



COUNTY OF PRINCE EDWARD, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2006

COUNTY OF PRINCE EDWARD, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2006

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
Karen M. Schinabeck, Vice-Chairman
Nannie C. Hendricks
S. Garlan Carmichael
Zachary Jackson

County School Board

Russell L. Dove, Chairman

Dr. Ellery Sedgwick
Thomas M. Tillerson
Patsy G. Pelland

Herbert N. Doswell
Linda Leatherwood
Susan S. Lawman
Lawrence C. Varner

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, Jr.
Marvin H. Dunkum, Jr.
James R. Ennis
Wyatt L. Overton
Mable H. Shanaberger
Travis D. Harris, Jr.
Margaret Blackmon
Roma R. Morris
Mildred B. Hampton

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
Year Ended June 30, 2006

Table of Contents

	<u>Page</u>
FINANCIAL SECTION:	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	10
Exhibit 2 Statement of Activities	11-12
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	13
Exhibit 4 Reconciliation to the Balance Sheet of Governmental Funds to the Statement of Net Assets	14
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances— Governmental Funds	15
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Exhibit 7 Statement of Fiduciary Net Assets—Fiduciary Funds	17
Notes to Financial Statements	18-37
<u>Required Supplementary Information</u>	
Exhibit 8 Schedule of Funding Progress for the Virginia Retirement System	38
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—General Fund	39
<u>Other Supplementary Information</u>	
Combining and Individual Fund Statements and Schedules:	
Exhibit 10 Balance Sheet—Non-major Governmental Funds	40
Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Capital Projects Fund	41

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
Year Ended June 30, 2006

Table of Contents (Continued)

	<u>Page</u>
FINANCIAL SECTION: (CONTINUED)	
<u>Other Supplementary Information: (Continued)</u>	
Combining and Individual Fund Statements and Schedules: (Continued)	
Exhibit 12 Statement of Revenues, Expenditures and Changes in Fund Balances—Non-major Governmental Funds—Capital Projects	42
Exhibit 13 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Capital Projects Funds	43
Exhibit 14 Combining Statement of Changes in Fiduciary Assets and Liabilities—Agency Funds	44
Exhibit 15 Combining Statement of Fiduciary Net Assets—Fiduciary Funds	45
Exhibit 16 Capital Assets Used in the Operation of Governmental Funds—Comparative Schedule by Source	46
Exhibit 17 Capital Assets Used in the Operation of Governmental Funds—Schedule by Function and Activity	47
Exhibit 18 Capital Assets Used in the Operation of Governmental Funds—Schedule of Changes by Function and Activity	48
Exhibit 19 Combining Balance Sheet—Discretely Presented Component Unit—School Board	49
Exhibit 20 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Discretely Presented Component Unit-School Board	50
Exhibit 21 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Discretely Presented Component Unit—School Board	51-52
Exhibit 22 Capital Assets Used in the Operation of Governmental Funds—Discretely Presented Component Unit—School Board Comparative Schedules by Source	53
Exhibit 23 Capital Assets Used in the Operation of Governmental Funds—Discretely Presented Component Unit—School Board Comparative Schedule of Changes by Function and Activity	54
Exhibit 24 Capital Assets Used in the Operation of Governmental Funds—Discretely Presented Component Unit—School Board Comparative Schedule by Function and Activity	55

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
Year Ended June 30, 2006

Table of Contents (Continued)

	<u>Page</u>	
FINANCIAL SECTION: (CONTINUED)		
<u>Supporting Schedules:</u>		
Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds	56-60
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds	61-65
<u>Other Statistical Information:</u>		
Table 1	Net Assets by Component	66
Table 2	Changes in Net Assets	67
Table 3	Governmental Activities Tax Revenues by Source	68
Table 4	Fund Balances of Governmental Funds	69-70
Table 5	Changes in Fund Balances of Governmental Funds	71-72
Table 6	General Government Tax Revenues by Source	73
Table 7	Assessed Value and Estimated Actual Value of Taxable Property	74-75
Table 8	Property Tax Rates	76
Table 9	Ratios of Outstanding Debt by Types	77
Table 10	Ratio of Net General Debt to Assessed Value and Net Bonded Debt per Capita	78
Table 11	Demographic and Economic Statistics	79
Table 12	Full-time Equivalent Government Employees by Function	80-81
Table 13	Operating Indicators by Function	82-83

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
Year Ended June 30, 2006

Table of Contents (Continued)

	<u>Page</u>
COMPLIANCE AND OTHER MATTERS:	
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	84
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	85-86
Schedule of Expenditures of Federal Awards	87-88
Schedule of Findings and Questioned Costs	89
Notes to Schedule Expenditures of Federal Awards	90

FINANCIAL SECTION

This page intentionally left blank

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, 2006, 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, 2006, 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 October 19, 2006, 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 the County of Prince Edward, Virginia, basic financial statements. The combining and individual fund statements, supporting schedules, and other statistical information as listed in the table of contents as other supplementary information 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 other statistical information has 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
October 19, 2006

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, 2006. 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 \$5,633,249 (net assets). Of this amount, \$3,658,083 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net assets were \$12,915,657 of which \$1,836,102 is unrestricted. (See Exhibit 1.)

Fund Financial Statements

At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,009,170, or 33 percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2006 budget as well as funds allocated to the School Board (fund balance re-appropriated) and County Capital Improvement Projects for fiscal year 2006.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,138,545, an increase of \$134,571 in comparison with the prior year. 100 percent of the fund balance 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.

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 \$5,633,249 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, 2006

	Governmental Activities	
	2006	2005
Current and other assets	\$ 7,275,779	\$ 8,277,939
Capital assets	13,957,441	15,228,031
Total assets	<u>\$ 21,233,220</u>	<u>\$ 23,505,970</u>
Long-term liabilities	\$ 14,659,437	\$ 14,070,630
Other liabilities	940,534	2,101,456
Total liabilities	<u>\$ 15,599,971</u>	<u>\$ 16,172,086</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 1,975,166	\$ 1,993,396
Restricted	-	78,102
Unrestricted	3,658,083	5,262,386
Total net assets	<u>\$ 5,633,249</u>	<u>\$ 7,333,884</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 35 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 reported no restricted net assets at June 30, 2006.

Government-wide Financial Analysis: (Continued)

The remaining balance of unrestricted net assets, which is \$3,658,083 or 65 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 \$1,700,636. Key elements of this decrease are as follows:

		Governmental	
		2006	2005
Revenues:			
Program revenues:			
Charges for services	\$	915,181	\$ 764,774
Operating grants and contributions		4,683,367	4,808,345
General revenues:			
Property taxes		8,197,655	6,335,709
Other local taxes		3,405,363	3,208,158
Grants and other contributions unrestricted		1,655,009	1,391,668
Other		538,169	595,735
Total revenues	\$	<u>19,394,744</u>	\$ <u>17,104,389</u>
Expenses:			
General government	\$	1,553,538	\$ 1,542,517
Judicial administration		1,337,676	1,239,534
Public safety		2,714,749	2,449,038
Public works		2,555,224	2,203,917
Health and welfare		3,331,152	3,343,298
Education		7,571,463	5,920,107
Parks, recreation and culture		237,633	189,991
Community development		1,237,317	458,214
Interest		556,628	575,931
Total expenses	\$	<u>21,095,380</u>	\$ <u>17,922,547</u>
Increase (decrease) in net assets	\$	(1,700,636)	\$ (818,158)
Net assets - beginning		<u>7,333,885</u>	<u>8,152,042</u>
Net assets - ending	\$	<u>5,633,249</u>	\$ <u>7,333,884</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 \$6,138,545. Approximately 98 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, 2006, total fund balance of the general fund was \$6,009,170, all of which 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 33 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$6,588,296.

The fund balance of the County's general fund increased by \$811,296 during the current fiscal year.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations totaled \$461,374. The increased can be attributed to public safety and judicial administration expenditure increases. Budgeted revenues also included minor changes which coincided with the increased appropriations during the year.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2006 is \$13,957,441 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, and construction in progress. The total net decrease in the County's investment in capital assets for the current fiscal year was 8 percent for government activities.

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

- The transfer of land and a shell building to the IDA for subsequent sale,
- Replacement of several sheriff department vehicles, and
- Performing miscellaneous renovations to the County's schools

Capital Asset and Debt Administration: (Continued)

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

	Governmental Activities	
	2006	2005
Land	\$ 993,527	\$ 1,227,379
Buildings and system	11,029,260	12,336,788
Machinery and equipment	1,313,413	1,485,301
Improvements other than buildings	167,078	178,563
Construction-in-progress	454,163	-
Total	<u>\$ 13,957,441</u>	<u>\$ 15,228,031</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, 2006

	Governmental Activities	
	2006	2005
General obligation bonds	\$ 9,344,275	\$ 9,105,504
Premium on Bond Issuance	35,949	-
Qualified Zone Academy Bonds	771,151	-
Revenue bonds	1,673,400	1,764,512
Landfill closure/post-closure	1,529,888	2,141,087
Landfill Corrective Action Plan	335,000	-
Capital leases	-	13,536
Literary Fund Loans	157,500	210,000
Early Retirement Obligations	377,328	409,851
Compensated absences	434,946	529,608
Total	<u>\$ 14,659,437</u>	<u>\$ 14,174,098</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 was 5.0%, compared to the Virginia rate of 3.3% and the national rate of 5.0%.
- There was uncertainty over the revenue impact of the restructuring of Virginia's Telecommunications Taxes from several locally collected taxes to one consolidated state tax.
- The implementation of changes in the Personal Property Tax Relief Act required the County to make new fiscal policy determinations that could affect the County's budget for the upcoming year.

