	\$ <u>216,130,271</u>	\$ <u>219,870,045</u>
36.2%	31.0%	24.6%	23.1%	19.4%	18.5%

Demographic and Economic Statistics
Last Ten Years

Year	Population	Student Enrollment (d)	Personal Income (k)	Per Capita Personal Income (f)	Median Household Income	Median Age	Average Unemployment Rate	Educational Attainment: Bachelor's Degree or Higher
2004	34,313 (a)	6,162	933,416,539	27,203	50,649 (f)	32.1 (b)	3.6% (e)	19.4% (a)
2005	36,694 (a)	6,039	1,050,622,608	28,632	55,476 (f)	32.1 (b)	3.8% (e)	19.4% (a)
2006	36,694 (a)	6,193	1,129,955,036	30,794	57,883 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2007	36,647 (g)	6,297	1,201,361,954	32,782	59,780 (f)	32.1 (b)	3.2% (e)	19.4% (a)
2008	37,723 (g)	6,305	1,295,747,327	34,349	62,570 (j)	32.1 (b)	4.3% (e)	14.0% (e)
2009	38,393 (g)	6,158	1,306,360,218	34,026	67,985 (i)	32.1 (b)	7.0% (j)	19.4% (i)
2010	35,725 (i)	6,357	1,298,639,475	36,351	59,349 (j)	37.3 (i)	7.3% (j)	18.4% (i)
2011	36,555 (i)	6,312	1,422,866,820	38,924	64,171 (i)	36.6 (i)	6.5% (e)	17.2% (i)
2012	36,941 (i)	6,302	946,428,420	25,620	62,924 (i)	38.6 (i)	6.5% (i)	16.8% (i)
2013	37,253 (i)	6,367	954,645,378	25,626	63,913 (i)	38.0 (i)	4.9% (i)	17.0% (i)

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

(b) 2000 Federal Census

(c) 1990 Federal Census

(d) September Enrollment

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

(f) US Department of Commerce, Bureau of Economic Analysis

(g) Weldon Cooper Center

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

(i) US Census Bureau

(j) USDA Economic Research Service

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

Principal Employers
Current Year and Nine Years Ago

Employer	2013			2004		
	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+	8.9%	1
County of Prince George	1000+	7.1%	2	1000+	8.9%	2
U.S. Department of Justice	500 - 999	3.5%	3	500 - 999	4.4%	5
Food Lion	500 - 999	3.5%	4	500 - 999	4.4%	4
U.S. Army Non-Appropriated Funds Division	500 - 999	3.5%	5	250 - 499	2.2%	6
Standard Motor Products	250 - 499	1.8%	6	250 - 499	2.2%	7
Riverside Regional Jail	250 - 499	1.8%	7	250 - 499	2.2%	8
Perdue Products	250 - 499	1.8%	8	250 - 499	2.2%	10
U.S. Department of Army and Air Force	250 - 499	1.8%	9	250 - 499	2.2%	11
Ace Hardware Corporation	100 - 249	0.7%	10	250 - 499	2.2%	9
Manpower International	N/A	N/A	N/A	500 - 999	4.4%	3
Total Employment	14,085			11,294		

Source: Virginia Employment Commission

County Government Employees
Last Ten Fiscal Years

Function/Program	Approved Full Time Positions as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government Administration										
County Administration	5	5	5	4	4	4	4	4	5	5
Human Resources	2	3	3	3	3	3	3	3	3	3
County Attorney	2	2	2	2	2	2	2	2	2	2
Commissioner of the Revenue	5	5	5	5	6	6	6	6	6	6
Treasurer	6	6	6	7	7	7	7	7	7	7
Real Estate Assessor	6	6	6	7	7	6	6	6	6	6
Finance	5	5	5	6	6	6	6	6	6	6
Information Technology	2	5	5	5	5	5	5	5	6	6
County Garage	4	4	4	4	4	4	4	4	4	4
Registrar	2	2	2	2	3	3	3	3	3	3
Judicial Administration										
Circuit Court	1	1	1	1	1	1	1	1	1	1
Commonwealth's Attorney	3	3	5	6	7	7	7	7	7	7
Sheriff	9	9	9	12	11	11	11	11	11	11
Victim Witness	1	1	1	1	1	1	1	1	1	1
Clerk of Circuit Court	5	5	5	5	5	5	5	5	5	5
Public Safety										
Police	51	54	54	56	57	56	56	56	57	57
Fire & EMS	10	11	11	12	14	11	11	11	11	14
VJCCCA	1	1	1	1	1	1	1	1	1	1
Community Corrections/ Pretrial	9	9	10	10	10	10	10	10	11	11
Building Inspections	8	9	11	12	11	10	10	10	14	14
Animal Control	3	3	5	6	6	6	6	6	6	6
Dispatch Center	13	14	14	14	15	14	14	14	14	14
Public Works										
General Properties	10	6	6	8	8	8	8	8	8	8
Refuse Disposal	-	-	0	2	3	3	3	3	0	0
Engineering/Utilities	11	12	13	13	13	13	13	13	12	13
Health and Welfare										
Social Services	20	21	21	21	21	21	21	21	21	23
Comprehensive Services Act		1	1	1	1	1	1	1	0	0
Housing Assistance	3	3	4	4	0	0	0	0	0	0
Parks, Recreation & Cultural										
Parks and Recreation	6	6	6	7	8	7	7	7	7	7
Community Development										
Planning Department	4	5	6	6	5	4	4	4	0	0
Economic Development	2	1	1	1	1	1	1	2	2	2
GIS	-	1	1	1	1	1	1	1	0	0
Capital Projects	1	1	1	0	0	0	0	0	0	0
Total	210	219	228	241	243	235	235	236	233	239

