



COUNTY OF PRINCE EDWARD, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2005

COUNTY OF PRINCE EDWARD, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2005

COUNTY OF PRINCE EDWARD, VIRGINIA

Board of Supervisors

William G. Fore, Jr., Chairman
Howard F. Simpson, Vice—Chairman

Pattie Cooper—Jones
Sally W. Gilfillan
Lacy B. Ward

Robert M. Jones
James C. Moore
Charles W. McKay

Board of Social Services

William G. Fore, Jr., Chairman
Nannie C. Hendricks, Vice-Chairman
Hattie Covington
Karen M. Schinabeck
S. Garland Carmichael

County School Board

Sherry A. Honeycutt, Chairman
Russell L. Dove, Vice—Chairman

Lawrence C. Varner
Thomas M. Tillerson
Patsy G. Pelland

Herbert N. Doswell
Linda Leatherwood
Susan S. Lawman

Other Officials

Judge of Circuit Court
Clerk of Circuit Court
Judge of General District Court
Judge of the Juvenile & Domestic Relations District Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator

Richard S. Blanton
Machelle J. Eppes
Robert G. Woodson
Marvin H. Dunkum, Jr.
James R. Ennis
Wyatt L. Overton
Mable H. Shanaberger
Travis D. Harris, Jr.
Margaret R. Blackmon
Roma Morris
Mildred B. Hampton

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report on Financial Statements and Supporting Schedules

**The Honorable Member of
The Board of Supervisors
County of Prince Edward, Virginia**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Prince Edward, Virginia's management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2005, on our consideration of the County of Prince Edward, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Schedule of Funding Progress, and the Budgetary Comparison Information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise of the County of Prince Edward, Virginia, basic financial statements. The combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Prince Edward, Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Fann, Cox Associates

Charlottesville, Virginia
September 16, 2005

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Prince Edward, Virginia for the fiscal year ended June 30, 2005. This narrative is to be read in conjunction with the additional information that we have furnished in our letter of transmittal which can be found earlier in this report.

Financial Highlights

Government-wide Financial Statements

The assets of the County of Prince Edward, Virginia exceeded its liabilities at the close of the most recent fiscal year by \$7,333,884 (net assets). Of this amount, \$5,262,386 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net assets were \$11,175,361 of which \$217,165 is unrestricted. (See Exhibit 1.)

Fund Financial Statements

At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,119,772, or 29 percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2005 budget as well as funds allocated to the School Board (fund balance re-appropriated) and County Capital Improvement Projects for fiscal year 2005.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,003,974, an decrease of \$1,538,323 in comparison with the prior year. Over 95%, or \$5,925,901, is available for spending at the government's discretion (unreserved fund balance). (See Exhibit 3.)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Condensed comparative financial data is not available this year, but will be presented in the future.

Local government accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continued to be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net assets and 2) the statement of activities.

Overview of the Financial Statements: (Continued)

The statement of net assets presents all of the County's permanent accounts, or assets, liabilities and net assets. The difference between assets and liabilities is reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the government's net assets changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County does not report any business-type activities.

The government-wide financial statements include, in addition to the primary government or County, one component unit: 1) the Prince Edward County School Board. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation between the two methods is provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

Overview of the Financial Statements: (Continued)

Notes to the financial statements

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As previously noted, net assets may serve as a useful indicator of a government's financial position. For the County of Prince Edward, assets exceeded liabilities by \$7,333,884 at the end of the fiscal year.

The County's net assets are divided into three categories: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

County of Prince Edward, Virginia
Summary of Net Assets
As of June 30, 2005

	Governmental Activities	
	2005	2004
Current and other assets	\$ 8,277,939	\$ 10,187,225
Capital assets	15,228,031	15,037,356
Total assets	<u>\$ 23,505,970</u>	<u>\$ 25,224,581</u>
Long-term liabilities	\$ 14,070,630	\$ 14,610,540
Other liabilities	2,101,456	2,461,999
Total liabilities	<u>\$ 16,172,086</u>	<u>\$ 17,072,539</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 1,993,396	\$ 1,304,995
Restricted	78,102	328,102
Unrestricted	5,262,386	6,518,945
Total net assets	<u>\$ 7,333,884</u>	<u>\$ 8,152,042</u>

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 27 percent of total net assets. The County uses these capital assets to provide services to citizens, therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The majority of these net assets are to be used for construction projects and debt service. The County's restricted net assets account for 1 percent of total net assets.

Government-wide Financial Analysis: (Continued)

The remaining balance of unrestricted net assets, which is \$5,262,386 or 72 percent of total net assets, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the County is able to report positive balances in all three categories of net assets.

Governmental Activities—Governmental activities decreased the County's net assets by \$818,158. Key elements of this decrease are as follows:

		Governmental	
		2005	2004
Revenues:			
Program revenues:			
Charges for services	\$ 764,774	\$ 870,020	
Operating grants and contributions	4,808,345	4,055,742	
Capital grant and contributions	-	-	
General revenues:			
Property taxes	6,335,709	6,427,034	
Other local taxes	3,208,158	3,127,167	
Grants and other contributions unrestricted	1,391,668	1,607,274	
Other	595,735	614,111	
Total revenues	<u>\$ 17,104,389</u>	<u>\$ 16,701,348</u>	
Expenses:			
General government	\$ 1,542,517	\$ 1,359,503	
Judicial administration	1,239,534	1,083,127	
Public safety	2,449,038	2,242,895	
Public works	2,203,917	2,858,160	
Health and welfare	3,343,298	2,889,853	
Education	5,920,107	6,076,565	
Parks, recreation and culture	189,991	252,780	
Community development	458,214	603,178	
Interest	575,931	709,712	
Total expenses	<u>\$ 17,922,547</u>	<u>\$ 18,075,773</u>	
Increase (decrease) in net assets	\$ (818,158)	\$ (1,374,425)	
Net assets - beginning	<u>8,152,042</u>	<u>9,527,007</u>	
Net assets - ending	<u>\$ 7,333,884</u>	<u>\$ 8,152,582</u>	

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As earlier mentioned, 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 financial resources. Such information is useful in assessing the County's financing requirements. 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 fiscal year, the County's governmental funds reported combined ending fund balances of \$6,003,974. Approximately 99 percent of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to various County projects.

The general fund is the chief operating fund of the County. As of June 30, 2005, total fund balance of the general fund was \$5,197,874, of which \$5,119,772 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 29 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$6,258,556. Total fund balance represents 29 percent of total general fund expenditures.

The fund balance of the County's general fund decreased by \$694,802 during the current fiscal year.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations totaled \$1,062,394. The increased included, among other minor changes, \$568,489 in additional CSA expenditures. Budgeted revenues were not amended during fiscal year 2005.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2005 is \$15,228,031 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, and construction in progress. The total net increase in the County's investment in capital assets for the current fiscal year was 2 percent for government activities.

Major capital asset events during the current fiscal year included the following:

- The construction of an additional cell at the county landfill.
- Replacement of several sheriff department vehicles
- Upgrading of the Moore Building into a tourism visitor center
- Construciton of the Virso Bridge

Capital Asset and Debt Administration: (Continued)

County of Prince Edward, Virginia's Capital Assets
for Governmental Activities
(net of depreciation)

	Governmental Activities	
	2005	2004
Land	\$ 1,227,379	\$ 1,227,379
Buildings and system	12,336,788	12,861,166
Machinery and equipment	1,485,301	257,964
Improvements other than buildings	178,563	690,847
Total	<u>\$ 15,228,031</u>	<u>\$ 15,037,356</u>

Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the fiscal year the County had the following outstanding debt:

County of Prince Edward, Virginia's Outstanding Debt
For the Year Ended June 30, 2005

	Governmental Activities	
	2005	2004
General obligation bonds	\$ 9,105,504	\$ 9,852,024
Revenue bonds	1,764,512	1,850,708
Landfill closure/post-closure	2,141,087	1,766,688
Capital leases	13,536	30,819
Literary Fund Loans	210,000	262,500
Early Retirement Obligations	409,851	442,374
Compensated absences	529,608	405,427
Total	<u>\$ 14,174,098</u>	<u>\$ 14,610,540</u>

Legislations enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board has been assumed by the Primary Government. The legislation affects the reporting of local school capital assets as well.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County in July 2005 was 5.1 percent. This compares favorably to the national unemployment rate of 5.0 percent.

All of these factors were considered in preparing the County's budget for the 2005 fiscal year.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Prince Edward's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration Office, 111 South Street, Farmville, Virginia 23901.

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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2005

	Primary Government Governmental Activities	Component Unit School Board
ASSETS		
Cash and cash equivalents	\$ 6,693,737	\$ 267,584
Receivables (net of allowance for uncollectibles):		
Taxes receivable	315,011	-
Accounts receivable	123,275	-
Interest receivable	69,910	-
Due from primary government	-	1,541,796
Due from other governmental units	1,076,006	707,560
Capital assets (net of accumulated depreciation):		
Land	1,227,379	99,952
Buildings and system	12,336,788	9,040,882
Improvements other than buildings	1,485,301	431,289
Machinery and equipment	178,563	1,386,073
Total assets	<u>\$ 23,505,970</u>	<u>\$ 13,475,136</u>
LIABILITIES		
Accounts payable	\$ 418,184	\$ 26,713
Accrued liabilities	-	2,273,062
Accrued interest payable	141,476	-
Due to component unit	1,541,796	-
Long-term liabilities:		
Due within one year	960,688	-
Due in more than one year	13,109,942	-
Total liabilities	<u>\$ 16,172,086</u>	<u>\$ 2,299,775</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 1,993,396	\$ 10,958,196
Restricted for:		
Debt service and bond covenants	78,102	-
Unrestricted (deficit)	5,262,386	217,165
Total net assets	<u>\$ 7,333,884</u>	<u>\$ 11,175,361</u>

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,542,517	\$ 51,368	\$ 227,037	\$ -
Judicial administration	1,239,534	117,534	448,303	-
Public safety	2,449,038	6,165	1,373,136	-
Public works	2,203,917	583,083	229,604	-
Health and welfare	3,343,298	-	2,530,265	-
Education	5,920,107	-	-	-
Parks, recreation, and cultural	189,991	-	-	-
Community development	458,214	6,624	-	-
Interest on long-term debt	575,931	-	-	-
Total government activities	<u>\$ 17,922,547</u>	<u>\$ 764,774</u>	<u>\$ 4,808,345</u>	<u>\$ -</u>
Total primary government	<u>\$ 17,922,547</u>	<u>\$ 764,774</u>	<u>\$ 4,808,345</u>	<u>\$ -</u>
COMPONENT UNITS:				
School Board	<u>\$ 24,041,458</u>	<u>\$ 553,193</u>	<u>\$ 17,360,067</u>	<u>\$ 140,907</u>
Total component units	<u>\$ 24,041,458</u>	<u>\$ 553,193</u>	<u>\$ 17,360,067</u>	<u>\$ 140,907</u>
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Taxes on recordation and wills				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Contributions from the County of Prince Edward, Virginia				
Grants and contributions not restricted to specific programs				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government		Component Unit	
Governmental Activities	Total	School Board	
\$ (1,264,112)	\$ (1,264,112)	\$	-
(673,697)	(673,697)		-
(1,069,737)	(1,069,737)		-
(1,391,230)	(1,391,230)		-
(813,033)	(813,033)		-
(5,920,107)	(5,920,107)		-
(189,991)	(189,991)		-
(451,590)	(451,590)		-
(575,931)	(575,931)		-
<u>\$ (12,349,428)</u>	<u>\$ (12,349,428)</u>	<u>\$</u>	<u>-</u>
<u>\$ (12,349,428)</u>	<u>\$ (12,349,428)</u>	<u>\$</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>(5,987,291)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>(5,987,291)</u>
\$ 6,335,709	\$ 6,335,709	\$	-
2,258,289	2,258,289		-
474,912	474,912		-
231,477	231,477		-
162,805	162,805		-
80,675	80,675		-
427,756	427,756		6,852
167,979	167,979		13,457
-	-		5,858,135
<u>1,391,668</u>	<u>1,391,668</u>		<u>-</u>
<u>\$ 11,531,270</u>	<u>\$ 11,531,270</u>	<u>\$</u>	<u>5,878,444</u>
(818,158)	(818,158)		(108,847)
<u>8,152,042</u>	<u>8,152,042</u>		<u>11,284,208</u>
<u>\$ 7,333,884</u>	<u>\$ 7,333,884</u>	<u>\$</u>	<u>11,175,361</u>