These factors were considered in preparing the County's budget for the 2007 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.

This page intentionally left blank

Basic Financial Statements

This page intentionally left blank

Government—wide Financial Statements

This page intentionally left blank

Statement of Net Assets
June 30, 2006

	Primary Government Governmental Activities	Component Unit School Board
ASSETS		
Cash and cash equivalents	\$ 5,618,807	\$ 2,178,658
Receivables (net of allowance for uncollectibles):		
Taxes receivable	339,877	-
Accounts receivable	180,804	-
Interest receivable	86,931	-
Due from primary government	-	485,771
Due from other governmental units	1,049,360	760,513
Capital assets (net of accumulated depreciation):		
Land	993,527	99,952
Buildings and system	11,029,260	9,059,855
Improvements other than buildings	1,313,413	403,854
Machinery and equipment	167,078	1,515,894
Construction in progress	454,163	-
Total assets	<u>\$ 21,233,220</u>	<u>\$ 14,504,497</u>
LIABILITIES		
Accounts payable	\$ 340,937	\$ 230,610
Accrued liabilities	-	1,261,196
Accrued interest payable	113,826	-
Due to component unit	485,771	-
Long-term liabilities:		
Due within one year	949,762	48,517
Due in more than one year	13,709,675	48,517
Total liabilities	<u>\$ 15,599,971</u>	<u>\$ 1,588,840</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 1,975,166	\$ 11,079,555
Unrestricted (deficit)	3,658,083	1,836,102
Total net assets	<u>\$ 5,633,249</u>	<u>\$ 12,915,657</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, 2006

<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	\$ 1,553,538	\$ 93,202	\$ 283,673	\$ -
Judicial administration	1,337,676	92,089	516,840	-
Public safety	2,714,749	2,472	1,484,532	-
Public works	2,555,224	722,738	7,347	-
Health and welfare	3,331,152	-	2,390,975	-
Education	7,571,463	-	-	-
Parks, recreation, and cultural	237,633	-	-	-
Community development	1,237,317	4,680	-	-
Interest on long-term debt	556,628	-	-	-
Total government activities	<u>\$ 21,095,380</u>	<u>\$ 915,181</u>	<u>\$ 4,683,367</u>	<u>\$ -</u>
Total primary government	<u>\$ 21,095,380</u>	<u>\$ 915,181</u>	<u>\$ 4,683,367</u>	<u>\$ -</u>
COMPONENT UNITS:				
School Board	\$ 25,395,761	\$ 563,704	\$ 18,434,360	\$ 485,136
Total component units	<u>\$ 25,395,761</u>	<u>\$ 563,704</u>	<u>\$ 18,434,360</u>	<u>\$ 485,136</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	
\$ (1,176,663)	\$ (1,176,663)	\$	-
(728,747)	(728,747)		-
(1,227,745)	(1,227,745)		-
(1,825,139)	(1,825,139)		-
(940,177)	(940,177)		-
(7,571,463)	(7,571,463)		-
(237,633)	(237,633)		-
(1,232,637)	(1,232,637)		-
(556,628)	(556,628)		-
<u>\$ (15,496,832)</u>	<u>\$ (15,496,832)</u>	<u>\$</u>	<u>-</u>
<u>\$ (15,496,832)</u>	<u>\$ (15,496,832)</u>	<u>\$</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>(5,912,561)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>(5,912,561)</u>
\$ 8,197,655	\$ 8,197,655	\$	-
2,402,247	2,402,247		-
476,527	476,527		-
232,757	232,757		-
207,670	207,670		-
86,162	86,162		-
493,043	493,043		82,927
45,126	45,126		10,779
-	-		7,559,151
<u>1,655,009</u>	<u>1,655,009</u>		<u>-</u>
<u>\$ 13,796,196</u>	<u>\$ 13,796,196</u>	<u>\$</u>	<u>7,652,857</u>
\$ (1,700,636)	\$ (1,700,636)	\$	1,740,296
<u>7,333,885</u>	<u>7,333,885</u>		<u>11,175,361</u>
<u>\$ 5,633,249</u>	<u>\$ 5,633,249</u>	<u>\$</u>	<u>12,915,657</u>

This page intentionally left blank

Fund Financial Statements

Balance Sheet
 Governmental Funds
 June 30, 2006

	<u>General</u>	<u>Landfill Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 5,533,617	\$ 59,991	\$ 25,199	\$ 5,618,807
Receivables (net of allowance for uncollectibles):				
Taxes receivable	339,877	-	-	339,877
Accounts receivable	554,831	44,185	-	599,016
Interest receivable	86,931	-	-	86,931
Due from other governmental units	631,139	-	-	631,139
Total assets	\$ 7,146,395	\$ 104,176	\$ 25,199	\$ 7,275,770
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 340,937	\$ -	\$ -	\$ 340,937
Due to component unit	485,771	-	-	485,771
Deferred revenue	310,517	-	-	310,517
Total liabilities	\$ 1,137,225	\$ -	\$ -	\$ 1,137,225
Fund balances:				
Unreserved, reported in:				
General fund	\$ 6,009,170	\$ -	\$ -	\$ 6,009,170
Capital projects funds	-	104,176	25,199	129,375
Total fund balances	\$ 6,009,170	\$ 104,176	\$ 25,199	\$ 6,138,545
Total liabilities and fund balances	\$ 7,146,395	\$ 104,176	\$ 25,199	\$ 7,275,770

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, 2006

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 6,138,545
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,957,441
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	310,517
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(14,773,254)</u>
Net assets of governmental activities	<u><u>\$ 5,633,249</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2006

	General	Landfill Construction Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 8,201,124	\$ -	\$ -	\$ 8,201,124
Other local taxes	3,405,363	-	-	3,405,363
Permits, privilege fees, and regulatory licenses	93,202	-	-	93,202
Fines and forfeitures	59,473	-	-	59,473
Revenue from the use of money and property	488,933	3,906	205	493,044
Charges for services	459,708	302,798	-	762,506
Miscellaneous	45,126	-	-	45,126
Recovered costs	60,363	-	-	60,363
Intergovernmental revenues:				
Commonwealth	5,172,295	-	-	5,172,295
Federal	1,189,312	-	-	1,189,312
Total revenues	\$ 19,174,899	\$ 306,704	\$ 205	\$ 19,481,808
EXPENDITURES				
Current:				
General government administration	\$ 1,238,135	\$ -	\$ -	\$ 1,238,135
Judicial administration	1,404,563	-	-	1,404,563
Public safety	2,651,956	-	-	2,651,956
Public works	1,688,418	-	-	1,688,418
Health and welfare	3,377,252	-	-	3,377,252
Education	6,600,608	-	-	6,600,608
Parks, recreation, and cultural	237,633	-	-	237,633
Community development	449,727	-	-	449,727
Capital projects	78,717	983,634	-	1,062,351
Debt service:				
Principal retirement	330,766	-	-	330,766
Interest and other fiscal charges	305,828	-	-	305,828
Total expenditures	\$ 18,363,603	\$ 983,634	\$ -	\$ 19,347,237
Excess (deficiency) of revenues over (under) expenditures	\$ 811,296	\$ (676,930)	\$ 205	\$ 134,571
Net change in fund balances	\$ 811,296	\$ (676,930)	\$ 205	\$ 134,571
Fund balances - beginning	5,197,874	781,106	24,994	6,003,974
Fund balances - ending	<u>\$ 6,009,170</u>	<u>\$ 104,176</u>	<u>\$ 25,199</u>	<u>\$ 6,138,545</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, 2006

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

Net change in fund balances - total governmental funds	\$ 134,571
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.	(1,270,590)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
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.	(588,807)
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>24,190</u>
Change in net assets of governmental activities	<u>\$ (1,700,636)</u>

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

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2006

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>320,186</u>
Total assets	\$ <u><u>320,186</u></u>
LIABILITIES	
Accounts payable	\$ -
Accrued liabilities	159,304
Amounts held for social services clients	4,458
Amounts held for Piedmont Alcohol Safety Action Program	<u>156,424</u>
Total liabilities	\$ <u><u>320,186</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, 2006

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.

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.

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 \$123,915 to the regional library and \$62,800 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.

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.