Source - Human Resources

Operating Indicators by Function/ Program
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government Administration										
Real Property Parcels	12,705	12,961	13,272	13,362	13,568	13,597	13,612	13,649	13,308	13,303
Public Safety										
Physical Arrests	577	561	523	577	573	528	553	614	503	632
Traffic Violations	5,796	5,127	5,243	5,355	7,018	7,842	7,309	6,625	7,200	7,522
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Personnel and Officers	54	54	56	57	56	56	56	56	57	58
Fire Protection										
EMS Service Calls	2,140	2,055	2,297	2,500	2,417	2,374	2,527	2,882	2,938	2,968
Fire Service Calls	973	1,097	1,117	1,249	1,205	1,060	1,432	1,779	1,440	1,339
Fire Stations	6	6	6	6	6	6	6	6	6	6
EMS Stations	1	1	1	1	1	1	1	1	1	1
Volunteer Fire and EMS Personnel	250	275	290	350	438	314	272	206	232	225
Professional Paramedic/Firefighter	5	7	7	9	9	6	6	7	7	16
Building Official										
Residential Permits		1,870	1,813	1,664	1,133	835	402	407	576	387
Commercial Building Permits		299	318	288	215	179	144	108	173	190
Commercial Building Permits	54	65	163	98	115	37	62	27	55	52
Single Family Resid. Building Permits	245	216	249	172	121	68	53	46	40	45
Public Works										
Miles of Water Line	62	68	71	72	72	75	75	75	75	75
Miles of Sewer Line	88	93	94	94	94	95	96	97	97	97
Utilities Customers	3,776	3,901	3,969	4,170	4,170	4,228	4,261	4,253	4,300	4,545
Health and Welfare										
Request for Services (Social Services)	426	466	536	622	638	715	749	747	1,261	1,486
Food Stamp Applications	N/A	630	576	525	897	903	1,013	1,085	1,140	1,063
Parks, Recreation & Cultural										
Youth League Participants	1,750	2,112	2,072	2,100	2,286	2,481	2,405	2,418	2,213	2,409
Community Development										
Employment	13,767	13,986	15,441	14,648	14,044 (a)	13,853 (a)	14,207 (a)	13,971 (a)	14,022	14,758
Component Unit - School Board										
Students Enrolled	6,162	6,059	6,062	6,189	6,305	6,158	6,357	6,312	6302	6367

Source - Various County Departments

Data for years prior to 2005 are not available

(a) Virginia Employment Commission

Capital Asset Statistics by Function
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government Administration										
Administration Buildings:	1	1	1	1	1	1	1	1	1	1
Administration Vehicles:	9	9	9	9	9	9	9	9	9	9
Public Safety										
Police Department:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	74	73	73	74	74	73	69	72	72	76
Child Safety Seat Trailer	1	1	1	1	1	1	1	1	1	1
Electronic Sign Board	1	1	1	1	1	1	1	1	1	1
Public Safety Boat	-	1	1	1	1	1	1	1	1	1
Emergency Management:										
Buildings	1	1	1	1	1	1	1	1	1	1
Sheriff's Department:										
Vehicles	12	12	12	12	12	12	12	12	12	12
Fire Department:										
Vehicles	-	-	-	-	67	60	60	60	60	58
Animal Control:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	4	4	4	4	4	4	5
Horse Trailer	1	1	1	1	1	1	1	1	1	1
Community Corrections:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles										2
Courts:										
Buildings	1	1	1	1	1	1	1	1	1	1
Operations										
Garage:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	3	3	3	3	3	3	3	3	3	4
Refuse:										
Sites	1	1	1	1	1	1	1	1	1	1
Recycling Centers	2	2	2	2	2	2	2	2	2	2
Buildings and Grounds:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	8	8	8	8	8	8	8	8	9	7
Community Development										
Building Inspections:										
Vehicles	6	6	7	8	8	7	7	7	7	7
Culture and Recreation										
Parks and Recreation:										
Pier/Overlook/Nature Park	-	-	1	1	1	1	1	1	1	1
Playing Fields	7	7	7	7	7	7	7	7	7	7
Multi-Purpose Fields	2	2	2	2	2	2	2	2	2	3
Tennis Courts	3	3	3	3	3	3	3	3	3	3
Pavilions	3	3	3	3	3	3	3	3	3	3
Education Center		-	-	-	-	-	-	-	-	1
Canoe Launch		-	-	-	-	-	-	-	-	1
Historical Society	1	1	1	1	1	1	1	1	1	1
Health & Welfare										
Social Services:										
Building	1	1	1	1	1	1	1	1	1	1
Food Bank	1	1	1	1	1	1	1	1	1	1
Vehicles		7	7	7	7	5	5	5	5	5
Component Unit - School Board										
Education:										
High Schools	1	1	1	1	1	1	1	1	1	1
Junior High Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1	1
Elementary Schools	5	5	5	5	5	5	5	5	5	5
Administration Buildings	1	1	1	1	1	1	1	1	1	1
Education Center		1	1	1	1	1	1	1	1	-
School Buses - Active	78	77	77	78	84	87	86	73	75	76
School Buses - Spare	15	17	17	19	17	15	24	32	32	20