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Fund Financial Statements

Balance Sheet
 Governmental Funds
 June 30, 2005

	<u>General</u>	<u>Landfill Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 5,826,265	\$ 842,479	\$ 24,994	\$ 6,693,738
Receivables (net of allowance for uncollectibles):				
Taxes receivable	315,011	-	-	315,011
Accounts receivable	96,757	26,518	-	123,275
Interest receivable	69,910	-	-	69,910
Due from other governmental units	1,076,006	-	-	1,076,006
 Total assets	 <u>\$ 7,383,949</u>	 <u>\$ 868,997</u>	 <u>\$ 24,994</u>	 <u>\$ 8,277,940</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 330,293	\$ 87,891	\$ -	\$ 418,184
Due to component unit	1,541,796	-	-	1,541,796
Deferred revenue	313,986	-	-	313,986
 Total liabilities	 <u>\$ 2,186,075</u>	 <u>\$ 87,891</u>	 <u>\$ -</u>	 <u>\$ 2,273,966</u>
Fund balances:				
Reserved for:				
Debt service	\$ 78,102	\$ -	\$ -	\$ 78,102
Unreserved, reported in:				
General fund	5,119,772	-	-	5,119,772
Capital projects funds	-	781,106	24,994	806,100
 Total fund balances	 <u>\$ 5,197,874</u>	 <u>\$ 781,106</u>	 <u>\$ 24,994</u>	 <u>\$ 6,003,974</u>
 Total liabilities and fund balances	 <u>\$ 7,383,949</u>	 <u>\$ 868,997</u>	 <u>\$ 24,994</u>	 <u>\$ 8,277,940</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 June 30, 2004

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 6,003,974
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,228,031
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	313,986
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(14,212,107)</u>
Net assets of governmental activities	<u>\$ 7,333,884</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, 2005

	General	Landfill Construction Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 6,386,661	\$ -	\$ -	\$ 6,386,661
Other local taxes	3,208,158	-	-	3,208,158
Permits, privilege fees, and regulatory licenses	51,368	-	-	51,368
Fines and forfeitures	85,142	-	-	85,142
Revenue from the use of money and property	423,470	3,701	585	427,756
Charges for services	466,377	161,887	-	628,264
Miscellaneous	167,979	-	-	167,979
Recovered costs	44,837	-	-	44,837
Intergovernmental revenues:				
Commonwealth	5,043,573	-	-	5,043,573
Federal	1,156,441	-	-	1,156,441
Total revenues	<u>\$ 17,034,006</u>	<u>\$ 165,588</u>	<u>\$ 585</u>	<u>\$ 17,200,179</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,243,224	\$ -	\$ -	\$ 1,243,224
Judicial administration	1,266,333	-	-	1,266,333
Public safety	2,341,927	-	-	2,341,927
Public works	1,582,784	-	-	1,582,784
Health and welfare	3,356,131	-	-	3,356,131
Education	6,270,528	-	-	6,270,528
Parks, recreation, and cultural	189,991	-	-	189,991
Community development	455,360	-	-	455,360
Capital projects	373,110	1,007,982	-	1,381,092
Debt service:				
Principal retirement	327,322	-	12,500	339,822
Interest and other fiscal charges	309,241	-	375	309,616
Total expenditures	<u>\$ 17,717,645</u>	<u>\$ 1,007,982</u>	<u>\$ 12,875</u>	<u>\$ 18,738,502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (683,639)</u>	<u>\$ (842,394)</u>	<u>\$ (12,290)</u>	<u>\$ (1,538,323)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 11,163	\$ 11,163
Transfers out	<u>(11,163)</u>	<u>-</u>	<u>-</u>	<u>(11,163)</u>
Total other financing sources (uses)	<u>\$ (11,163)</u>	<u>\$ -</u>	<u>\$ 11,163</u>	<u>\$ -</u>
Net change in fund balances	\$ (694,802)	\$ (842,394)	\$ (1,127)	\$ (1,538,323)
Fund balances - beginning	<u>5,892,676</u>	<u>1,623,500</u>	<u>26,121</u>	<u>7,542,297</u>
Fund balances - ending	<u>\$ 5,197,874</u>	<u>\$ 781,106</u>	<u>\$ 24,994</u>	<u>\$ 6,003,974</u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds	\$ (1,538,323)
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.	213,087
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(50,952)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	641,677
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.	<u>(83,647)</u>
Change in net assets of governmental activities	<u><u>\$ (818,158)</u></u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2005

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>617,877</u>
Total assets	\$ <u><u>617,877</u></u>
LIABILITIES	
Accounts payable	\$ 400,306
Accrued liabilities	49,931
Amounts held for social services clients	3,256
Amounts held for Piedmont Alcohol Safety Action Program	119,941
Amounts held for Virginia Heartland Fund	<u>44,443</u>
Total liabilities	\$ <u><u>617,877</u></u>

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005

Note 1—Summary of Significant Accounting Policies:

Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments. This statement, known as the “Reporting Model” statement, affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management’s Discussion and Analysis—GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government’s financial activities in the form of “management’s discussion and analysis” (MD&A).

Government—wide and Fund Financial Statements

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

The government—wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its components unit. For the most part, effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business—type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations 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 Edward, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units—The County has no blended component units.

Discretely Presented Component Units—The component unit columns in the combined financial statements include the financial data of the County's component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Prince Edward County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the Board of Supervisors. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Related Organizations

The County's officials are also responsible for appointing the member of the boards of other organizations, but the county's accountability for these organizations do not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Prince Edward County Industrial Development Authority.

D. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Central Virginia Regional Library, the Piedmont Regional Jail and Crossroads Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$108,176 to the regional library and \$59,850 to the Crossroads Community Services Board.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 provider have been met.

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

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

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

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

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 government reports the following major governmental funds.

a. General Fund

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

b. Landfill Construction Fund

The Landfill Construction Fund accounts for financial resources received from outside the County used for the acquisition or construction of landfill construction. This fund is considered a major fund for government-wide reporting purposes.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

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

2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

F. Budgets and Budgetary Accounting:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Watershed Construction Fund, Recreation Fund and the Landfill Capital Projects Funds of the primary government and the School Fund and School Cafeteria Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all county units.
8. Budget data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$262,509 at June 30, 2005 and is composed solely of property taxes.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th. 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, road registered vehicles, 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets lives 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. Interest attributable to capitalized asset as of June 30, 2005 was immaterial.

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

<u>Assets</u>	<u>Years</u>
Structures, lines & accessories	50
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	8
Police vehicles	3

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

I. Compensated Absences

Vested or accumulated vacation leave are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

J. Long-term Obligations

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

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

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Retirement Plan

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

M. Use of Estimates

The preparation of financial statement 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.

N. Restricted & Unrestricted Net Assets

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 2—Deposits and Investments:

Deposits:

All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2–4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan Institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Investments:

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments):

The County has no policy regarding investment custodial credit risk.

The County's investments at June 30, 2005 were held by the County or in the County's name by the County's custodial banks.

Credit Risk of Debt Securities:

The County's investment policy allows for any investments which are in accordance with the *Code of Virginia*. The County's rated debt investments as of June 30, 2005 were rated by Standards and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

Locality's Rated Debt Investments

<u>Rated Debt Investments Value</u>	<u>Fair Quality Ratings</u>				
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>A1</u>	<u>Unrated</u>
Money market Mutual Fund	\$ 311,662	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements-Underlying:					
U.S. Agency Securities	<u>3,416,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,728,051</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 2—Deposits and Investments: (Continued)

Concentration of Credit Risk:

The County's investment policy states the importance of diversification within its portfolio. Excessive concentration of any type of investment or excessive transactions with a financial institution is prohibited.

The County had investments at June 30, 2005, with more than 5 percent of the total in the securities underlying the repurchase agreements with BB&T and Bank of America. These investments represented 39 and 50 percent, respectively, of total investments.

Interest Rate Risk:

The County investment policy prohibits investments that have a maturity date of greater than five years. Investments with a maturity date of between six months and five years are authorized on an individual basis determined by the time required to make a withdraw without incurring penalties.

Investment Maturities (in years)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less 1Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>10 Years +</u>
Repurchase Agreements:					
U.S. Agencies	\$ 3,416,389	\$ 3,416,389	\$ -	\$ -	\$ -
Total	\$ 3,416,389	\$ 3,416,389	\$ -	\$ -	\$ -

Note 3—Due From Other Governmental Units:

Amounts due from other governments are detailed as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia		
School funds	\$ -	\$ 61,515
State sales taxes	-	453,944
Local sales taxes	365,423	-
Shared expenses	167,523	-
Social services funds	50,711	-
Comprehensive Services	254,382	-
Shared revenues	132,604	-
Other	3,175	18,656
Federal Government:		
School funds	-	173,445
Social services funds	102,188	-
	\$ 1,076,006	\$ 707,560

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in the capital assets for the fiscal year ending June 30, 2005:

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,227,379	\$ -	\$ -	\$ 1,227,379
Totals	<u>\$ 1,227,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,227,379</u>
Capital assets, being depreciated:				
Buildings	\$ 15,724,608	\$ 288,158	\$ 562,676	\$ 15,450,090
Improvements other than buildings	1,626,922	1,007,289	-	2,634,211
Equipment	890,670	75,885	-	966,555
Total capital assets being depreciated	<u>\$ 18,242,200</u>	<u>\$ 1,371,332</u>	<u>\$ 562,676</u>	<u>\$ 19,050,856</u>
Less accumulated depreciation for:				
Buildings	\$ 2,863,442	\$ 383,321	\$ 133,464	\$ 3,113,299
Improvements other than buildings	936,075	212,836	-	1,148,911
Equipment	632,706	155,288	-	787,994
Total Accumulated depreciation	<u>\$ 4,432,223</u>	<u>\$ 751,445</u>	<u>\$ 133,464</u>	<u>\$ 5,050,204</u>
Total capital assets being depreciated, net	<u>\$ 13,809,977</u>	<u>\$ 619,887</u>	<u>\$ 429,212</u>	<u>\$ 14,000,652</u>
Governmental activities capital assets, net	<u>\$ 15,037,356</u>	<u>\$ 619,887</u>	<u>\$ 429,212</u>	<u>\$ 15,228,031</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 4—Capital Assets: (Continued)

The following is a summary of changes in School Board capital assets during the year:

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2005</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 99,952	\$ -	\$ -	\$ 99,952
Totals	<u>\$ 99,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,952</u>
Capital assets, being depreciated:				
Buildings	\$ 15,244,660	\$ 562,676	\$ -	\$ 15,807,336
Improvements other than buildings	703,247	-	-	703,247
Equipment	<u>3,216,766</u>	<u>148,329</u>	<u>92,860</u>	<u>3,272,235</u>
Total capital assets being depreciated	<u>\$ 19,164,673</u>	<u>\$ 711,005</u>	<u>\$ 92,860</u>	<u>\$ 19,782,818</u>
Less accumulated depreciation for:				
Buildings	\$ 6,257,866	\$ 630,998	\$ 122,410	\$ 6,766,454
Improvements other than buildings	232,089	39,869	-	271,958
Equipment	<u>1,691,805</u>	<u>287,217</u>	<u>92,860</u>	<u>1,886,162</u>
Total Accumulated depreciation	<u>\$ 8,181,760</u>	<u>\$ 958,084</u>	<u>\$ 215,270</u>	<u>\$ 8,924,574</u>
Total capital assets being depreciated, net	<u>\$ 10,982,913</u>	<u>\$ (247,079)</u>	<u>\$ (122,410)</u>	<u>\$ 10,858,244</u>
Governmental activities capital assets, net	<u><u>\$ 11,082,865</u></u>	<u><u>\$ (247,079)</u></u>	<u><u>\$ (122,410)</u></u>	<u><u>\$ 10,958,196</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 4—Capital Assets: (Continued)

Primary Government: (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	\$	287,107
Public safety		95,656
Public works		240,144
Education		122,413
Health & Welfare		4,000
Community development		<u>2,125</u>
Total	\$	<u>751,445</u>
Component Unit-School Board	\$	<u>958,084</u>

Note 5—Defined Benefit Pension Plan:

A. Plan Description

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

The County contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years of participating law enforcement officers and firefighters). Employees who retire with a reduced benefit at age 55 (age 50 for participating law enforcement officers and firefighters) with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount equal to 1.7 percent of their average final salary (AFS) for each year of credited service. An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFS is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the System at P. O. Box 2500, Richmond, Virginia 23218-2500.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer has assumed this 5% member contribution. In addition, the County is 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 contribution rate for the fiscal year ended June 30, 2005 was 4.00% of the annual covered payroll.