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 and School Capital Projects 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, 2006 (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 \$300,066 at June 30, 2006 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, 2006 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

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, 2006 (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, 2006 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, 2006 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

Rated Debt Investments Value	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
Money market Mutual Fund	\$ 324,142	\$ -	\$ -	\$ -	\$ -
State Non-Arbitrage Pool	957,889	-	-	-	-
Repurchase Agreements-Underlying:					
U.S. Agency Securities	2,492,106	-	-	-	-
Total	\$ 3,774,137	\$ -	\$ -	\$ -	\$ -

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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, 2006, with more than 5 percent of the total in the securities underlying the repurchase agreements with BB&T. This investment represented 66 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 a 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	\$ 2,492,106	\$ 2,492,106	\$ -	\$ -	\$ -
Total	<u>\$ 2,492,106</u>	<u>\$ 2,492,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ -	\$ 24,477
State sales taxes	-	502,908
Local sales taxes	418,221	-
Shared expenses	143,707	-
Social services funds	50,846	-
Comprehensive Services	255,992	-
Shared revenues	87,879	-
Other	-	-
Federal Government:		
School funds	-	233,128
Social services funds	92,715	-
	<u>\$ 1,049,360</u>	<u>\$ 760,513</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in the capital assets for the fiscal year ending June 30, 2006:

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,227,379	\$ -	\$ 233,852	\$ 993,527
Construction-in-progress	<u>-</u>	<u>454,163</u>	<u>-</u>	<u>454,163</u>
Totals	<u>\$ 1,227,379</u>	<u>\$ 454,163</u>	<u>\$ 233,852</u>	<u>\$ 1,447,690</u>
Capital assets, being depreciated:				
Buildings	\$ 15,450,090	\$ -	\$ 1,236,624	\$ 14,213,466
Improvements other than buildings	2,634,211	-	-	2,634,211
Equipment	<u>966,555</u>	<u>112,320</u>	<u>-</u>	<u>1,078,875</u>
Total capital assets being depreciated	<u>\$ 19,050,856</u>	<u>\$ 112,320</u>	<u>\$ 1,236,624</u>	<u>\$ 17,926,552</u>
Less accumulated depreciation for:				
Buildings	\$ 3,113,299	\$ 352,405	\$ 281,498	\$ 3,184,206
Improvements other than buildings	1,148,911	171,887	-	1,320,798
Equipment	<u>787,994</u>	<u>123,803</u>	<u>-</u>	<u>911,797</u>
Total Accumulated depreciation	<u>\$ 5,050,204</u>	<u>\$ 648,095</u>	<u>\$ 281,498</u>	<u>\$ 5,416,801</u>
Total capital assets being depreciated, net	<u>\$ 14,000,652</u>	<u>\$ (535,775)</u>	<u>\$ 955,126</u>	<u>\$ 12,509,751</u>
Governmental activities capital assets, net	<u><u>\$ 15,228,031</u></u>	<u><u>\$ (81,612)</u></u>	<u><u>\$ 1,188,978</u></u>	<u><u>\$ 13,957,441</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</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	\$ 15,807,336	\$ 552,611	\$ -	\$ 16,359,947
Improvements other than buildings	703,247	-	-	703,247
Equipment	<u>3,272,235</u>	<u>465,358</u>	<u>110,370</u>	<u>3,627,223</u>
Total capital assets being depreciated	<u>\$ 19,782,818</u>	<u>\$ 1,017,969</u>	<u>\$ 110,370</u>	<u>\$ 20,690,417</u>
Less accumulated depreciation for:				
Buildings	\$ 6,766,454	\$ 642,233	\$ 108,595	\$ 7,300,092
Improvements other than buildings	271,958	27,435	-	299,393
Equipment	<u>1,886,162</u>	<u>335,137</u>	<u>109,970</u>	<u>2,111,329</u>
Total Accumulated depreciation	<u>\$ 8,924,574</u>	<u>\$ 1,004,805</u>	<u>\$ 218,565</u>	<u>\$ 9,710,814</u>
Total capital assets being depreciated, net	<u>\$ 10,858,244</u>	<u>\$ 13,164</u>	<u>\$ (108,195)</u>	<u>\$ 10,979,603</u>
Governmental activities capital assets, net	<u><u>\$ 10,958,196</u></u>	<u><u>\$ 13,164</u></u>	<u><u>\$ (108,195)</u></u>	<u><u>\$ 11,079,555</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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	\$ 271,751
Public safety	82,142
Public works	179,110
Education	108,595
Health & Welfare	4,372
Community development	<u>2,125</u>
Total	<u>\$ 648,095</u>
Component Unit-School Board	<u>\$ 1,004,805</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, 2006 (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, 2006 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, 2006 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	\$ 150,748	\$ 7,650
Contributions made	\$ 150,748	\$ 7,650
Actuarial valuation date	06/30/05	06/30/05
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of pay, open	Level percentage of pay, open
Remaining amortization period	21 years	21 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return ²	7.5%	7.5%
Projected salary increases *		
Non-LEO	3.50% - 5.73%	3.50% - 5.73%
LEO employees	3.50% - 4.71%	3.50% - 4.71%
Cost-of-Living adjustments	2.5%	2.5%

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, 2006 (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	06/30/04	\$	138,625	100%	\$	-
	06/30/05		142,856	100%		-
	06/30/06		150,748	100%		-
Discretely Presented Component Unit:						
School Board Non-Professional	06/30/04	\$	6,951	100%	\$	-
	06/30/05		6,929	100%		-
	06/30/06		7,650	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 6.62% 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, 2006 and 2005 were \$726,052 and \$873,738 and \$726,052 respectively, equal to the required contributions for each year.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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	\$	434,946
--------------------	----	---------

Note 7—Long-Term Debt:

Primary Government:

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

Primary Government				
Year	VRS Early Retirement		County Bonds & Notes	
	Principal	Interest	Principal	Interest
2007	\$ 34,602	\$ 29,443	\$ 872,311	\$ 530,150
2008	37,370	26,675	915,783	499,838
2009	40,360	23,685	915,322	452,634
2010	43,589	20,456	848,231	405,835
2011	47,076	16,969	788,383	361,981
2012-2016	174,331	27,082	2,937,828	1,312,537
2017-2021	-	-	2,103,779	1,073,811
2022-2026	-	-	729,876	530,006
2027-2031	-	-	639,921	357,639
2032-2036	-	-	811,087	186,473
2037-2040	-	-	383,805	16,821
	\$ 377,328	\$ 144,310	\$ 11,946,326	\$ 5,727,725

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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, 2006:

	Amounts Payable at July 1, 2005	Additions	Deletions	Amounts Payable at June 30, 2006	Payable Due Within One Year
Primary Government:					
Revenue Bonds	\$ 1,764,512	\$ -	\$ 91,112	\$ 1,673,400	\$ 93,573
General Obligation Bonds	4,686,419	965,000	500,111	5,151,308	495,853
Premium on Bond Issuance	-	35,949	-	35,949	2,353
Qualified Zone Academy Bonds	-	771,151	-	771,151	-
Courthouse Construction Bonds	4,419,085	-	226,118	4,192,967	227,386
Literary fund loans payable	210,000	-	52,500	157,500	52,500
Capital leases	13,536	-	13,536	-	-
Early Retirement Obligation	409,851	-	32,523	377,328	34,602
Landfill Post-closure Monitoring	2,141,087	372,435	983,634	1,529,888	-
Landfill Corrective Action Plan	-	335,000	-	335,000	-
Compensated absences	426,140	8,806	-	434,946	43,495
Total Primary Government	\$ 14,070,630	\$ 2,488,341	\$ 1,899,534	\$ 14,659,437	\$ 949,762

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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%	\$ 678,316
\$450,000 Virginia Public School Authority Bonds, issued November 20, 1991, maturing annually through December 15, 2011 with interest payable semi-annually at rates from 5.5% to 7.5%	115,000
\$3,800,000 Virginia Public School Authority Bonds, issued November 18, 1993, maturing annually through December 15, 2013 with interest payable semi-annually at rates from 4.475% to 7.5%	720,000
\$4,211,116 Virginia Public School Authority Bonds 1997 I, issued November 20, 1997, maturing annually through July 15, 2017 with interest payable semi-annually at rates from 4.35% to 5.35%	2,672,992
\$1,000,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026 with interest payable semi-annually at rates from 4.1% to 5.1%	965,000
Plus: Premium on issuance	<u>35,949</u>
Total general obligation bonds	<u>\$ 5,187,257</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%	\$ 1,262,271
\$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>411,129</u>
Total Revenue Bonds (payable from General Fund property rentals)	<u>\$ 1,673,400</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (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% \$ 2,200,000

\$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% 1,992,967

Total Courthouse Construction Bonds \$ 4,192,967

State Literary Fund Loan:

\$1,042,239, issued May 13, 1988, due in annual installments of \$52,500 through July 15, 2008 \$ 157,500

\$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% \$ 377,328

Qualified Zone Academy Bonds:

\$771,151 Qualified Zone Academy Bond, issued December 29, 2005, maturing December 29, 2020 with an imputed interest rate of 2.5%. Annual payments of \$62,225 are required to be placed in a sinking fund that will be used to pay the debt in 2020. \$ 771,151

Landfill closure and post-closure care liability \$ 1,529,888

Landfill corrective action plan liability \$ 335,000

Compensated absences payable \$ 434,946

Total primary government long-term debt \$ 14,659,437

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2006 (Continued)

Note 7—Long—Term Debt: (Continued)

Component Unit - School Board:

The following is a summary of long-term debt transactions of the Component Unit- School Board for the year ended June 30, 2006:

	Amounts Payable at July 1, 2005	Addition	Deletions	Amounts Payable at June 30, 2006	Payable Due Within One Year
Compensated Absences	\$ -	\$ 145,551	\$ 48,517	\$ 97,034	\$ 48,517

Details of Long-Term Undebtedness:

Compensated absences liability	\$ <u>97,034</u>
--------------------------------	------------------

Note 8—Litigation:

At June 30, 2006, 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, 2006 (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 \$300,410 reported as landfill closure costs represents the cumulative amount reported to date based on the use of 26% of the landfill capacity. Additionally, the \$1,229,477 reported as landfill postclosure costs represents the cumulative amount reported to date based on the use of 26% of the total landfill capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,529,887 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2006. 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.