Source: Individual County Departments

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, the 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, 2014, and the related notes to the financial statements, which collectively comprise the County of Prince George, Virginia's basic financial statements, and have issued our report dated December 5, 2014.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management, or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 5, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Prince George, Virginia's compliance with the types of compliance requirements described *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Prince George, Virginia's major federal programs for the year ended June 30, 2014. County of Prince George, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Prince George, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Prince George Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Prince George, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Prince George, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the County of Prince George, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Prince George, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Prince George, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 5, 2014

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950111	\$ 6,097
Temporary Assistance for Needy Families (TANF)	93.558	0400111	171,813
Refugee and Entrant Assistance - State Administered Programs	93.566	0500111	1,617
Low-Income Home Energy Assistance	93.568	0600411	16,892
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760111	29,426
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900111	1,315
Foster Care - Title IV-E	93.658	1100111	117,997
Adoption Assistance	93.659	1120111	69,058
Social Services Block Grant	93.667	1000111	125,511
Chafee Foster Care Independence Program	93.674	9150111	1,821
Children's Health Insurance Program (CHIP)	93.767	0540111	7,419
Medical Assistance Program	93.778	1200111	<u>215,890</u>
Total Department of Health and Human Services			\$ <u>764,856</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	7750100-52740 / 7750100-52749	\$ <u>50,462</u>
Total Department of Homeland Security			\$ <u>50,462</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
National School Breakfast Program	10.553	405910	\$ 341,835
Department of Agriculture:			
Food Distribution	10.555	Unknown	\$ 202,678
Department of Education:			
National School Lunch Program	10.555	406230	<u>957,098</u> 1,159,776
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040111	<u>246,289</u>
Total Department of Agriculture			\$ <u>1,747,900</u>
Department of Treasury:			
Direct Payments:			
Forfeited Assets	21.000	n/a	\$ <u>123,889</u>
Total Department of Treasury			\$ <u>123,889</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	6050700-51129	\$ <u>26,017</u>
Total Department of Transportation			\$ <u>26,017</u>
Department of Education:			
Direct Payments:			
Impact Aid	84.041	n/a	\$ 4,060,851
Pass Through Payments:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	428010 / 611110	317,291
Title I Grants to Local Educational Agencies	84.010	429010	601,963
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	429480	38,536
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	430710	999,570
Special Education - Preschool Grants	84.173	625210	28,560
Advanced Placement Program	84.330	Unknown	1,340
Career and Technical Education - Basic Grants to States	84.048	610950	71,650
Improving Teacher Quality State Grants	84.367	614800	<u>155,322</u>
Total Department of Education			\$ <u>6,275,083</u>
Department of Defense:			
Direct Payments:			
Junior ROTC Program	12.000	n/a	\$ 64,838
Support for K-12 Student Achievement at Military Connected Schools	12.030	n/a	<u>134,604</u>
Total Department of Defense			\$ <u>199,442</u>
Total Expenditures of Federal Awards			\$ <u><u>9,187,649</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, 2014

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, 2014. The information in this Schedule is presented in accordance with the reporting requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of operations of the County of Prince George, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Prince George, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 1,088,957
Debt Service Fund	20,921
Asset Forfeiture Fund	123,889
Total primary government	\$ 1,233,767
Component Unit School Board - reference Exhibit 22	\$ 7,976,136
Total component unit School Board	\$ 7,976,136
Total federal expenditures per basic financial statements	\$ 9,209,903

Amounts required to reconcile federal revenues to expenditures:

Less: Payment in lieu of taxes	(1,333)
Less: QCSB federal credit in debt service fund	(20,921)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 9,187,649

COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies (LEAs)
84.027 / 84.173	Special Education Cluster (IDEA)
84.041	Impact Aid
84.002	Adult Education - Basic Grants to States

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no findings from the prior year.