Discretely Presented Component Unit—School Board:

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer has assumed this 5% member contribution. In addition, the School Board is 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 School Board's contribution rate for the fiscal year ended June 30, 2005 was 1% of the annual covered payroll.

C. Annual Pension Cost

	<u>Primary Government</u>	<u>Discretely Presented Component Unit</u>
	<u>County Retirement Plan</u>	<u>School Board Non-Professional Retirement Plan</u>
Contribution rate:		
Employer	4.00%	1.00%
Plan members ¹	5.00%	5.00%
Annual pension cost	\$ 142,856	\$ 6,929
Contributions made	\$ 142,856	\$ 6,929
Actuarial valuation date	06/30/04	06/30/04
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of pay, open	Level percentage of pay, open
Remaining amortization period	18 years	13 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return ²	8.0%	8.0%
Projected salary increases *	4.25% - 6.10%	4.25% - 6.10%
Cost-of-Living adjustments	3.0%	3.0%

¹ This member contribution has been assumed by the employer.

² Includes inflation at 3.00%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

Three-Year Trend Information

	<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC) (1)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
Primary Government:				
County	06/30/03	\$ 93,622	100%	\$ -
	06/30/04	138,625	100%	-
	06/30/05	142,856	100%	-
Discretely Presented Component Unit:				
School Board Non-Professional	06/30/03	\$ 7,088	100%	\$ -
	06/30/04	6,951	100%	-
	06/30/05	6,929	100%	-

(1) Employer portion only

D. Discretely Component Unit School Board

PROFESSIONAL EMPLOYEES:

Plan Description

The Prince Edward County School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple—employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. That report may be obtained by writing to the System at P. O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy

Plan members are required to contribute 5.0% of their annual covered salary and Prince Edward County School Board is required to contribute at an actuarially determined rate. The current rate is 6.03% of annual covered payroll. The contribution requirements of plan members and Prince Edward School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2005, 2004, and 2003 were \$726,052, \$967,059 and \$958,302, respectively, equal to the required contributions for each year.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 6—Compensated Absences:

In accordance with GASB statement 16 "Accounting and Financial Reporting Principal for claims and Judgments and Compensated Absences," the County has accrued the liability arising from outstanding claims and judgments and compensated absences.

County employees earn vacation and sick leave at various rates. The County had outstanding accrued vacation pay as follows:

Primary Government	\$ <u>426,140</u>
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Note 7—Long-Term Debt:

Primary Government:

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

Primary Government						
<u>Year</u>	<u>Capital Leases</u>		<u>VRS Early Retirement</u>		<u>County Bonds & Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	13,536	339	34,696	27,290	869,841	541,620
2007	-	-	37,006	24,979	872,311	497,933
2008	-	-	39,471	22,514	865,783	453,579
2009	-	-	42,100	19,885	865,322	408,925
2010	-	-	44,903	17,082	798,231	364,426
2011-2015	-	-	211,675	36,361	2,920,239	1,297,125
2016-2020	-	-	-	-	1,506,207	703,304
2020-2025	-	-	-	-	481,501	516,059
2026-2030	-	-	-	-	610,293	387,267
2031-2035	-	-	-	-	773,534	224,026
2036-2039	-	-	-	-	516,755	38,383
	<u>\$ 13,536</u>	<u>\$ 339</u>	<u>\$ 409,851</u>	<u>\$ 148,111</u>	<u>\$ 11,080,017</u>	<u>\$ 5,432,647</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 7—Long—Term Debt: (Continued)

Primary Government: (Continued)

The following is summary of long—term debt transactions of the County for the year ended June 30, 2005:

	Amounts Payable at July 1, 2004	Additions	Deletions	Amounts Payable at June 30, 2005	Payable Due Within One Year
Primary Government:					
Revenue Bonds	\$ 1,850,708	-	\$ 86,196	\$ 1,764,512	\$ 91,113
General Obligation Bonds	5,209,095	-	522,676	4,686,419	500,111
Courthouse Construction Bonds	4,642,929	-	223,844	4,419,085	226,118
Literary fund loans payable	262,500	-	52,500	210,000	52,500
Capital leases	30,819	-	17,283	13,536	13,536
Early Retirement Obligation	442,374	-	32,523	409,851	34,696
Landfill Post-closure Monitoring	1,766,688	374,399	-	2,141,087	-
Compensated absences	405,427	20,713	-	426,140	42,614
Total Primary Government	\$ 14,610,540	\$ 395,112	\$ 935,022	\$ 14,070,630	\$ 960,688

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 7—Long—Term Debt: (Continued)

Primary Government: (Continued)

General obligation bonds:

\$1,893,607 Virginia Public School Authority Bonds 1991A, issued July 31, 1991, maturing annually through July 15, 2011 with interest payable semiannually at rates from 4.85% to 6.60%	779,484
\$450,000 Virginia Public School Authority Bonds, issued November 20, 1991, maturing annually through December 15, 2011 with interest payable semiannually at rates from 5.5% to 7.5%	135,000
\$3,800,000 Virginia Public School Authority Bonds, issued November 18, 1993, maturing annually through December 15, 2013 with interest payable semiannually at rates from 4.475% to 7.5%	900,000
\$4,211,116 Virginia Public School Authority Bonds 1997 I, issued November 20, 1997, maturing annually through July 15, 2017 with interest payable semiannually at rates from 4.35% to 5.35%	<u>2,871,935</u>
Total general obligation bonds	<u>\$ 4,686,419</u>

Revenue Bonds (payable from General Fund property rentals):

\$1,370,000 dated July 15, 1998 issued through Rural Development, interest only on July 15, 1999 and 2000, then combined monthly payments of \$6,508 of principal and interest through May 15, 2038, includes interest at 4.75%	\$ 1,279,072
\$1,000,000 Taxable Revenue Note dated December 17, 1998 due in combined annual installments of \$104,651 including principal and interest through December 17, 2010, includes interest at 6.25%	<u>485,440</u>
Total Revenue Bonds (payable from General Fund property rentals)	<u>\$ 1,764,512</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 7—Long—Term Debt: (Continued)

Primary Government: (Continued)

Courthouse Construction Bonds:

\$3,500,000 issued July 1, 1998, due in annual installments of principal through July 1, 2017, interest payable semi-annually at 3.85% to 4.85% \$ 2,400,000

\$2,130,000 dated July 15, 1998 issued through Rural Development interest only due July 15, 1999 and 2000, then combined monthly payments of \$10,118 of principal and interest through May 15, 2038, includes interest at 4.75% 2,019,085

Total Courthouse Construction Bonds \$ 4,419,085

State Literary Fund Loan:

\$1,042,239, issued May 13, 1988, due in annual installments of \$52,500 through July 15, 2008 \$ 210,000

\$576,882 General Obligation Refunding Note (Retirement Obligation) dated July 30, 1998 due in combined annual installments of principal and interest of \$61,985 through July 30, 2013, includes interest at 6.66% \$ 409,851

Capital Leases:

\$81,419, lease for computer equipment dated May 1, 2001, due in quarterly installments of \$4,625 through April 1, 2006, includes interest at 4.99% \$ 13,536

Landfill closure and post-closure care liability \$ 2,141,087

Compensated absences payable \$ 426,140

Total primary government long-term debt \$ 14,070,630

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 8—Litigation:

At June 30, 2005, 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 such entities.

Note 9—Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of State and 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 audit, Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 10—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	\$
Machelle J. Eppes, Clerk of the Circuit Court	360,000
Mable H. Shanaberger, Treasurer	400,000
Wyatt L. Overton, Commissioner of the Revenue	3,000
Travis D. Harris, Jr., Sheriff	30,000
United State Fidelity and Guaranty Company - Surety	
Clerk and Deputy Clerk of the School Board	50,000
Aetna Casualty and Surety Company - Surety	
Roma Morris, Director of Social Services	100,000
Fidelity and Deposit Company of Maryland - Surety	
Mildred B. Hampton, County Administrator	2,000

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 11—Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a portion of this closure and postclosure care liability in each period based on landfill capacity as of each balance sheet date. The \$1,003,791 reported as landfill closure costs represents the cumulative amount reported to date based on the use of 71% of the landfill capacity. Additionally, the \$1,137,296 reported as landfill postclosure costs represents the cumulative amount reported to date based on the use of 71% of the total landfill capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,551,809 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. Actual cost may be higher due to inflation, changes in technology or changes in regulation.

Annually, the County demonstrates its ability to fund landfill costs by providing financial assurance to the Virginia Department of Environmental Quality.

Note 12—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and natural disasters. The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2005 (Continued)

Note 13—Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 11,163
Watershed Construction Fund	<u>11,163</u>	<u>-</u>
Total	<u>\$ 11,163</u>	<u>\$ 11,163</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect 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 other funds in accordance with budgeting authorization.