Required Supplementary Information

This page intentionally left blank

General Fund

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

For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 7,646,650	\$ 7,646,650	\$ 8,201,124	\$ 554,474
Other local taxes	3,030,000	3,030,000	3,405,363	375,363
Permits, privilege fees, and regulatory licenses	39,800	39,800	93,202	53,402
Fines and forfeitures	98,500	98,500	59,473	(39,027)
Revenue from the use of money and property	430,000	430,000	488,933	58,933
Charges for services	421,800	421,800	459,708	37,908
Miscellaneous	27,644	29,368	45,126	15,758
Recovered costs	52,000	82,000	60,363	(21,637)
Intergovernmental revenues:				
Commonwealth	4,986,899	5,035,152	5,172,295	137,143
Federal	1,209,457	1,257,544	1,189,312	(68,232)
Total revenues	\$ 17,942,750	\$ 18,070,814	\$ 19,174,899	\$ 1,104,085
EXPENDITURES				
Current:				
General government administration	\$ 1,449,738	\$ 1,449,738	\$ 1,238,135	\$ 211,603
Judicial administration	1,519,121	1,552,843	1,404,563	148,280
Public safety	2,392,645	2,774,698	2,651,956	122,742
Public works	1,776,562	1,781,762	1,688,418	93,344
Health and welfare	3,565,914	3,580,971	3,377,252	203,719
Education	6,650,019	6,670,505	6,600,608	69,897
Parks, recreation, and cultural	255,415	255,415	237,633	17,782
Community development	531,215	531,215	449,727	81,488
Capital projects	507,500	507,500	78,717	428,783
Debt service:				
Principal retirement	648,763	648,763	330,766	317,997
Interest and other fiscal charges	-	12,856	305,828	(292,972)
Total expenditures	\$ 19,296,892	\$ 19,766,266	\$ 18,363,603	\$ 1,402,663
Excess (deficiency) of revenues over (under) expenditures	\$ (1,354,142)	\$ (1,695,452)	\$ 811,296	\$ 2,506,748
Net change in fund balances	\$ (1,354,142)	\$ (1,695,452)	\$ 811,296	\$ 2,506,748
Fund balances - beginning	1,354,142	1,695,452	5,197,874	3,502,422
Fund balances - ending	\$ -	\$ -	\$ 6,009,170	\$ 6,009,170

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

County:

Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets at % of AAL (2)/(3)	Annual Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
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%
6/30/2005	9,773,008	11,701,883	1,928,875	83.52%	3,541,406	54.47%

School Board Non-Professionals:

Valuation as of	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets at % of AAL (2)/(3)	Annual Covered Payroll	UAAL as % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
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%)
6/30/2005	1,916,254	1,931,880	15,626	99.19%	666,914	2.34%

Other Supplementary Information

This page intentionally left blank

Combining and Individual Fund Statements and Schedules

This page intentionally left blank

Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	<u>Capital Projects Funds</u>
ASSETS	
Cash and cash equivalents	\$ 25,199
Interest	<u>-</u>
Total assets	<u><u>\$ 25,199</u></u>
LIABILITIES AND FUND BALANCES	
Fund balances:	
Unreserved:	
Designated for subsequent expenditure	<u>\$ 25,199</u>
Total fund balances	<u>\$ 25,199</u>
Total liabilities and fund balances	<u><u>\$ 25,199</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, 2006

	<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	\$ 3,906	\$ (6,094)
Charges for services	<u>300,000</u>	<u>300,000</u>	<u>302,798</u>	<u>2,798</u>
Total revenues	<u>\$ 310,000</u>	<u>\$ 310,000</u>	<u>\$ 306,704</u>	<u>\$ (3,296)</u>
EXPENDITURES				
Current:				
Capital projects	<u>\$ 750,000</u>	<u>\$ 995,000</u>	<u>\$ 983,634</u>	<u>\$ 11,366</u>
Total expenditures	<u>\$ 750,000</u>	<u>\$ 995,000</u>	<u>\$ 983,634</u>	<u>\$ 11,366</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (440,000)</u>	<u>\$ (685,000)</u>	<u>\$ (676,930)</u>	<u>\$ 8,070</u>
Net change in fund balances	\$ (440,000)	\$ (685,000)	\$ (676,930)	\$ 8,070
Fund balances - beginning	<u>440,000</u>	<u>685,000</u>	<u>781,106</u>	<u>96,106</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 104,176</u></u>	<u><u>\$ 104,176</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Capital Projects
 For the Year Ended June 30, 2006

	<u>Capital Projects Funds</u>
REVENUES	
Revenue from the use of money and property	\$ <u>205</u>
Total revenues	\$ <u>205</u>
EXPENDITURES	
Total expenditures	\$ <u>-</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>205</u>
Net change in fund balances	\$ 205
Fund balances - beginning	<u>24,994</u>
Fund balances - ending	<u><u>\$ 25,199</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2006

	Recreation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 500	\$ 500	\$ 205	\$ (295)
Total revenues	\$ 500	\$ 500	\$ 205	\$ (295)
EXPENDITURES				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ 500	\$ 500	\$ 205	\$ (295)
Net change in fund balances	\$ 500	\$ 500	\$ 205	\$ (295)
Fund balances - beginning	-	-	24,994	24,994
Fund balances - ending	\$ 500	\$ 500	\$ 25,199	\$ 24,699

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2006

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash	\$ 3,256	\$ 39,569	\$ 38,367	\$ 4,458
Liabilities:				
Amounts held for social service clients	\$ 3,256	\$ 39,569	\$ 38,367	\$ 4,458
Piedmont Court Services:				
Assets:				
Cash	\$ 49,931	\$ 461,141	\$ 351,768	\$ 159,304
Liabilities:				
Amounts held for others	\$ 49,931	\$ 461,141	\$ 351,768	\$ 159,304
Undistributed local sales tax:				
Assets:				
Cash	\$ -	\$ 350,020	\$ 350,020	\$ -
Liabilities:				
Sales tax payable to towns	\$ -	\$ 350,020	\$ 350,020	\$ -
Fiscal Agent Holdings:				
Assets:				
Cash	\$ 164,384	\$ 358,259	\$ 366,219	\$ 156,424
Liabilities:				
Amounts held for others:				
Piedmont ASAP	\$ 119,941	\$ 357,592	\$ 321,109	\$ 156,424
Virginia Heartland Fund	44,443	667	45,110	-
Total Liabilities	\$ 164,384	\$ 358,259	\$ 366,219	\$ 156,424
Totals -- All agency funds				
Assets:				
Cash	\$ 217,571	\$ 1,208,989	\$ 1,106,374	\$ 320,186
Total assets	\$ 217,571	\$ 1,208,989	\$ 1,106,374	\$ 320,186
Liabilities:				
Amounts held for social service clients	\$ 3,256	\$ 39,569	\$ 38,367	\$ 4,458
Amounts held for others	49,931	461,141	351,768	159,304
Sales tax payable to towns	-	350,020	350,020	-
Amounts held for others	564,690	358,259	366,219	156,424
Total liabilities	\$ 617,877	\$ 1,208,989	\$ 1,106,374	\$ 320,186

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

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2006

	<u>Agency Funds</u>			<u>Total</u>
	<u>Special Welfare</u>	<u>Piedmont Alcohol Safety Action Program</u>	<u>Piedmont Court Services</u>	
ASSETS				
Cash and cash equivalents	\$ 4,458	\$ 156,424	\$ 159,304	\$ 320,186
Total assets	<u>\$ 4,458</u>	<u>\$ 156,424</u>	<u>\$ 159,304</u>	<u>\$ 320,186</u>
LIABILITIES				
Amounts held for others	\$ -	\$ -	\$ 159,304	\$ 159,304
Amounts held for social services clients	4,458	-	-	4,458
Amounts held for Piedmont Alcohol Safety Action Program	<u>-</u>	<u>156,424</u>	<u>-</u>	<u>156,424</u>
Total liabilities	<u>\$ 4,458</u>	<u>\$ 156,424</u>	<u>\$ 159,304</u>	<u>\$ 320,186</u>

Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules by Source
 June 30, 2006

	<u>2006</u>	<u>2005</u>
Governmental funds capital assets:		
Land	\$ 993,527	\$ 1,227,379
Buildings	14,213,466	15,450,090
Machinery and equipment	1,078,875	966,556
Improvements other than buildings	2,634,211	2,634,211
Construction in progress	<u>454,163</u>	<u>-</u>
Total governmental funds capital assets	<u>\$ 19,374,242</u>	<u>\$ 20,278,236</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 17,557,067	\$ 18,461,060
Capital projects fund	<u>1,817,175</u>	<u>1,817,175</u>
Total governmental funds capital assets	<u>\$ 19,374,242</u>	<u>\$ 20,278,235</u>

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2006

Function and Activity	Land	Buildings	Improve- ments Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
General government administration:						
Board of supervisors	\$ 701,527	\$ 9,653,158	\$ 595,762	\$ 8,723	\$ -	\$ 10,959,170
County administrator	-	-	-	24,237	-	24,237
Total general government administration	\$ 701,527	\$ 9,653,158	\$ 595,762	\$ 32,960	\$ -	\$ 10,983,407
Public safety:						
Sheriff	\$ -	\$ -	\$ -	\$ 544,725	\$ -	\$ 544,725
Building inspections	-	-	-	44,779	-	44,779
Animal control	6,500	50,000	-	40,058	-	96,558
Total public safety	\$ 6,500	\$ 50,000	\$ -	\$ 629,562	\$ -	\$ 686,062
Public works:						
Sanitation and waste removal	\$ 243,500	\$ 8,900	\$ 2,038,449	\$ 227,719	\$ -	\$ 2,518,568
Maintenance of buildings and grounds	10,000	50,000	-	120,775	-	180,775
Total public works	\$ 253,500	\$ 58,900	\$ 2,038,449	\$ 348,494	\$ -	\$ 2,699,343
Education:						
Schools	\$ -	\$ 4,343,808	\$ -	\$ -	\$ 454,163	\$ 4,797,971
Total education	\$ -	\$ 4,343,808	\$ -	\$ -	\$ 454,163	\$ 4,797,971
Health and welfare:						
Social services	\$ -	\$ -	\$ -	\$ 67,859	\$ -	\$ 67,859
Total health and welfare	\$ -	\$ -	\$ -	\$ 67,859	\$ -	\$ 67,859
Parks, recreation, and cultural:						
Museums	\$ 23,000	\$ 22,600	\$ -	\$ -	\$ -	\$ 45,600
Total parks, recreation, and cultural	\$ 23,000	\$ 22,600	\$ -	\$ -	\$ -	\$ 45,600
Community development:						
Community development	\$ 9,000	\$ 85,000	\$ -	\$ -	\$ -	\$ 94,000
Total community development	\$ 9,000	\$ 85,000	\$ -	\$ -	\$ -	\$ 94,000
Total governmental funds capital assets	\$ 993,527	\$ 14,213,466	\$ 2,634,211	\$ 1,078,875	\$ 454,163	\$ 19,374,242

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended June 30, 2006

Function and Activity	Governmental Funds Capital Assets July 1, 2005	Additions	Deductions	Governmental Funds Capital Assets June 30, 2006
General government administration:				
Board of supervisors	\$ 11,868,312	\$ 8,723	\$ (917,865)	\$ 10,959,170
County administrator	24,237	-	-	24,237
Total general government administration	<u>\$ 11,892,549</u>	<u>\$ 8,723</u>	<u>\$ (917,865)</u>	<u>\$ 10,983,407</u>
Public safety:				
Sheriff	\$ 462,986	\$ 81,739	\$ -	\$ 544,725
Building inspections	44,779	-	-	44,779
Animal control	96,558	-	-	96,558
Total public safety	<u>\$ 604,323</u>	<u>\$ 81,739</u>	<u>\$ -</u>	<u>\$ 686,062</u>
Public works:				
Sanitation and waste removal	\$ 2,518,568	\$ -	\$ -	\$ 2,518,568
Maintenance of buildings and grounds	180,775	-	-	180,775
Total public works	<u>\$ 2,699,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,699,343</u>
Education:				
Schools	\$ 4,896,419	\$ 454,163	\$ (552,611)	\$ 4,797,971
Total education	<u>\$ 4,896,419</u>	<u>\$ 454,163</u>	<u>\$ (552,611)</u>	<u>\$ 4,797,971</u>
Health and welfare:				
Social services	\$ 46,000	\$ 21,859	\$ -	\$ 67,859
Total health and welfare	<u>\$ 46,000</u>	<u>\$ 21,859</u>	<u>\$ -</u>	<u>\$ 67,859</u>
Parks, recreation, and cultural:				
Museums	\$ 45,600	\$ -	\$ -	\$ 45,600
Total parks, recreation, and cultural	<u>\$ 45,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,600</u>
Community development:				
Community development	\$ 94,000	\$ -	\$ -	\$ 94,000
Total community development	<u>\$ 94,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,000</u>
Total governmental funds capital assets	<u><u>\$ 20,278,234</u></u>	<u><u>\$ 566,484</u></u>	<u><u>\$ (1,470,476)</u></u>	<u><u>\$ 19,374,242</u></u>

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2006

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ 284,479	\$ 1,874,179	\$ 20,000	\$ 2,178,658
Due from primary government	485,771	-	-	-	485,771
Due from other governmental units	760,513	-	-	-	760,513
Total assets	\$ 1,246,284	\$ 284,479	\$ 1,874,179	\$ 20,000	\$ 3,424,942
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 10,106	\$ -	\$ 220,504	\$ -	\$ 230,610
Accrued liabilities	1,236,178	25,018	-	-	1,261,196
Total liabilities	\$ 1,246,284	\$ 25,018	\$ 220,504	\$ -	\$ 1,491,806
Fund balances:					
Unreserved:					
Designated for subsequent expenditure	\$ -	\$ 259,461	\$ 1,653,675	\$ 20,000	\$ 1,933,136
Total fund balances	\$ -	\$ 259,461	\$ 1,653,675	\$ 20,000	\$ 1,933,136
Total liabilities and fund balances	\$ 1,246,284	\$ 284,479	\$ 1,874,179	\$ 20,000	\$ 3,424,942

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

Total fund balances per above \$ 1,933,136

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 11,079,555

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (97,034)

Net assets of governmental activities \$ 12,915,657

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2006

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 67,352	\$ -	\$ 15,575	\$ 82,927
Charges for services	284,835	264,282	-	549,117
Miscellaneous	3,979	10,779	-	14,758
Recovered costs	36,380	-	-	36,380
Intergovernmental revenues:				
Local government	6,588,296	-	-	6,588,296
Commonwealth	15,236,138	-	345,706	15,581,844
Federal	3,321,315	16,337	-	3,337,652
Total revenues	<u>\$ 25,538,295</u>	<u>\$ 291,398</u>	<u>\$ 361,281</u>	<u>\$ 26,190,974</u>
EXPENDITURES				
Current:				
Education	\$ 23,946,474	\$ 957,339	\$ -	\$ 24,903,813
Capital projects	-	-	454,163	454,163
Debt service:				
Principal retirement	585,134	-	-	585,134
Interest and other fiscal charges	278,450	-	-	278,450
Bond issue costs	-	-	25,544	25,544
Total expenditures	<u>\$ 24,810,058</u>	<u>\$ 957,339</u>	<u>\$ 479,707</u>	<u>\$ 26,247,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 728,237</u>	<u>\$ (665,941)</u>	<u>\$ (118,426)</u>	<u>\$ (56,130)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 728,237	\$ -	\$ 728,237
Transfers out	(728,237)	-	-	(728,237)
Proceeds of general obligation bonds	-	-	1,736,152	1,736,152
Premium on bond issuance	-	-	35,949	35,949
Bond issue costs	-	-	-	-
Total other financing sources and uses	<u>\$ (728,237)</u>	<u>\$ 728,237</u>	<u>\$ 1,772,101</u>	<u>\$ 1,772,101</u>
Net change in fund balances	\$ -	\$ 62,296	\$ 1,653,675	\$ 1,715,971
Fund balances - beginning	-	197,165	-	197,165
Fund balances - ending	<u>\$ -</u>	<u>\$ 259,461</u>	<u>\$ 1,653,675</u>	<u>\$ 1,913,136</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			\$	1,715,971
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.				121,359
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>(97,034)</u>
Change in net assets of governmental activities			\$	<u>1,740,296</u>

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, 2006

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 67,352	\$ 62,352
Charges for services	270,536	291,022	284,835	(6,187)
Miscellaneous	83,000	144,730	3,979	(140,751)
Intergovernmental revenues:				
Local government	6,587,707	6,608,193	6,588,296	(19,897)
Commonwealth	15,655,207	15,655,207	15,236,138	(419,069)
Federal	3,061,717	3,134,717	3,321,315	186,598
Total revenues	<u>\$ 25,678,167</u>	<u>\$ 25,853,869</u>	<u>\$ 25,538,295</u>	<u>\$ (315,574)</u>
EXPENDITURES				
Current:				
Education	\$ 24,042,076	\$ 24,198,292	\$ 23,946,474	\$ 251,818
Capital projects	-	-	-	-
Debt service:				
Principal retirement	587,307	587,307	585,134	2,173
Interest and other fiscal charges	279,775	279,775	278,450	1,325
Bond issue costs	-	-	-	-
Total expenditures	<u>\$ 24,909,158</u>	<u>\$ 25,065,374</u>	<u>\$ 24,810,058</u>	<u>\$ 255,316</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 769,009</u>	<u>\$ 788,495</u>	<u>\$ 728,237</u>	<u>\$ (60,258)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	-
Transfers out	(769,009)	(788,495)	(728,237)	60,258
Proceeds of general obligation bonds	-	-	-	-
Premium on bond issuance	-	-	-	-
Total other financing sources and uses	<u>\$ (769,009)</u>	<u>\$ (788,495)</u>	<u>\$ (728,237)</u>	<u>\$ 60,258</u>
Net change in fund balances	\$ -	\$ -	\$ -	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund				School Capital Projects			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,575	\$ 15,575
-	-	264,282	264,282	-	-	-	-
-	-	10,779	10,779	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	345,706	345,706
15,427	15,427	16,337	910	-	-	-	-
<u>\$ 15,427</u>	<u>\$ 15,427</u>	<u>\$ 291,398</u>	<u>\$ 275,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,281</u>	<u>\$ 361,281</u>
\$ 834,436	\$ 834,436	\$ 957,339	\$ (122,903)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,591,314	454,163	1,137,151
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	25,544	-
<u>\$ 834,436</u>	<u>\$ 834,436</u>	<u>\$ 957,339</u>	<u>\$ (122,903)</u>	<u>\$ -</u>	<u>\$ 1,591,314</u>	<u>\$ 479,707</u>	<u>\$ 1,137,151</u>
<u>\$ (819,009)</u>	<u>\$ (819,009)</u>	<u>\$ (665,941)</u>	<u>\$ 153,068</u>	<u>\$ -</u>	<u>\$ (1,591,314)</u>	<u>\$ (118,426)</u>	<u>\$ 1,498,432</u>
\$ 819,009	\$ 838,495	\$ 728,237	\$ (110,258)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	1,591,314	1,736,152	144,838
-	-	-	-	-	-	35,949	35,949
<u>\$ 819,009</u>	<u>\$ 838,495</u>	<u>\$ 728,237</u>	<u>\$ (110,258)</u>	<u>\$ -</u>	<u>\$ 1,591,314</u>	<u>\$ 1,772,101</u>	<u>\$ 180,787</u>
\$ -	\$ 19,486	\$ 62,296	\$ 42,810	\$ -	\$ -	\$ 1,653,675	\$ 1,679,219
-	-	197,165	197,165	-	-	-	-
<u>\$ -</u>	<u>\$ 19,486</u>	<u>\$ 259,461</u>	<u>\$ 239,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,653,675</u>	<u>\$ 1,679,219</u>