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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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 6,141,000	\$ 6,141,000	\$ 6,386,661	\$ 245,661
Other local taxes	2,866,000	2,816,000	3,208,158	392,158
Permits, privilege fees, and regulatory licenses	42,000	42,000	51,368	9,368
Fines and forfeitures	68,000	68,000	85,142	17,142
Revenue from the use of money and property	430,000	430,000	423,470	(6,530)
Charges for services	379,800	379,800	466,377	86,577
Miscellaneous	27,644	27,644	167,979	140,335
Recovered costs	310,000	310,000	44,837	(265,163)
Intergovernmental revenues:				
Commonwealth	4,454,906	4,504,906	5,043,573	538,667
Federal	1,210,710	1,210,710	1,156,441	(54,269)
Total revenues	<u>\$ 15,930,060</u>	<u>\$ 15,930,060</u>	<u>\$ 17,034,006</u>	<u>\$ 1,103,946</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,378,730	\$ 1,385,654	\$ 1,243,224	\$ 142,430
Judicial administration	1,403,228	1,506,397	1,266,333	240,064
Public safety	2,421,696	2,683,594	2,341,927	341,667
Public works	1,529,872	1,618,804	1,582,784	36,020
Health and welfare	3,035,225	3,603,714	3,356,131	247,583
Education	6,376,719	6,376,719	6,270,528	106,191
Parks, recreation, and cultural	167,676	192,676	189,991	2,685
Community development	530,829	530,829	455,360	75,469
Capital projects	585,000	585,000	373,110	211,890
Debt service:				
Principal retirement	648,763	648,763	327,322	321,441
Interest and other fiscal charges	-	-	309,241	(309,241)
Total expenditures	<u>\$ 18,077,738</u>	<u>\$ 19,132,150</u>	<u>\$ 17,717,645</u>	<u>\$ 1,414,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,147,678)</u>	<u>\$ (3,202,090)</u>	<u>\$ (683,639)</u>	<u>\$ 2,518,451</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	<u>\$ (13,250)</u>	<u>\$ (13,250)</u>	<u>\$ (11,163)</u>	<u>\$ 2,087</u>
Total other financing sources and uses	<u>\$ (13,250)</u>	<u>\$ (13,250)</u>	<u>\$ (11,163)</u>	<u>\$ 2,087</u>
Net change in fund balances	\$ (2,160,928)	\$ (3,215,340)	\$ (694,802)	\$ 2,520,538
Fund balances - beginning	1,794,278	724,371	5,892,676	5,168,305
Fund balances - ending	<u>\$ (366,650)</u>	<u>\$ (2,490,969)</u>	<u>\$ 5,197,874</u>	<u>\$ 7,688,843</u>

Schedule of Pension Funding Progress for the Virginia Retirement System
Last Three Fiscal Years

County:

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets at % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2002	9,063,534	8,185,430	(878,104)	110.73%	2,963,216	(29.63%)
6/30/2003	9,225,775	8,878,787	(346,988)	103.91%	2,976,093	(11.66%)
6/30/2004	9,453,403	10,063,745	610,342	93.94%	3,372,008	18.10%

School Board Non-Professionals:

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets at % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2002	1,740,150	1,359,036	(381,114)	128.04%	720,785	(52.87%)
6/30/2003	1,784,074	1,491,680	(292,394)	119.60%	635,168	(46.03%)
6/30/2004	1,844,887	1,731,561	(113,326)	106.54%	675,512	(16.78%)

OTHER SUPPLEMENTARY INFORMATION

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Combined Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2004

	<u>Capital Projects Funds</u>
ASSETS	
Cash and cash equivalents	\$ 24,994
Interest	<u>-</u>
Total assets	<u><u>\$ 24,994</u></u>
LIABILITIES AND FUND BALANCES	
Fund balances:	
Unreserved:	
Designated for subsequent expenditure	\$ <u>24,994</u>
Total fund balances	<u>\$ 24,994</u>
Total liabilities and fund balances	<u><u>\$ 24,994</u></u>

Capital Projects Fund - Landfill Construction Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 10,000	\$ 10,000	\$ 3,701	\$ (6,299)
Charges for services	390,000	390,000	161,887	(228,113)
Total revenues	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 165,588</u>	<u>\$ (234,412)</u>
EXPENDITURES				
Current:				
Capital projects	<u>1,000,000</u>	<u>1,007,982</u>	<u>1,007,982</u>	<u>-</u>
Total expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,007,982</u>	<u>\$ 1,007,982</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (600,000)</u>	<u>\$ (607,982)</u>	<u>\$ (842,394)</u>	<u>\$ (234,412)</u>
Net change in fund balances	\$ (600,000)	\$ (607,982)	\$ (842,394)	\$ (234,412)
Fund balances - beginning	<u>708,000</u>	<u>708,000</u>	<u>1,623,500</u>	<u>915,500</u>
Fund balances - ending	<u>\$ 108,000</u>	<u>\$ 100,018</u>	<u>\$ 781,106</u>	<u>\$ 681,088</u>

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Capital Projects
 For the Year Ended June 30, 2005

	Capital Projects Funds
	<u> </u>
REVENUES	
Revenue from the use of money and property	\$ 585
	<u> </u>
Total revenues	\$ 585
	<u> </u>
EXPENDITURES	
Debt service:	
Principal retirement	\$ 12,500
Interest and other fiscal charges	375
	<u> </u>
Total expenditures	\$ 12,875
	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	\$ (12,290)
	<u> </u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ 11,163
Transfers out	-
	<u> </u>
Total other financing sources and uses	\$ 11,163
	<u> </u>
Net change in fund balances	\$ (1,127)
Fund balances - beginning	26,121
	<u> </u>
Fund balances - ending	\$ 24,994
	<u> </u>

Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2005

	<u>Recreation Fund</u>	<u>Watershed Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 24,994	\$ -	\$ 24,994
Total assets	<u>\$ 24,994</u>	<u>\$ -</u>	<u>\$ 24,994</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Unreserved:			
Designated for subsequent expenditure	\$ 24,994	\$ -	\$ 24,994
Total fund balances	<u>\$ 24,994</u>	<u>\$ -</u>	<u>\$ 24,994</u>
Total liabilities and fund balances	<u>\$ 24,994</u>	<u>\$ -</u>	<u>\$ 24,994</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2005

	<u>Recreation Fund</u>	<u>Watershed Fund</u>	<u>Total</u>
REVENUES			
Revenue from the use of money and property	\$ 585	\$ -	\$ 585
Total revenues	<u>\$ 585</u>	<u>\$ -</u>	<u>\$ 585</u>
EXPENDITURES			
Debt service:			
Principal retirement	\$ -	\$ 12,500	\$ 12,500
Interest and other fiscal charges	<u>-</u>	<u>375</u>	<u>375</u>
Total expenditures	<u>\$ -</u>	<u>\$ 12,875</u>	<u>\$ 12,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 585</u>	<u>\$ (12,875)</u>	<u>\$ (12,290)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$ -</u>	<u>\$ 11,163</u>	<u>\$ 11,163</u>
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 11,163</u>	<u>\$ 11,163</u>
Net change in fund balances	\$ 585	\$ (1,712)	\$ (1,127)
Fund balances - beginning	<u>24,409</u>	<u>1,712</u>	<u>26,121</u>
Fund balances - ending	<u><u>\$ 24,994</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 24,994</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2005

	Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 500	\$ 500	\$ 585	\$ 85
Total revenues	\$ 500	\$ 500	\$ 585	\$ 85
EXPENDITURES				
Debt service:				
Principal retirement	\$ -	\$ -	\$ -	\$ -
Interest and other fiscal charges	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ 500	\$ 500	\$ 585	\$ 85
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ 500	\$ 500	\$ 585	\$ 85
Fund balances - beginning	24,500	24,500	24,409	(91)
Fund balances - ending	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 24,994</u>	<u>\$ (6)</u>

Exhibit 15

Watershed Construction Fund				Variance with Final Budget Positive (Negative)
Budgeted Amounts		Actual		
Original	Final			
\$ -	\$ -	\$ -	\$ -	-
\$ -	\$ -	\$ -	\$ -	-
\$ 12,500	\$ 12,500	\$ 12,500	\$ -	-
750	750	375	375	375
\$ 13,250	\$ 13,250	\$ 12,875	\$ 375	375
\$ (13,250)	\$ (13,250)	\$ (12,875)	\$ 375	375
\$ 13,250	\$ 13,250	\$ 11,163	\$ (2,087)	(2,087)
\$ 13,250	\$ 13,250	\$ 11,163	\$ (2,087)	(2,087)
\$ -	\$ -	\$ (1,712)	\$ (1,712)	(1,712)
-	-	1,712	1,712	1,712
\$ -	\$ -	\$ -	\$ -	-

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Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2005

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash	\$ 7,363	\$ 15,078	\$ 19,185	\$ 3,256
Liabilities:				
Amounts held for social service clients	\$ 7,363	\$ 15,078	\$ 19,185	\$ 3,256
Piedmont Court Services:				
Assets:				
Cash	\$ -	\$ 50,842	\$ 911	\$ 49,931
Liabilities:				
Amounts held for others	\$ -	\$ 50,842	\$ 911	\$ 49,931
Undistributed local sales tax:				
Assets:				
Cash	\$ -	\$ 314,373	\$ 314,373	\$ -
Liabilities:				
Sales tax payable to towns	\$ -	\$ 314,373	\$ 314,373	\$ -
Fiscal Agent Holdings:				
Assets:				
Cash	\$ 549,956	\$ 425,128	\$ 410,394	\$ 564,690
Liabilities:				
Amounts held for others:				
Piedmont ASAP	137,316	340,210	357,585	119,941
Community Diversion Incentive	1,558	3	1,561	-
Virginia Heartland Fund	411,082	84,915	51,248	444,749
Total Liabilities	\$ 549,956	\$ 425,128	\$ 410,394	\$ 564,690
Totals -- All agency funds				
Assets:				
Cash	\$ 557,319	\$ 805,421	\$ 744,863	\$ 617,877
Total assets	\$ 557,319	\$ 805,421	\$ 744,863	\$ 617,877
Liabilities:				
Amounts held for social service clients	\$ 7,363	\$ 15,078	\$ 19,185	\$ 3,256
Amounts held for others	-	50,842	911	49,931
Sales tax payable to towns	-	314,373	314,373	-
Amounts held for others	549,956	425,128	410,394	564,690
Total liabilities	\$ 557,319	\$ 805,421	\$ 744,863	\$ 617,877

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

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2005

	<u>Agency Funds</u>				<u>Total</u>
	<u>Special Welfare</u>	<u>Piedmont Alcohol Safety Action Program</u>	<u>Piedmont Court Services</u>	<u>Virginia Heartland Fund</u>	
ASSETS					
Cash and cash equivalents	\$ 3,256	\$ 119,941	\$ 49,931	\$ 444,749	\$ 617,877
Total assets	<u>\$ 3,256</u>	<u>\$ 119,941</u>	<u>\$ 49,931</u>	<u>\$ 444,749</u>	<u>\$ 617,877</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 400,306	\$ 400,306
Amounts held for others	-	-	49,931	-	49,931
Amounts held for social services clients	3,256	-	-	-	3,256
Amounts held for Piedmont Alcohol Safety Action Program	-	119,941	-	-	119,941
Amounts held for Community Diversion Incentive	-	-	-	-	-
Amounts held for Virginia Heartland Fund	-	-	-	44,443	44,443
Total liabilities	<u>\$ 3,256</u>	<u>\$ 119,941</u>	<u>\$ 49,931</u>	<u>\$ 444,749</u>	<u>\$ 617,877</u>

Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules by Source
 June 30, 2005

	<u>2005</u>	<u>2004</u>
Governmental funds capital assets:		
Land	\$ 1,227,379	\$ 1,227,379
Buildings	15,450,090	15,724,608
Improvements other than buildings	2,634,211	1,626,922
Machinery and equipment	<u>966,555</u>	<u>890,670</u>
Total governmental funds capital assets	<u>\$ 20,278,235</u>	<u>\$ 19,469,579</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 18,375,872	\$ 18,574,505
Capital projects fund	<u>1,902,363</u>	<u>895,074</u>
Total governmental funds capital assets	<u>\$ 20,278,235</u>	<u>\$ 19,469,579</u>

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2005

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
General government administration:					
Board of supervisors	\$ 935,379	\$ 10,337,171	\$ 595,762	\$ -	\$ 11,868,312
County administrator	-	-	-	24,237	24,237
Total general government administration	<u>\$ 935,379</u>	<u>\$ 10,337,171</u>	<u>\$ 595,762</u>	<u>\$ 24,237</u>	<u>\$ 11,892,549</u>
Public safety:					
Sheriff	\$ -	\$ -	\$ -	\$ 462,986	\$ 462,986
Building inspections	-	-	-	44,779	44,779
Animal control	6,500	50,000	-	40,058	96,558
Total public safety	<u>\$ 6,500</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 547,823</u>	<u>\$ 604,323</u>
Public works:					
Sanitation and waste removal	\$ 243,500	\$ 8,900	\$ 2,038,449	\$ 227,720	\$ 2,518,569
Maintenance of buildings and grounds	10,000	50,000	-	120,775	180,775
Total public works	<u>\$ 253,500</u>	<u>\$ 58,900</u>	<u>\$ 2,038,449</u>	<u>\$ 348,495</u>	<u>\$ 2,699,344</u>
Education:					
Schools	\$ -	\$ 4,896,419	\$ -	\$ -	\$ 4,896,419
Total education	<u>\$ -</u>	<u>\$ 4,896,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,896,419</u>
Health and welfare:					
Social services	\$ -	\$ -	\$ -	\$ 46,000	\$ 46,000
Total health and welfare	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,000</u>	<u>\$ 46,000</u>
Parks, recreation, and cultural:					
Museums	\$ 9,000	\$ 85,000	\$ -	\$ -	\$ 94,000
Total parks, recreation, and cultural	<u>\$ 9,000</u>	<u>\$ 85,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,000</u>
Community development:					
Community development	\$ 23,000	\$ 22,600	\$ -	\$ -	\$ 45,600
Total community development	<u>\$ 23,000</u>	<u>\$ 22,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,600</u>
Total governmental funds capital assets	<u>\$ 1,227,379</u>	<u>\$ 15,450,090</u>	<u>\$ 2,634,211</u>	<u>\$ 966,555</u>	<u>\$ 20,278,235</u>

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2005

Function and Activity	Governmental Funds Capital Assets July 1, 2004	Additions	Deductions	Governmental Funds Capital Assets June 30, 2004
General government administration:				
Board of supervisors	\$ 11,580,154	\$ 288,158	\$ -	\$ 11,868,312
County administrator	21,254	24,237	(21,254)	24,237
Total general government administration	\$ 11,601,408	\$ 312,395	\$ (21,254)	\$ 11,892,549
Public safety:				
Sheriff	\$ 411,338	\$ 72,902	\$ -	\$ 484,240
Building inspections	23,525	-	-	23,525
Animal control	96,558	-	-	96,558
Total public safety	\$ 531,421	\$ 72,902	\$ -	\$ 604,323
Public works:				
Sanitation and waste removal	\$ 1,511,280	\$ 1,007,289	\$ -	\$ 2,518,569
Maintenance of buildings and grounds	180,775	-	-	180,775
Total public works	\$ 1,692,055	\$ 1,007,289	\$ -	\$ 2,699,344
Education:				
Schools	\$ 5,459,095	\$ -	\$ (562,676)	\$ 4,896,419
Total education	\$ 5,459,095	\$ -	\$ (562,676)	\$ 4,896,419
Health and welfare:				
Social services	\$ 46,000	\$ -	\$ -	\$ 46,000
Total health and welfare	\$ 46,000	\$ -	\$ -	\$ 46,000
Parks, recreation, and cultural:				
Museums	\$ 45,600	\$ -	\$ -	\$ 45,600
Total parks, recreation, and cultural	\$ 45,600	\$ -	\$ -	\$ 45,600
Community development:				
Community development	\$ 94,000	\$ -	\$ -	\$ 94,000
Total community development	\$ 94,000	\$ -	\$ -	\$ 94,000
Total governmental funds capital assets	\$ 19,469,579	\$ 1,392,586	\$ (583,930)	\$ 20,278,235

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2005

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Underground Storage Tank Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 247,584	\$ 20,000	\$ 267,584
Due from primary government	1,541,796	-	-	1,541,796
Due from other governmental units	707,560	-	-	707,560
Total assets	<u>\$ 2,249,356</u>	<u>\$ 247,584</u>	<u>\$ 20,000</u>	<u>\$ 2,516,940</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 26,713	\$ -	\$ -	\$ 26,713
Accrued liabilities	2,222,643	50,419	-	2,273,062
Total liabilities	<u>\$ 2,249,356</u>	<u>\$ 50,419</u>	<u>\$ -</u>	<u>\$ 2,299,775</u>
Fund balances:				
Unreserved:				
Designated for subsequent expenditure	\$ -	\$ 197,165	\$ 20,000	\$ 217,165
Total fund balances	<u>\$ -</u>	<u>\$ 197,165</u>	<u>\$ 20,000</u>	<u>\$ 217,165</u>
Total liabilities and fund balances	<u>\$ 2,249,356</u>	<u>\$ 247,584</u>	<u>\$ 20,000</u>	<u>\$ 2,516,940</u>

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above	\$ 217,165
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>10,958,196</u>
Net assets of governmental activities	<u>\$ 11,175,361</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, 2005

	School Operating Fund	School Cafeteria Fund	Underground Storage Tank Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 6,852	\$ -	\$ -	\$ 6,852
Charges for services	367,464	185,729	-	553,193
Miscellaneous	-	13,457	-	13,457
Recovered costs	24,150	-	-	24,150
Intergovernmental revenues:				
Local government	6,208,556	50,000	-	6,258,556
Commonwealth	14,987,027	-	-	14,987,027
Federal	2,498,520	15,427	-	2,513,947
Total revenues	<u>\$ 24,092,569</u>	<u>\$ 264,613</u>	<u>\$ -</u>	<u>\$ 24,357,182</u>
EXPENDITURES				
Current:				
Education	\$ 22,513,001	\$ 926,312	\$ -	\$ 23,439,313
Debt service:				
Principal retirement	595,199	-	-	595,199
Interest and other fiscal charges	306,848	-	-	306,848
Total expenditures	<u>\$ 23,415,048</u>	<u>\$ 926,312</u>	<u>\$ -</u>	<u>\$ 24,341,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 677,521</u>	<u>\$ (661,699)</u>	<u>\$ -</u>	<u>\$ 15,822</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 50,000	\$ 727,521	\$ -	\$ 777,521
Transfers out	<u>(727,521)</u>	<u>(50,000)</u>	<u>-</u>	<u>(777,521)</u>
Total other financing sources and uses	<u>\$ (677,521)</u>	<u>\$ 677,521</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 15,822	\$ -	\$ 15,822
Fund balances - beginning	<u>-</u>	<u>181,343</u>	<u>20,000</u>	<u>201,343</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 197,165</u>	<u>\$ 20,000</u>	<u>\$ 217,165</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 \$ 15,822

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. (124,669)

Change in net assets of governmental activities \$ (108,847)

COUNTY OF PRINCE EDWARD, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2005

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 5,500	\$ 5,500	\$ 6,852	\$ 1,352
Charges for services	346,568	346,568	367,464	20,896
Miscellaneous	-	-	-	-
Intergovernmental revenues:				
Local government	6,314,747	6,314,747	6,208,556	(106,191)
Commonwealth	15,081,414	15,081,414	14,987,027	(94,387)
Federal	2,071,476	2,071,476	2,498,520	427,044
Total revenues	<u>\$ 23,840,705</u>	<u>\$ 23,840,705</u>	<u>\$ 24,092,569</u>	<u>\$ 251,864</u>
EXPENDITURES				
Current:				
Education	\$ 22,935,158	\$ 22,935,158	\$ 22,513,001	\$ 422,157
Debt service:				
Principal retirement	595,205	595,205	595,199	6
Interest and other fiscal charges	310,342	310,342	306,848	3,494
Total expenditures	<u>\$ 23,840,705</u>	<u>\$ 23,840,705</u>	<u>\$ 23,415,048</u>	<u>\$ 425,657</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 677,521</u>	<u>\$ 677,521</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 50,000	\$ 50,000
Transfers out	-	-	(727,521)	(727,521)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (677,521)</u>	<u>\$ (677,521)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Exhibit 23

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	-
-	-	185,729	185,729
-	-	13,457	13,457
-	-	50,000	-
-	-	-	-
-	-	15,427	15,427
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,613</u>	<u>\$ 214,613</u>
\$ 787,691	\$ 787,691	\$ 926,312	\$ (138,621)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 787,691</u>	<u>\$ 787,691</u>	<u>\$ 926,312</u>	<u>\$ (138,621)</u>
<u>\$ (787,691)</u>	<u>\$ (787,691)</u>	<u>\$ (661,699)</u>	<u>\$ 75,992</u>
\$ 787,691	\$ 787,691	\$ 727,521	\$ (60,170)
-	-	(50,000)	(50,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 787,691</u>	<u>\$ 787,691</u>	<u>\$ 677,521</u>	<u>\$ (110,170)</u>
\$ -	\$ -	\$ 15,822	\$ (34,178)
-	-	181,343	181,343
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,165</u>	<u>\$ 147,165</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Comparative Schedules by Source
 June 30, 2005

	<u>2005</u>	<u>2004</u>
Governmental funds capital assets:		
Land	\$ 99,952	\$ 99,952
Buildings	15,807,336	15,244,660
Machinery and equipment	3,272,235	3,216,766
Improvements other than buildings	<u>703,247</u>	<u>703,247</u>
Total governmental funds capital assets	<u>\$ 19,882,770</u>	<u>\$ 19,264,625</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	<u>\$ 19,882,770</u>	<u>\$ 19,264,625</u>
Total governmental funds capital assets	<u>\$ 19,882,770</u>	<u>\$ 19,264,625</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2005

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets June 30, 2005</u>
Education:				
Schools	\$ 19,264,625	\$ 711,005	\$ (92,860)	\$ 19,882,770
Total governmental funds capital assets	<u>\$ 19,264,625</u>	<u>\$ 711,005</u>	<u>\$ (92,860)</u>	<u>\$ 19,882,770</u>

Capital Assets Used in the Operation of Governmental Funds - Discretely Presented Component Unit - School Board
 Schedule by Function and Activity
 June 30, 2005

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
Education:					
Schools	\$ 99,952	\$ 15,807,336	\$ 703,247	\$ 3,272,235	\$ 19,882,770
Total governmental funds capital assets	<u>\$ 99,952</u>	<u>\$ 15,807,336</u>	<u>\$ 703,247</u>	<u>\$ 3,272,235</u>	<u>\$ 19,882,770</u>