Capital Assets Used in the Operation of Governmental Funds -
 Discretely Presented Component Unit - School Board
 Comparative Schedules by Source
 June 30, 2006

	<u>2006</u>	<u>2005</u>
Governmental funds capital assets:		
Land	\$ 99,952	\$ 99,952
Buildings	16,359,947	15,807,336
Machinery and equipment	3,627,223	3,272,235
Improvements other than buildings	<u>703,247</u>	<u>703,247</u>
Total governmental funds capital assets	<u>\$ 20,790,369</u>	<u>\$ 19,882,770</u>
Investments in governmental funds capital assets by source:		
Special revenue funds	<u>\$ 20,790,369</u>	<u>\$ 19,882,770</u>
Total governmental funds capital assets	<u>\$ 20,790,369</u>	<u>\$ 19,882,770</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, 2006

Function and Activity	Governmental Funds Capital Assets July 1, 2005	Additions	Deductions	Governmental Funds Capital Assets June 30, 2006
Education:				
Schools	\$ 19,882,770	\$ 1,017,969	\$ (110,370)	\$ 20,790,369
Total governmental funds capital assets	<u>\$ 19,882,770</u>	<u>\$ 1,017,969</u>	<u>\$ (110,370)</u>	<u>\$ 20,790,369</u>

Capital Assets Used in the Operation of Governmental Funds -
 Discretely Presented Component Unit - School Board
 Schedule by Function and Activity
 June 30, 2006

<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	\$ 16,359,947	\$ 703,247	\$ 3,627,223	\$ 20,790,369
Total governmental funds capital assets	<u>\$ 99,952</u>	<u>\$ 16,359,947</u>	<u>\$ 703,247</u>	<u>\$ 3,627,223</u>	<u>\$ 20,790,369</u>

Supporting Schedules

This page intentionally left blank

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

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	\$ 4,610,002	\$ 4,610,002	\$ 4,928,440	\$ 318,438
Real and personal public service corporation taxes	312,200	312,200	295,836	(16,364)
Personal property taxes	2,043,448	2,043,448	2,284,076	240,628
Mobile home taxes	61,000	61,000	60,010	(990)
Machinery and tools taxes	180,000	180,000	69,447	(110,553)
Merchants' capital taxes	340,000	340,000	383,720	43,720
Penalties	75,000	75,000	125,673	50,673
Interest	25,000	25,000	53,922	28,922
Total general property taxes	\$ 7,646,650	\$ 7,646,650	\$ 8,201,124	\$ 554,474
Other local taxes:				
Local sales and use taxes	\$ 2,200,000	\$ 2,200,000	\$ 2,402,247	\$ 202,247
Consumers' utility taxes	450,000	450,000	476,527	26,527
Gross receipts tax	35,000	35,000	40,138	5,138
E-911 telephone taxes	45,000	45,000	33,792	(11,208)
Motor vehicle licenses	210,000	210,000	232,757	22,757
Cable television franchise taxes	10,000	10,000	12,232	2,232
Taxes on recordation and wills	80,000	80,000	207,670	127,670
Total other local taxes	\$ 3,030,000	\$ 3,030,000	\$ 3,405,363	\$ 375,363
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 14,016	\$ 6,016
Permits and other licenses	31,800	31,800	79,186	47,386
Total permits, privilege fees, and regulatory licenses	\$ 39,800	\$ 39,800	\$ 93,202	\$ 53,402
Fines and forfeitures:				
Court fines and forfeitures	\$ 98,500	\$ 98,500	\$ 59,473	\$ (39,027)
Total fines and forfeitures	\$ 98,500	\$ 98,500	\$ 59,473	\$ (39,027)
Revenue from use of money and property:				
Revenue from use of money	\$ 150,000	\$ 150,000	\$ 222,102	\$ 72,102
Revenue from use of property	280,000	280,000	266,831	(13,169)
Total revenue from use of money and property	\$ 430,000	\$ 430,000	\$ 488,933	\$ 58,933
Charges for services:				
Court costs	\$ 1,800	\$ 1,800	\$ 2,962	\$ 1,162
Charges for law library	8,500	8,500	8,961	461
Charges for courthouse maintenance	12,000	12,000	10,899	(1,101)
Charges for Commonwealth's Attorney	1,000	1,000	1,237	237
Miscellaneous fees	3,000	3,000	8,557	5,557
Charges for cannery	5,000	5,000	4,680	(320)
Charges for other protection	500	500	2,472	1,972
Charges for sanitation and waste removal	390,000	390,000	419,940	29,940
Total charges for services	\$ 421,800	\$ 421,800	\$ 459,708	\$ 37,908

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006 (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	\$ 9,724	\$ 22,472	\$ 12,748
Insurance recoveries	-	-	9,394	9,394
Assistance with rental space	10,644	10,644	-	(10,644)
Miscellaneous	9,000	9,000	13,260	4,260
Total miscellaneous revenue	<u>\$ 27,644</u>	<u>\$ 29,368</u>	<u>\$ 45,126</u>	<u>\$ 15,758</u>
Recovered costs:				
Other recovered costs	\$ 20,000	\$ 50,000	\$ 28,613	\$ (21,387)
Circuit court judge	32,000	32,000	31,750	(250)
Total recovered costs	<u>\$ 52,000</u>	<u>\$ 82,000</u>	<u>\$ 60,363</u>	<u>\$ (21,637)</u>
Total revenue from local sources	<u>\$ 11,746,394</u>	<u>\$ 11,778,118</u>	<u>\$ 12,813,292</u>	<u>\$ 1,035,174</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 12,000	\$ 12,000	\$ 7,823	\$ (4,177)
Wine taxes	8,200	8,200	8,200	-
Motor vehicle carriers' tax	86,000	86,000	50,300	(35,700)
Mobile home titling tax	30,000	30,000	38,210	8,210
Timber sales	35,000	35,000	48,968	13,968
Motor vehicle rental tax	-	-	1,616	1,616
State recordation tax	50,000	50,000	19,920	(30,080)
Personal property tax relief funds	1,200,000	1,200,000	1,361,740	161,740
Total noncategorical aid	<u>\$ 1,421,200</u>	<u>\$ 1,421,200</u>	<u>\$ 1,536,777</u>	<u>\$ 115,577</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 244,891	\$ 244,891	\$ 296,826	\$ 51,935
Sheriff	839,940	839,940	929,981	90,041
Commissioner of revenue	88,590	88,590	94,928	6,338
Treasurer	87,570	87,570	94,537	6,967
Medical examiner	600	600	630	30
Registrar/electoral board	36,000	36,000	45,240	9,240
Clerk of the Circuit Court	201,530	209,776	220,014	10,238
Welfare administration and assistance	567,228	576,256	534,488	(41,768)
Total shared expenses	<u>\$ 2,066,349</u>	<u>\$ 2,083,623</u>	<u>\$ 2,216,644</u>	<u>\$ 133,021</u>
Other categorical aid:				
Emergency medical services	\$ 8,200	\$ 24,179	\$ 12,553	\$ (11,626)
Litter control grant	5,775	5,775	7,347	1,572
Record preservation grant	79,892	79,892	-	(79,892)
Comprehensive services act	797,900	797,900	801,591	3,691
Community corrections grant	402,152	402,152	402,152	-
Tobacco commission grant	104,200	104,200	54,075	(50,125)
Victim-witness grant	44,196	44,196	9,159	(35,037)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006 (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	\$ -	\$ -	\$ 30,234	\$ 30,234
Other categorical	57,035	72,035	101,763	-
Total other categorical aid	<u>\$ 1,499,350</u>	<u>\$ 1,530,329</u>	<u>\$ 1,418,874</u>	<u>\$ (141,183)</u>
Total categorical aid	<u>\$ 3,565,699</u>	<u>\$ 3,613,952</u>	<u>\$ 3,635,518</u>	<u>\$ (8,162)</u>
Total revenue from the Commonwealth	<u>\$ 4,986,899</u>	<u>\$ 5,035,152</u>	<u>\$ 5,172,295</u>	<u>\$ 107,415</u>
Revenue from the Federal Government:				
Categorical aid:				
Welfare administration and assistance	\$ 1,134,457	\$ 1,136,616	\$ 1,054,266	\$ (82,350)
Disaster planning	-	-	39,238	39,238
Ground transportation safety	-	-	8,320	8,320
Equipment grant program	75,000	75,000	86,650	11,650
Other	-	45,928	838	(45,090)
Total categorical aid	<u>\$ 1,209,457</u>	<u>\$ 1,257,544</u>	<u>\$ 1,189,312</u>	<u>\$ (68,232)</u>
Total revenue from the federal government	<u>\$ 1,209,457</u>	<u>\$ 1,257,544</u>	<u>\$ 1,189,312</u>	<u>\$ (68,232)</u>
Total General Fund	<u><u>\$ 17,942,750</u></u>	<u><u>\$ 18,070,814</u></u>	<u><u>\$ 19,174,899</u></u>	<u><u>\$ 1,074,357</u></u>
Capital Projects Fund:				
Landfill Construction Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 10,000	\$ 10,000	\$ 3,906	\$ (6,094)
Charges for services:				
Tipping fees - non-county users	\$ 300,000	\$ 300,000	\$ 302,798	\$ 2,798
Total charges for services	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 302,798</u>	<u>\$ 2,798</u>
Total revenue from local sources	<u>\$ 310,000</u>	<u>\$ 310,000</u>	<u>\$ 306,704</u>	<u>\$ (3,296)</u>
Total Landfill Construction Fund	<u><u>\$ 310,000</u></u>	<u><u>\$ 310,000</u></u>	<u><u>\$ 306,704</u></u>	<u><u>\$ (3,296)</u></u>
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 500	\$ 500	\$ 205	\$ (295)
Total revenue from use of money and property	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 205</u>	<u>\$ (295)</u>
Total revenue from local sources	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 205</u>	<u>\$ (295)</u>
Total Recreation Fund	<u><u>\$ 500</u></u>	<u><u>\$ 500</u></u>	<u><u>\$ 205</u></u>	<u><u>\$ (295)</u></u>
Total Primary Government	<u><u>\$ 18,253,250</u></u>	<u><u>\$ 18,381,314</u></u>	<u><u>\$ 19,481,808</u></u>	<u><u>\$ 1,070,766</u></u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006 (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 money	\$ -	\$ -	\$ 62,302	\$ 62,302
Revenue from the use of property	5,000	5,000	5,050	50
Total revenue from use of money and property	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 67,352</u>	<u>\$ 62,352</u>
Charges for services:				
Charges for education	\$ 270,536	\$ 291,022	\$ 284,835	\$ (6,187)
Total charges for services	<u>\$ 270,536</u>	<u>\$ 291,022</u>	<u>\$ 284,835</u>	<u>\$ (6,187)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 83,000	\$ 144,730	\$ 3,979	\$ (140,751)
Total miscellaneous revenue	<u>\$ 83,000</u>	<u>\$ 144,730</u>	<u>\$ 3,979</u>	<u>\$ (140,751)</u>
Recovered costs:				
Other recovered costs	\$ 15,000	\$ 15,000	\$ 36,380	\$ 21,380
Total revenue from local sources	<u>\$ 373,536</u>	<u>\$ 455,752</u>	<u>\$ 392,546</u>	<u>\$ (63,206)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 6,587,707	\$ 6,608,193	\$ 6,588,296	\$ (19,897)
Total revenues from local governments	<u>\$ 6,587,707</u>	<u>\$ 6,608,193</u>	<u>\$ 6,588,296</u>	<u>\$ (19,897)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,732,136	\$ 2,732,136	\$ 2,815,865	\$ 83,729
Basic school aid	10,595,208	10,595,208	6,979,968	(3,615,240)
Other state funds	2,327,863	2,327,863	5,440,305	3,112,442
Total categorical aid	<u>\$ 15,655,207</u>	<u>\$ 15,655,207</u>	<u>\$ 15,236,138</u>	<u>\$ (419,069)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 830,749	\$ 830,749	\$ 960,806	\$ 130,057
Chapter II	194,520	194,520	-	(194,520)
Title VI-B, special education flow-through	734,589	807,589	766,752	(40,837)
Reding first	215,601	215,601	227,800	12,199
Title II-D	73,052	73,052	151,851	78,799
Vocational education	-	-	71,890	71,890
Drug free schools	-	-	18,145	18,145
School food	769,009	769,009	653,508	(115,501)
Title II	21,046	21,046	229,201	208,155
Title VI, special programs	-	-	54,334	54,334
Title VI, innovative programs	-	-	16,937	16,937
Title VI-B, pre-school	20,800	20,800	26,922	6,122

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006 (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	\$ 21,735	\$ 21,735	\$ -	\$ (21,735)
Title V-A	16,839	16,839	-	(16,839)
JR ROTC	-	-	47,383	47,383
Sliver	28,309	28,309	13,361	(14,948)
Title II-D	-	-	21,861	21,861
State assessment	-	-	3,533	3,533
Improving teacher quality	44,158	44,158	-	(44,158)
Title I, neglected and delinquent children	-	-	57,031	57,031
Other federal funds	91,310	91,310	-	(91,310)
Total categorical aid	<u>\$ 3,061,717</u>	<u>\$ 3,134,717</u>	<u>\$ 3,321,315</u>	<u>\$ 186,598</u>
Total School Operating Fund	<u>\$ 25,678,167</u>	<u>\$ 25,853,869</u>	<u>\$ 25,538,295</u>	<u>\$ (315,574)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 264,282	\$ 264,282
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 10,779	\$ 10,779
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,779</u>	<u>\$ 10,779</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,061</u>	<u>\$ 275,061</u>
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 15,427	\$ 15,427	\$ 16,337	\$ 910
Total categorical aid	<u>\$ 15,427</u>	<u>\$ 15,427</u>	<u>\$ 16,337</u>	<u>\$ 910</u>
Total revenue from the Commonwealth	<u>\$ 15,427</u>	<u>\$ 15,427</u>	<u>\$ 16,337</u>	<u>\$ 910</u>
Total School Cafeteria Fund	<u>\$ 15,427</u>	<u>\$ 15,427</u>	<u>\$ 291,398</u>	<u>\$ 275,971</u>
Capital Projects Fund:				
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 15,575	\$ 15,575
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,575</u>	<u>\$ 15,575</u>
Revenue from the Commonwealth:				
Noncategorical aid:				
Subsidy on QZAB bond issuance	\$ -	\$ -	\$ 345,706	\$ 345,706
Total noncategorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,706</u>	<u>\$ 345,706</u>
Total School Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,281</u>	<u>\$ 361,281</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 25,693,594</u>	<u>\$ 25,869,296</u>	<u>\$ 26,190,974</u>	<u>\$ 321,678</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006

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	\$ 152,500	\$ 152,500	\$ 98,717	\$ 53,783
General and financial administration:				
County administrator	405,261	405,261	383,656	21,605
Legal services	49,050	49,050	24,368	24,682
Commissioner of revenue	276,864	276,864	241,467	35,397
Treasurer	328,412	328,412	296,307	32,105
Independent Auditor	41,200	41,200	22,000	19,200
Assessor	10,000	10,000	8,960	1,040
Other general and financial administration	80,200	80,200	59,082	21,118
Total general and financial administration	\$ 1,190,987	\$ 1,190,987	\$ 1,035,840	\$ 155,147
Board of elections:				
Electoral board and officials	\$ 22,000	\$ 22,000	\$ 20,255	\$ 1,745
Registrar	84,251	84,251	83,323	928
Total board of elections	\$ 106,251	\$ 106,251	\$ 103,578	\$ 2,673
Total general government administration	\$ 1,449,738	\$ 1,449,738	\$ 1,238,135	\$ 211,603
Judicial administration:				
Courts:				
Circuit court	\$ 60,855	\$ 60,855	\$ 56,820	\$ 4,035
General district court	19,948	19,948	14,126	5,822
Office of the magistrates	13,000	13,000	11,507	1,493
Clerk of the circuit court	474,227	490,466	355,286	135,180
Piedmont Court Services	443,851	443,851	454,245	(10,394)
PCS supplemental grant	-	-	12,428	(12,428)
Victim and witness assistance	50,829	50,829	49,244	1,585
Total courts	\$ 1,062,710	\$ 1,078,949	\$ 953,656	\$ 125,293
Commonwealth's attorney:				
Commonwealth's attorney	\$ 456,411	\$ 473,894	\$ 450,907	\$ 22,987
Total commonwealth's attorney	\$ 456,411	\$ 473,894	\$ 450,907	\$ 22,987
Total judicial administration	\$ 1,519,121	\$ 1,552,843	\$ 1,404,563	\$ 148,280
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,489,655	\$ 1,530,923	\$ 1,533,420	\$ (2,497)
Emergency operations center	110,000	110,000	63,078	46,922
Terrorism prevention	-	49,353	23,231	26,122
Total law enforcement and traffic control	\$ 1,599,655	\$ 1,640,923	\$ 1,619,729	\$ 44,425