Supporting Schedules

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Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 3,956,000	\$ 3,956,000	\$ 4,145,765	\$ 189,765
Real and personal public service corporation taxes	290,000	290,000	256,188	(33,812)
Personal property taxes	1,250,000	1,250,000	1,311,948	61,948
Mobile home taxes	60,000	60,000	49,435	(10,565)
Machinery and tools taxes	145,000	145,000	134,659	(10,341)
Merchants' capital taxes	340,000	340,000	342,802	2,802
Penalties	75,000	75,000	97,889	22,889
Interest	25,000	25,000	47,975	22,975
Total general property taxes	<u>\$ 6,141,000</u>	<u>\$ 6,141,000</u>	<u>\$ 6,386,661</u>	<u>\$ 245,661</u>
Other local taxes:				
Local sales and use taxes	\$ 2,000,000	\$ 2,000,000	\$ 2,258,289	\$ 258,289
Consumers' utility taxes	450,000	450,000	474,912	24,912
Gross receipts tax	50,000	50,000	38,044	(11,956)
E-911 telephone taxes	66,000	66,000	31,204	(34,796)
Motor vehicle licenses	210,000	210,000	231,477	21,477
Cable television franchise taxes	10,000	10,000	11,427	1,427
Taxes on recordation and wills	80,000	30,000	162,805	132,805
Total other local taxes	<u>\$ 2,866,000</u>	<u>\$ 2,816,000</u>	<u>\$ 3,208,158</u>	<u>\$ 392,158</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 7,373	\$ (627)
Permits and other licenses	34,000	34,000	43,995	9,995
Total permits, privilege fees, and regulatory licenses	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ 51,368</u>	<u>\$ 9,368</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 68,000	\$ 68,000	\$ 85,142	\$ 17,142
Total fines and forfeitures	<u>\$ 68,000</u>	<u>\$ 68,000</u>	<u>\$ 85,142</u>	<u>\$ 17,142</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 150,000	\$ 150,000	\$ 137,411	\$ (12,589)
Revenue from use of property	280,000	280,000	286,059	6,059
Total revenue from use of money and property	<u>\$ 430,000</u>	<u>\$ 430,000</u>	<u>\$ 423,470</u>	<u>\$ (6,530)</u>
Charges for services:				
Court costs	\$ 1,800	\$ 1,800	\$ 3,044	\$ 1,244
Charges for law library	8,500	8,500	8,247	(253)
Charges for courthouse maintenance	12,000	12,000	12,166	166
Charges for Commonwealth's Attorney	1,000	1,000	1,063	63
Miscellaneous fees	3,000	3,000	7,872	4,872
Charges for cannery	3,000	3,000	6,624	3,624
Charges for other protection	500	500	6,165	5,665
Charges for sanitation and waste removal	350,000	350,000	421,196	71,196
Total charges for services	<u>\$ 379,800</u>	<u>\$ 379,800</u>	<u>\$ 466,377</u>	<u>\$ 86,577</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2004 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Miscellaneous revenue:				
Expenditure refunds	\$ 8,000	\$ 8,000	\$ 59,232	\$ 51,232
Insurance recoveries	-	-	23,984	23,984
Assistance with rental space	10,644	10,644	10,220	(424)
Sale of property	-	-	65,000	65,000
Miscellaneous	9,000	9,000	9,543	543
Total miscellaneous revenue	<u>\$ 27,644</u>	<u>\$ 27,644</u>	<u>\$ 167,979</u>	<u>\$ 140,335</u>
Recovered costs:				
Other recovered costs	\$ 279,000	\$ 279,000	\$ 13,587	\$ (265,413)
Circuit court judge	31,000	31,000	31,250	250
Total recovered costs	<u>\$ 310,000</u>	<u>\$ 310,000</u>	<u>\$ 44,837</u>	<u>\$ (265,163)</u>
Total revenue from local sources	<u>\$ 10,264,444</u>	<u>\$ 10,214,444</u>	<u>\$ 10,833,992</u>	<u>\$ 619,548</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 12,000	\$ 12,000	\$ 7,823	\$ (4,177)
Wine taxes	12,000	12,000	11,458	(542)
Motor vehicle carriers' tax	90,000	90,000	87,627	(2,373)
Mobile home titling tax	75,000	75,000	30,181	(44,819)
Timber sales	30,000	30,000	5,016	(24,984)
Motor vehicle rental tax	-	-	3,791	3,791
State recordation tax	25,000	75,000	45,697	(29,303)
Personal property tax relief funds	1,200,000	1,200,000	1,205,091	5,091
Total noncategorical aid	<u>\$ 1,444,000</u>	<u>\$ 1,494,000</u>	<u>\$ 1,396,684</u>	<u>\$ (97,316)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 204,178	\$ 204,178	\$ 221,118	\$ 16,940
Sheriff	815,472	815,472	878,429	62,957
Commissioner of revenue	86,004	86,004	83,436	(2,568)
Treasurer	85,016	85,016	89,257	4,241
Medical examiner	600	600	240	(360)
Registrar/electoral board	35,000	35,000	49,328	14,328
Clerk of the Circuit Court	195,657	195,657	216,513	20,856
Welfare administration and assistance	605,355	605,355	521,030	(84,325)
Total shared expenses	<u>\$ 2,027,282</u>	<u>\$ 2,027,282</u>	<u>\$ 2,059,351</u>	<u>\$ 32,069</u>
Other categorical aid:				
Emergency medical services	\$ 8,200	\$ 8,200	\$ 7,264	\$ (936)
Litter control grant	5,775	5,775	4,812	(963)
VDOT enhancement grant	285,000	285,000	224,792	(60,208)
Record preservation grant	-	-	10,672	10,672
Comprehensive services act	310,000	310,000	870,970	560,970
Community corrections grant	329,036	329,036	306,797	(22,239)
Victim-witness grant	45,613	45,613	45,024	(589)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2004 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Fire program funds	\$ -	\$ -	\$ 26,281	\$ 26,281
PCS supplemental grant	-	-	63,750	63,750
Other categorical	-	-	27,176	-
Total other categorical aid	<u>\$ 983,624</u>	<u>\$ 983,624</u>	<u>\$ 1,587,538</u>	<u>\$ 576,738</u>
Total categorical aid	<u>\$ 3,010,906</u>	<u>\$ 3,010,906</u>	<u>\$ 3,646,889</u>	<u>\$ 608,807</u>
Total revenue from the Commonwealth	<u>\$ 4,454,906</u>	<u>\$ 4,504,906</u>	<u>\$ 5,043,573</u>	<u>\$ 511,491</u>
Revenue from the Federal Government:				
Categorical aid:				
Welfare administration and assistance	\$ 1,210,710	\$ 1,210,710	\$ 1,138,025	\$ (72,685)
Disaster planning	-	-	6,718	6,718
Ground transportation safety	-	-	11,698	11,698
Total categorical aid	<u>\$ 1,210,710</u>	<u>\$ 1,210,710</u>	<u>\$ 1,156,441</u>	<u>\$ (54,269)</u>
Total revenue from the federal government	<u>\$ 1,210,710</u>	<u>\$ 1,210,710</u>	<u>\$ 1,156,441</u>	<u>\$ (54,269)</u>
Total General Fund	<u><u>\$ 15,930,060</u></u>	<u><u>\$ 15,930,060</u></u>	<u><u>\$ 17,034,006</u></u>	<u><u>\$ 1,076,770</u></u>
Capital Projects Fund:				
Landfill Construction Fund:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 3,701</u>	<u>\$ (6,299)</u>
Charges for services:				
Tipping fees - non-county users	<u>\$ 390,000</u>	<u>\$ 390,000</u>	<u>\$ 161,887</u>	<u>\$ (228,113)</u>
Total charges for services	<u>\$ 390,000</u>	<u>\$ 390,000</u>	<u>\$ 161,887</u>	<u>\$ (228,113)</u>
Total revenue from local sources	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 165,588</u>	<u>\$ (234,412)</u>
Total Landfill Construction Fund	<u><u>\$ 400,000</u></u>	<u><u>\$ 400,000</u></u>	<u><u>\$ 165,588</u></u>	<u><u>\$ (234,412)</u></u>
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 500	\$ 500	\$ 585	\$ 85
Total revenue from use of money and property	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 585</u>	<u>\$ 85</u>
Total revenue from local sources	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 585</u>	<u>\$ 85</u>
Total Recreation Fund	<u><u>\$ 500</u></u>	<u><u>\$ 500</u></u>	<u><u>\$ 585</u></u>	<u><u>\$ 85</u></u>
Total Primary Government	<u><u>\$ 16,330,560</u></u>	<u><u>\$ 16,330,560</u></u>	<u><u>\$ 17,200,179</u></u>	<u><u>\$ 842,443</u></u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2004 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 5,500	\$ 5,500	\$ 6,852	\$ 1,352
Charges for services:				
Charges for education	\$ 346,568	\$ 346,568	\$ 367,464	\$ 20,896
Total charges for services	\$ 346,568	\$ 346,568	\$ 367,464	\$ 20,896
Recovered costs:				
Other recovered costs	\$ 21,000	\$ 21,000	\$ 24,150	\$ 3,150
Total recovered costs	\$ 21,000	\$ 21,000	\$ 24,150	\$ 3,150
Total revenue from local sources	\$ 373,068	\$ 373,068	\$ 398,466	\$ 25,398
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 6,314,747	\$ 6,314,747	\$ 6,208,556	\$ (106,191)
Total revenues from local governments	\$ 6,314,747	\$ 6,314,747	\$ 6,208,556	\$ (106,191)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,493,042	\$ 2,493,042	\$ 2,537,408	\$ 44,366
Basic school aid	10,329,768	10,329,768	7,297,881	(3,031,887)
Other state funds	2,258,604	2,258,604	5,151,738	2,893,134
Total categorical aid	\$ 15,081,414	\$ 15,081,414	\$ 14,987,027	\$ (94,387)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 770,767	\$ 770,767	\$ 660,811	\$ (109,956)
Adult basic education	-	-	18,753	18,753
Chapter II	191,034	191,034	-	(191,034)
Title VI-B, special education flow-through	-	-	568,462	568,462
Reading excellence	215,601	215,601	20,506	(195,095)
Title II-D	73,500	73,500	7,334	(66,166)
Vocational education	71,310	71,310	73,340	2,030
Drug free schools	-	-	21,851	21,851
School food	579,158	579,158	655,648	76,490
Title II	21,003	21,003	133,715	112,712
Reading first	-	-	181,331	181,331
Title VI-B, pre-school	43,834	43,834	18,535	(25,299)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2004 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from the federal government:				
Categorical aid: (continued)				
Title IV-A	23,933	23,933	-	(23,933)
Title V-A	21,336	21,336	15,631	(5,705)
JR ROTC	-	-	43,681	43,681
Sliver	35,000	35,000	19,577	(15,423)
Title VI-D	-	-	20,197	20,197
State assessment	-	-	9,060	9,060
Improving teacher quality	25,000	25,000	30,088	5,088
Total categorical aid	<u>\$ 2,071,476</u>	<u>\$ 2,071,476</u>	<u>\$ 2,498,520</u>	<u>\$ 427,044</u>
Total School Operating Fund	<u>\$ 23,840,705</u>	<u>\$ 23,840,705</u>	<u>\$ 24,092,569</u>	<u>\$ 251,864</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 185,729	\$ 185,729
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 13,457	\$ 13,457
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,457</u>	<u>\$ 13,457</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,186</u>	<u>\$ 199,186</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ -	\$ -	\$ 50,000	\$ 50,000
Total revenues from local governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 15,427	\$ 15,427
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,427</u>	<u>\$ 15,427</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,427</u>	<u>\$ 15,427</u>
Total School Cafeteria Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,613</u>	<u>\$ 214,613</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 23,840,705</u>	<u>\$ 23,840,705</u>	<u>\$ 24,357,182</u>	<u>\$ 466,477</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2005

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 161,433	\$ 162,433	\$ 134,521	\$ 27,912
General and financial administration:				
County administrator	418,748	418,748	391,743	27,005
Legal services	53,000	53,000	21,408	31,592
Commissioner of revenue	271,946	271,946	234,368	37,578
Treasurer	322,130	322,130	283,641	38,489
Independent Auditor	41,200	41,200	18,750	22,450
Assessor	10,000	10,000	6,768	3,232
Other general and financial administration	-	-	47,113	(47,113)
Total general and financial administration	\$ 1,117,024	\$ 1,117,024	\$ 1,003,791	\$ 113,233
Board of elections:				
Electoral board and officials	\$ 22,000	\$ 27,924	\$ 27,924	\$ -
Registrar	78,273	78,273	76,988	1,285
Total board of elections	\$ 100,273	\$ 106,197	\$ 104,912	\$ 1,285
Total general government administration	\$ 1,378,730	\$ 1,385,654	\$ 1,243,224	\$ 142,430
Judicial administration:				
Courts:				
Circuit court	\$ 59,850	\$ 59,850	\$ 46,961	\$ 12,889
General district court	19,948	19,948	18,979	969
Office of the magistrates	12,700	12,700	11,554	1,146
Clerk of the circuit court	529,535	552,289	385,541	166,748
Piedmont Court Services	351,456	351,456	329,999	21,457
PCS supplemental grant	-	63,750	63,081	669
Victim and witness assistance	50,144	50,144	49,212	932
Total courts	\$ 1,023,633	\$ 1,110,137	\$ 905,327	\$ 204,810
Commonwealth's attorney:				
Commonwealth's attorney	\$ 379,595	\$ 396,260	\$ 361,006	\$ 35,254
Total commonwealth's attorney	\$ 379,595	\$ 396,260	\$ 361,006	\$ 35,254
Total judicial administration	\$ 1,403,228	\$ 1,506,397	\$ 1,266,333	\$ 240,064
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,483,586	\$ 1,511,344	\$ 1,463,955	\$ 47,389
Emergency operations center	161,000	161,000	156,841	4,159
Total law enforcement and traffic control	\$ 1,644,586	\$ 1,672,344	\$ 1,620,796	\$ 51,548

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2004 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Fire and rescue services:				
Fire department	\$ 491,200	\$ 725,340	\$ 459,066	\$ 266,274
Ambulance and rescue services	53,500	53,500	53,500	-
Forestry service	8,000	8,000	7,127	873
Total fire and rescue services	<u>\$ 552,700</u>	<u>\$ 786,840</u>	<u>\$ 519,693</u>	<u>\$ 267,147</u>
Correction and detention:				
County operated institutions	\$ 85,000	\$ 85,000	\$ 64,867	\$ 20,133
Total correction and detention	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 64,867</u>	<u>\$ 20,133</u>
Inspections:				
Building	\$ 44,822	\$ 44,822	\$ 44,245	\$ 577
Total inspections	<u>\$ 44,822</u>	<u>\$ 44,822</u>	<u>\$ 44,245</u>	<u>\$ 577</u>
Other protection:				
Animal control	\$ 92,988	\$ 92,988	\$ 91,926	\$ 1,062
Medical examiner (coroner)	1,600	1,600	400	1,200
Total other protection	<u>\$ 94,588</u>	<u>\$ 94,588</u>	<u>\$ 92,326</u>	<u>\$ 2,262</u>
Total public safety	<u>\$ 2,421,696</u>	<u>\$ 2,683,594</u>	<u>\$ 2,341,927</u>	<u>\$ 341,667</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 900,821	\$ 989,753	\$ 989,752	\$ 1
VDOT revenue sharing	5,775	5,775	-	5,775
Total sanitation and waste removal	<u>\$ 906,596</u>	<u>\$ 995,528</u>	<u>\$ 989,752</u>	<u>\$ 5,776</u>
Maintenance of general buildings and grounds:				
General properties	\$ 623,276	\$ 623,276	\$ 593,032	\$ 30,244
Total maintenance of general buildings and grounds	<u>\$ 623,276</u>	<u>\$ 623,276</u>	<u>\$ 593,032</u>	<u>\$ 30,244</u>
Total public works	<u>\$ 1,529,872</u>	<u>\$ 1,618,804</u>	<u>\$ 1,582,784</u>	<u>\$ 36,020</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 151,858	\$ 151,858	\$ 143,172	\$ 8,686
Total health	<u>\$ 151,858</u>	<u>\$ 151,858</u>	<u>\$ 143,172</u>	<u>\$ 8,686</u>
Mental health and mental retardation:				
Chapter X board	\$ 59,850	\$ 59,850	\$ 59,850	-
Total mental health and mental retardation	<u>\$ 59,850</u>	<u>\$ 59,850</u>	<u>\$ 59,850</u>	<u>-</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2004 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Welfare administration and assistance	\$ 2,264,051	\$ 2,264,051	\$ 2,025,762	\$ 238,289
Comprehensive services act	556,966	1,125,455	1,125,455	-
Other welfare programs	2,500	2,500	1,892	608
Total welfare	<u>\$ 2,823,517</u>	<u>\$ 3,392,006</u>	<u>\$ 3,153,109</u>	<u>\$ 238,897</u>
Total health and welfare	<u>\$ 3,035,225</u>	<u>\$ 3,603,714</u>	<u>\$ 3,356,131</u>	<u>\$ 247,583</u>
Education:				
Other instructional costs:				
Contributions to community college	\$ 11,972	\$ 11,972	\$ 11,972	-
Contribution to County School Board	6,364,747	6,364,747	6,258,556	106,191
Total education	<u>\$ 6,376,719</u>	<u>\$ 6,376,719</u>	<u>\$ 6,270,528</u>	<u>\$ 106,191</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 54,500	\$ 79,500	\$ 79,500	-
Total parks and recreation	<u>\$ 54,500</u>	<u>\$ 79,500</u>	<u>\$ 79,500</u>	<u>\$ -</u>
Cultural enrichment:				
Museums	\$ 5,000	\$ 5,000	\$ 2,315	\$ 2,685
Total cultural enrichment	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 2,315</u>	<u>\$ 2,685</u>
Contribution to regional library	\$ 108,176	\$ 108,176	\$ 108,176	-
Total library	<u>\$ 108,176</u>	<u>\$ 108,176</u>	<u>\$ 108,176</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 167,676</u>	<u>\$ 192,676</u>	<u>\$ 189,991</u>	<u>\$ 2,685</u>
Community development:				
Planning and community development:				
Planning	\$ 142,871	\$ 142,871	\$ 136,465	\$ 6,406
Community development	115,000	115,000	65,000	50,000
Economic development	142,485	142,485	116,630	25,855
Payment to Poplar Hill	-	-	31,249	(31,249)
Total planning and community development	<u>\$ 400,356</u>	<u>\$ 400,356</u>	<u>\$ 349,344</u>	<u>\$ 51,012</u>
Environmental management:				
Soil and water conservation	\$ 11,975	\$ 11,975	\$ 11,975	-
Total environmental management	<u>\$ 11,975</u>	<u>\$ 11,975</u>	<u>\$ 11,975</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Community development: (Continued)				
Cooperative extension program:				
Cooperative extension program	\$ 63,258	\$ 63,258	\$ 48,928	\$ 14,330
Cannery	55,240	55,240	45,113	10,127
Total cooperative extension program	<u>\$ 118,498</u>	<u>\$ 118,498</u>	<u>\$ 94,041</u>	<u>\$ 24,457</u>
Total community development	<u>\$ 530,829</u>	<u>\$ 530,829</u>	<u>\$ 455,360</u>	<u>\$ 75,469</u>
Nondepartmental:				
Other nondepartmental	\$ -	\$ -	\$ 1,694	(1,694)
Capital projects:				
Sandy River project	\$ 135,000	\$ 135,000	\$ 24,150	\$ 110,850
Dr. Moore's Building	375,000	375,000	323,448	51,552
Other capital projects	75,000	75,000	25,512	49,488
Total capital projects	<u>\$ 585,000</u>	<u>\$ 585,000</u>	<u>\$ 373,110</u>	<u>\$ 211,890</u>
Debt service:				
Principal retirement	\$ 648,763	\$ 648,763	\$ 327,322	\$ 321,441
Interest and other fiscal charges	-	-	309,241	(309,241)
Total debt service	<u>\$ 648,763</u>	<u>\$ 648,763</u>	<u>\$ 636,563</u>	<u>\$ 12,200</u>
Total General Fund	<u>\$ 18,077,738</u>	<u>\$ 19,132,150</u>	<u>\$ 17,717,645</u>	<u>\$ 1,414,505</u>
Landfill Construction Fund				
Capital projects expenditures:				
Landfill construction	\$ 1,000,000	\$ 1,007,982	\$ 1,007,982	\$ -
Total Landfill Construction Fund	<u>\$ 1,000,000</u>	<u>\$ 1,007,982</u>	<u>\$ 1,007,982</u>	<u>\$ -</u>
Watershed Construction Fund				
Debt service:				
Principal retirement	\$ 12,500	\$ 12,500	\$ 12,500	\$ -
Interest and other fiscal charges	750	750	375	375
Total debt service	<u>\$ 13,250</u>	<u>\$ 13,250</u>	<u>\$ 12,875</u>	<u>\$ 375</u>
Total Watershed Construction Fund	<u>\$ 13,250</u>	<u>\$ 13,250</u>	<u>\$ 12,875</u>	<u>\$ 375</u>
Total Primary Government	<u>\$ 19,090,988</u>	<u>\$ 20,153,382</u>	<u>\$ 18,738,502</u>	<u>\$ 1,414,880</u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 17,209,168	\$ 17,209,168	\$ 17,077,512	\$ 131,656
Administration, attendance, and health	1,197,650	1,197,650	1,146,061	51,589
Pupil transportation services	1,531,947	1,531,947	1,586,214	(54,267)
Operation and maintenance services	1,759,198	1,759,198	1,615,077	144,121
School food program	5,610	5,610	-	5,610
Technology	790,585	790,585	687,704	102,881
Facilities	<u>441,000</u>	<u>441,000</u>	<u>400,433</u>	<u>40,567</u>
Total education	<u>\$ 22,935,158</u>	<u>\$ 22,935,158</u>	<u>\$ 22,513,001</u>	<u>\$ 422,157</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2004 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue funds: (Continued)				
School Operating Fund: (Continued)				
Debt service:				
Principal retirement	\$ 595,205	\$ 595,205	\$ 595,199	\$ 6
Interest and other fiscal charges	310,342	310,342	306,848	3,494
Total debt service	<u>\$ 905,547</u>	<u>\$ 905,547</u>	<u>\$ 902,047</u>	<u>\$ 3,500</u>
 Total School Fund	 <u>\$ 23,840,705</u>	 <u>\$ 23,840,705</u>	 <u>\$ 23,415,048</u>	 <u>\$ 425,657</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 787,691	\$ 787,691	\$ 926,312	\$ (138,621)
Total Cafeteria Fund	<u>\$ 787,691</u>	<u>\$ 787,691</u>	<u>\$ 926,312</u>	<u>\$ (138,621)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 24,628,396</u>	 <u>\$ 24,628,396</u>	 <u>\$ 24,341,360</u>	 <u>\$ 287,036</u>

Statistical Tables

COUNTY OF PRINCE EDWARD, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>
2002-03	\$ 1,479,482	\$ 1,087,424	\$ 2,011,592	\$ 1,998,378	2,408,468
2003-04	1,359,503	1,083,127	2,242,895	2,858,160	2,889,853
2004-05	1,542,517	1,239,534	2,449,038	2,203,917	3,343,298

(1) Information has only been available for 3 years.

Table 1

	<u>Education</u>	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Interest on Long- Term Debt</u>	<u>Total</u>
\$	19,466,309	\$ 166,063	\$ 337,413	\$ 702,790	\$ 29,657,919
	21,351,641	252,780	603,178	708,712	33,349,849
	24,103,430	189,991	458,214	575,931	36,105,870

COUNTY OF PRINCE EDWARD, VIRGINIA

Government-Wide Revenues

Last Ten Fiscal Years (1)

PROGRAM REVENUES							
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Local Sales and Use Taxes	Consumers' Utility Taxes	Motor Vehicle Licenses
2002-03	\$ 1,201,069	\$ 18,019,000	\$ 423,183	\$ 6,180,542	\$ 2,019,229	\$ 463,849	\$ 211,787
2003-04	1,370,993	19,206,435	139,587	6,427,034	2,217,895	477,800	224,999
2004-05	1,317,967	22,168,412	140,907	6,335,709	2,258,289	474,912	231,477

(1) Information has only been available for 3 years.

Table 2

GENERAL REVENUES						
Taxes on Recordation and Wills	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Unrestricted Investment Earnings	Miscella- neous	Grants and Contributions Not Restricted to Specific Programs	Total
\$ 92,022	\$ 130,972	\$ 50,306	\$ 454,866	\$ 176,139	\$ 1,600,560	\$ 31,023,524
106,792	99,681	56,590	422,119	84,915	1,607,274	32,442,114
162,805	80,675	51,368	434,608	181,436	1,391,668	35,230,233

COUNTY OF PRINCE EDWARD, VIRGINIA

General Governmental Expenditures by Function (1)
 Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
1995-96	\$ 704,698	\$ 482,290	\$ 999,037	\$ 807,254	1,378,201
1996-97	685,997	711,051	1,102,150	742,333	1,478,608
1997-98	700,340	824,598	1,158,443	793,608	1,705,280
1998-99	766,125	861,801	1,397,166	781,697	1,684,790
1999-00	868,925	912,225	1,564,451	1,102,156	2,156,344
2000-01	920,519	1,049,819	1,863,432	1,235,853	2,371,188
2001-02	1,078,789	1,046,627	2,271,557	1,230,497	2,250,466
2002-03	1,479,482	1,087,424	2,011,592	1,318,370	2,404,468
2003-04	1,359,503	1,083,127	2,242,895	1,958,893	2,889,853
2004-05	1,243,224	1,266,333	2,341,927	1,582,784	3,356,131

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 3

	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
\$	13,283,579	\$ 85,492	\$ 228,594	\$ 997,730	\$ 18,966,875
	14,112,455	84,998	262,579	1,224,041	20,404,212
	14,462,188	108,078	258,161	1,260,087	21,270,783
	16,077,116	131,208	303,180	3,066,110	25,069,193
	17,648,776	110,714	304,915	1,562,139	26,230,645
	18,720,371	122,040	356,377	1,830,611	28,470,210
	19,640,259	157,526	321,141	2,000,962	29,997,824
	19,893,980	166,063	339,302	1,955,635	30,656,316
	21,484,867	252,780	600,203	1,811,022	33,683,143
	25,003,365	189,991	455,360	1,551,485	36,990,600

COUNTY OF PRINCE EDWARD, VIRGINIA

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Other Local Taxes</u>	<u>Permits, Privilege Fees, Regulatory Licenses</u>	<u>Fines and Forfeitures</u>	<u>Revenue from the Use of Money and Property</u>
1995-96	\$ 4,891,118	\$ 2,217,835	\$ 33,414	\$ 38	323,140
1996-97	5,192,662	2,382,070	34,724	2,525	360,102
1997-98	5,720,702	2,535,359	41,289	3,647	415,923
1998-99	6,331,247	2,567,900	48,118	3,144	514,200
1999-00	6,181,484	2,725,219	36,715	2,839	725,359
2000-01	6,225,800	2,808,137	48,966	2,107	747,185
2001-02	6,079,463	2,808,410	63,239	15,312	586,882
2002-03	6,054,082	2,917,859	50,306	79,411	460,805
2003-04	6,330,673	3,127,167	56,590	107,077	425,873
2004-05	6,386,661	3,208,158	51,368	85,142	434,608

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

Table 4

	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
\$	671,933	\$ 152,533	\$ 35,313	\$ 12,088,254	\$ 20,413,578
	704,130	130,092	96,534	12,792,207	21,695,046
	728,893	278,906	139,257	13,789,312	23,653,288
	669,653	124,051	197,467	15,772,838	26,228,618
	725,415	126,385	233,963	17,842,131	28,599,510
	737,901	155,355	235,855	19,279,622	30,240,928
	670,161	145,197	253,407	19,558,401	30,180,472
	1,121,658	258,156	202,023	20,042,743	31,187,043
	1,207,326	134,011	223,319	20,968,667	32,580,703
	1,231,457	181,436	68,987	23,700,988	35,348,805

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
1995-96	\$ 4,907,018	\$ 4,640,937	94.58%	\$ 171,918	\$ 4,812,855	98.08%	\$ 326,441	6.65%
1996-97	5,236,025	4,958,544	94.70%	135,289	5,093,833	97.28%	440,944	8.42%
1997-98	5,637,343	5,347,617	94.86%	242,041	5,589,658	99.15%	435,559	7.73%
1998-99	6,399,799	6,029,180	94.21%	181,643	6,210,823	97.05%	522,918	8.17%
1999-00	6,601,752	6,217,665	94.18%	244,690	6,462,355	97.89%	545,294	8.26%
2000-01	6,883,157	6,444,453	93.63%	342,510	6,786,963	98.60%	514,308	7.47%
2001-02	7,174,125	6,774,216	94.43%	303,613	7,077,829	98.66%	449,036	6.26%
2002-03	7,329,472	6,954,555	94.88%	355,504	7,310,059	99.74%	370,848	5.06%
2003-04	7,543,391	7,205,591	95.52%	238,777	7,444,368	98.69%	388,357	5.15%
2004-05	7,479,811	7,186,612	96.08%	271,698	7,458,310	99.71%	317,312	4.24%

(1) Exclusive of penalties and interest.

(2) Includes twenty years real estate and two years personal property taxes.

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property (3)	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Utility (2)	Total
1995-96	\$ 435,625,218	\$ 50,989,550	\$ 7,004,400	\$ 3,440,350	\$ 37,520,115	\$ 43,966,639	578,546,272
1996-97	451,111,138	57,556,882	7,912,811	3,695,750	38,753,440	42,587,872	601,617,893
1997-98	577,202,498	61,325,488	8,073,788	4,009,400	41,784,000	55,621,551	748,016,725
1998-99	591,114,895	64,500,205	8,946,594	3,998,800	46,664,750	49,476,050	764,701,294
1999-00	609,563,039	70,405,410	10,286,359	4,130,000	41,799,024	48,340,775	784,524,607
2000-01	624,380,855	73,982,080	11,349,709	4,098,050	45,769,680	50,063,311	809,643,685
2001-02	645,903,795	78,059,631	11,688,459	6,770,400	50,320,367	49,153,652	841,896,304
2002-03	670,116,679	78,911,086	11,803,479	4,580,050	42,548,400	48,985,337	856,945,031
2003-04	946,718,690	81,415,295	12,963,864	4,890,600	49,462,150	64,434,722	1,159,885,321
2004-05	959,147,690	78,767,055	12,733,114	4,208,100	49,215,525	59,024,452	\$ 1,163,095,936

- (1) Real estate is assessed at 100% of fair market value.
- (2) Assessed values are established by the State Corporation Commission.
- (3) Personal property is assessed at 100% of fair market value as of January 1, 1995.
- (4) Source: Virginia Department of Taxation.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Merchants' Capital	Personal Property	Machinery and Tools
1995-96	\$ 0.59	\$ 0.70	\$ 3.20	\$ 3.20
1996-97	0.59	0.70	3.20	3.20
1997-98	0.59	0.70	3.20	3.20
1998-99	0.59	0.70	3.20	3.20
1999-00	0.59	0.70	3.20	3.20
2000-01	0.59	0.70	3.20	3.20
2001-02	0.59	0.70	3.20	3.20
2002-03	0.59	0.70	3.20	3.20
2003-04	0.43	0.70	3.20	3.20
2004-05	0.43	0.70	3.20	3.20

(1) Per \$100 of assessed value.

Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1995-96	17,320	\$ 578,546	\$ 12,914,557	\$ 12,914,557	2.23%	746
1996-97	17,320	601,618	17,310,120	17,310,120	2.88%	999
1997-98	17,320	748,017	15,890,528	15,890,528	2.12%	917
1998-99	17,320	764,701	17,325,829	17,325,829	2.27%	1,000
1999-00	17,320	784,525	16,440,224	16,440,224	2.10%	949
2000-01	19,720	809,644	15,394,882	15,394,882	1.90%	781
2001-02	19,720	841,896	14,768,495	14,768,495	1.75%	749
2002-03	19,720	856,945	13,540,048	13,540,048	1.58%	687
2003-04	19,720	1,159,885	11,965,235	11,965,235	1.03%	607
2004-05	19,720	1,162,496	11,080,017	11,080,017	0.95%	562

(1) Bureau of Census.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes landfill closure/post-closure care liability, capital leases, and compensated absences.

Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1995-96	\$ 619,867	\$ 394,113	\$ 1,013,980	\$ 18,966,875	5.35%
1996-97	648,029	576,012	1,224,041	20,404,212	6.00%
1997-98	677,083	583,004	1,260,087	21,270,783	5.92%
1998-99	2,020,221	1,045,889	3,066,110	25,069,193	12.23%
1999-00	909,672	666,693	1,576,365	26,230,645	6.01%
2000-01	1,048,952	948,062	1,997,014	28,470,210	7.01%
2001-02	1,253,944	761,018	2,014,962	29,997,824	6.72%
2002-03	1,244,098	711,537	1,955,635	30,656,316	6.38%
2003-04	1,149,924	661,098	1,811,022	33,683,143	5.38%
2004-05	935,021	616,464	1,551,485	35,984,261	4.31%

(1) Includes General and Debt Service funds of the Primary Government and Special Revenue funds of the Discretely Presented Component Unit - School Board.

Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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 Board of Supervisors County of Prince Edward, Virginia

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince Edward, Virginia as of and for the year ended June 30, 2005, which collectively comprise of the County of Prince Edward, Virginia's basic financial statements and have issued our report thereon dated September 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Prince Edward, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
September 16, 2005

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Supervisors
County of Prince Edward, Virginia

Compliance

We have audited the compliance of the County of Prince Edward, Virginia with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. County of Prince Edward's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of County of Prince Edward's management. Our responsibility is to express an opinion on County of Prince Edward's compliance based on our audit.

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

In our opinion, County of Prince Edward, Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of County of Prince Edward, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered County of Prince Edward's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Robinson, Fann, Cox Associates

Charlottesville, Virginia
September 16, 2005

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Promoting Safe and Stable Families	93.556	\$ 10,892
Temporary Assist to Needy Families (TANF)	93.558	185,909
Refugee and Entrant Assistance - Discretionary Grants	93.566	315
Low Income Home Energy Assistance	93.568	18,889
Payments to States for Child Care Assistance	93.575	117,038
Child Care and Development Fund	93.596	73,201
Adoption Incentive Payments Program	93.603	3,318
Foster Care - Title IV-E	93.658	136,647
Adoption Assistance	93.659	63,650
Social Services Block Grant	93.667	113,441
Independent Living	93.674	709
Medical Assistance Program (Title XIX)	93.778	<u>185,267</u>
Total Dept. Health & Human Services-pass through		<u>\$ 909,276</u>
Total Department Health and Human Services		<u>\$ 909,276</u>
Department of Homeland Security		
Pass Through Payments:		
Disaster Relief and Public Assistance	97.036	<u>\$ 6,718</u>
Total Department of Homeland Security		<u>\$ 6,718</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	<u>\$ 100,596</u>
Department of Education:		
National school breakfast program	10.553	\$ 127,623
National school lunch program	10.555	543,452
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>228,749</u>
Total Department of Agriculture - pass-through payments		<u>\$ 1,000,420</u>
Total Department of Agriculture		<u>\$ 1,000,420</u>
Department of Defense		
Direct Payments		
ROTC	n/a	<u>\$ 43,681</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2005

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Transportation:		
Pass through payments:		
State and Community Highway Safety - Alcohol	20.000	5,660
Occupant Protection	20.602	\$ 6,038
Total Department of Transportation - pass-through		\$ 11,698
Total Department of Transportation		11,698
Department of Education:		
Pass Through Payments:		
Department of Education:		
Adult Basic Education	84.002	\$ 18,753
Title I: Educationally deprived children	84.010	660,811
Title VI-B: Handicapped state grants	84.027	588,039
Vocational Education: Basic grants to states	84.048	73,340
Title VI-B: Handicapped preschool incentive grant	84.173	18,535
Drug free schools and communities	84.186	21,851
Literacy challenge grant	84.318	20,197
Title II-Part A	84.367	133,716
Title VI: Improving school programs state block grant	84.298	15,631
Reading first	84.357	181,331
Title VI: Rural and low income schools	84.358	7,334
Title II: Teacher Quality Grant	84.336	30,088
State assessments	84.369	9,060
Reading excellence program	84.338	20,505
Total Department of Education		\$ 1,799,191
Total Federal Assistance		\$ 3,770,984

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federally assisted programs of the County of Prince Edward, Virginia. The County's reporting entity is defined in note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ <u>1,156,441</u>
Total primary government	\$ <u>1,156,441</u>
Component Unit Public Schools:	
School Operating Fund	\$ <u>2,513,947</u>
Total component unit public schools	\$ <u>2,513,947</u>
Total federal expenditures per basic financial statements	\$ <u>3,670,388</u>
Non-cash expenditures - value of donated commodities	\$ <u>100,596</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>3,770,984</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
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Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553	Nutrition Cluster - School Breakfast Program
10.555	Nutrition Cluster - National School Lunch Program
10.555	Nutrition Cluster - Food Distribution
84.010	Title I—grants to local educational agencies

Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
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Auditee qualified as low-risk auditee?	Yes
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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.