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006 (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	\$ 797,750	\$ 710,262	\$ 87,488
Ambulance and rescue services	63,500	66,011	66,011	-
Forestry service	8,000	8,000	7,127	873
Total fire and rescue services	<u>\$ 562,700</u>	<u>\$ 871,761</u>	<u>\$ 783,400</u>	<u>\$ 88,361</u>
Correction and detention:				
County operated institutions	\$ 85,000	\$ 115,000	\$ 108,679	\$ 6,321
Total correction and detention	<u>\$ 85,000</u>	<u>\$ 115,000</u>	<u>\$ 108,679</u>	<u>\$ 6,321</u>
Inspections:				
Building	\$ 45,838	\$ 47,562	\$ 47,562	\$ -
Total inspections	<u>\$ 45,838</u>	<u>\$ 47,562</u>	<u>\$ 47,562</u>	<u>\$ -</u>
Other protection:				
Animal control	\$ 97,852	\$ 97,852	\$ 91,536	\$ 6,316
Medical examiner (coroner)	1,600	1,600	1,050	550
Total other protection	<u>\$ 99,452</u>	<u>\$ 99,452</u>	<u>\$ 92,586</u>	<u>\$ 6,866</u>
Total public safety	<u>\$ 2,392,645</u>	<u>\$ 2,774,698</u>	<u>\$ 2,651,956</u>	<u>\$ 145,973</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,046,690	\$ 1,046,690	\$ 1,013,110	\$ 33,580
VDOT revenue sharing	5,775	5,775	385	5,390
Biosolids	57,934	63,134	62,477	657
Total sanitation and waste removal	<u>\$ 1,110,399</u>	<u>\$ 1,115,599</u>	<u>\$ 1,075,972</u>	<u>\$ 39,627</u>
Maintenance of general buildings and grounds:				
General properties	\$ 666,163	\$ 666,163	\$ 612,446	\$ 53,717
Total maintenance of general buildings and grounds	<u>\$ 666,163</u>	<u>\$ 666,163</u>	<u>\$ 612,446</u>	<u>\$ 53,717</u>
Total public works	<u>\$ 1,776,562</u>	<u>\$ 1,781,762</u>	<u>\$ 1,688,418</u>	<u>\$ 93,344</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 157,351	\$ 161,051	\$ 149,853	\$ 11,198
Total health	<u>\$ 157,351</u>	<u>\$ 161,051</u>	<u>\$ 149,853</u>	<u>\$ 11,198</u>
Mental health and mental retardation:				
Chapter X board	\$ 62,800	\$ 62,800	\$ 62,800	\$ -
Total mental health and mental retardation	<u>\$ 62,800</u>	<u>\$ 62,800</u>	<u>\$ 62,800</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006 (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	\$ 2,157,369	\$ 2,168,556	\$ 1,978,007	\$ 190,549
Comprehensive services act	1,186,466	1,186,466	1,184,494	1,972
Other welfare programs	1,928	2,098	2,098	-
Total welfare	<u>\$ 3,345,763</u>	<u>\$ 3,357,120</u>	<u>\$ 3,164,599</u>	<u>\$ 192,521</u>
Total health and welfare	<u>\$ 3,565,914</u>	<u>\$ 3,580,971</u>	<u>\$ 3,377,252</u>	<u>\$ 203,719</u>
Education:				
Other instructional costs:				
Contributions to community college	\$ 12,312	\$ 12,312	\$ 12,312	-
Contribution to County School Board	6,637,707	6,658,193	6,588,296	69,897
Total education	<u>\$ 6,650,019</u>	<u>\$ 6,670,505</u>	<u>\$ 6,600,608</u>	<u>\$ 69,897</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 84,500	\$ 84,500	\$ 79,500	\$ 5,000
Total parks and recreation	<u>\$ 84,500</u>	<u>\$ 84,500</u>	<u>\$ 79,500</u>	<u>\$ 5,000</u>
Cultural enrichment:				
Museums	\$ 47,000	\$ 47,000	\$ 34,218	\$ 12,782
Total cultural enrichment	<u>\$ 47,000</u>	<u>\$ 47,000</u>	<u>\$ 34,218</u>	<u>\$ 12,782</u>
Contribution to regional library	\$ 123,915	\$ 123,915	\$ 123,915	-
Total library	<u>\$ 123,915</u>	<u>\$ 123,915</u>	<u>\$ 123,915</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 255,415</u>	<u>\$ 255,415</u>	<u>\$ 237,633</u>	<u>\$ 17,782</u>
Community development:				
Planning and community development:				
Planning	\$ 122,570	\$ 122,570	\$ 112,317	\$ 10,253
Community development	135,000	135,000	85,000	50,000
Economic development	144,373	144,373	141,023	3,350
Total planning and community development	<u>\$ 401,943</u>	<u>\$ 401,943</u>	<u>\$ 338,340</u>	<u>\$ 63,603</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, 2006 (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	\$ 61,273	\$ 61,273	\$ 59,738	\$ 1,535
Cannery	56,024	56,024	39,674	16,350
Total cooperative extension program	<u>\$ 117,297</u>	<u>\$ 117,297</u>	<u>\$ 99,412</u>	<u>\$ 17,885</u>
Total community development	<u>\$ 531,215</u>	<u>\$ 531,215</u>	<u>\$ 449,727</u>	<u>\$ 81,488</u>
Capital projects:				
Sandy River project	\$ 110,000	\$ 110,000	\$ 78,555	\$ 31,445
Industrial site development	75,000	75,000	-	75,000
Other capital projects	182,500	182,500	162	182,338
Total capital projects	<u>\$ 507,500</u>	<u>\$ 507,500</u>	<u>\$ 78,717</u>	<u>\$ 428,783</u>
Debt service:				
Principal retirement	\$ 648,763	\$ 648,763	\$ 330,766	\$ 317,997
Interest and other fiscal charges	-	12,856	305,828	(292,972)
Total debt service	<u>\$ 648,763</u>	<u>\$ 661,619</u>	<u>\$ 636,594</u>	<u>\$ 25,025</u>
Total General Fund	<u><u>\$ 19,296,892</u></u>	<u><u>\$ 19,766,266</u></u>	<u><u>\$ 18,363,603</u></u>	<u><u>\$ 1,425,894</u></u>
Landfill Construction Fund				
Capital projects expenditures:				
Landfill construction	\$ 750,000	\$ 995,000	\$ 983,634	\$ 11,366
Total Landfill Construction Fund	<u>\$ 750,000</u>	<u>\$ 995,000</u>	<u>\$ 983,634</u>	<u>\$ 11,366</u>
Total Primary Government	<u><u>\$ 20,046,892</u></u>	<u><u>\$ 20,761,266</u></u>	<u><u>\$ 19,347,237</u></u>	<u><u>\$ 1,437,260</u></u>
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 19,009,709	\$ 19,103,195	\$ 18,585,152	\$ 518,043
Administration, attendance, and health	1,432,372	1,432,372	1,405,982	26,390
Pupil transportation services	1,531,940	1,531,940	1,831,160	(299,220)
Operation and maintenance services	1,843,055	1,843,055	1,865,719	(22,664)
Facilities	225,000	287,730	258,461	29,269
Total education	<u>\$ 24,042,076</u>	<u>\$ 24,198,292</u>	<u>\$ 23,946,474</u>	<u>\$ 251,818</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2006 (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	\$ 587,307	\$ 587,307	\$ 585,134	\$ 2,173
Interest and other fiscal charges	279,775	279,775	278,450	1,325
Total debt service	<u>\$ 867,082</u>	<u>\$ 867,082</u>	<u>\$ 863,584</u>	<u>\$ 3,498</u>
Total School Fund	<u>\$ 24,909,158</u>	<u>\$ 25,065,374</u>	<u>\$ 24,810,058</u>	<u>\$ 255,316</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 834,436	\$ 834,436	\$ 957,339	\$ (122,903)
Total Cafeteria Fund	<u>\$ 834,436</u>	<u>\$ 834,436</u>	<u>\$ 957,339</u>	<u>\$ (122,903)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
Capital projects expenditures	\$ -	\$ 1,591,314	\$ 454,163	\$ 1,137,151
	-	-	25,544	(25,544)
Total capital projects	<u>\$ -</u>	<u>\$ 1,591,314</u>	<u>\$ 479,707</u>	<u>\$ 1,137,151</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ 1,591,314</u>	<u>\$ 479,707</u>	<u>\$ 1,137,151</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 25,743,594</u>	<u>\$ 27,491,124</u>	<u>\$ 26,247,104</u>	<u>\$ 1,269,564</u>

Other Statistical Information

This page intentionally left blank

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 1,065,286	\$ 1,304,995	\$ 1,993,396	\$ 1,975,166
Restricted	328,102	383,489	78,102	-
Unrestricted	8,133,619	6,463,558	5,262,386	3,658,083
Total governmental activities net assets	<u>\$ 9,527,007</u>	<u>\$ 8,152,042</u>	<u>\$ 7,333,884</u>	<u>\$ 5,633,249</u>
Primary government				
Invested in capital assets, net of related debt	\$ 1,065,286	\$ 1,304,995	\$ 1,993,396	\$ 1,975,166
Restricted	328,102	383,489	78,102	-
Unrestricted	8,133,619	6,463,558	5,262,386	3,658,083
Total primary government net assets	<u>\$ 9,527,007</u>	<u>\$ 8,152,042</u>	<u>\$ 7,333,884</u>	<u>\$ 5,633,249</u>

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34

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

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 1,479,482	\$ 1,359,503	\$ 1,542,517	\$ 1,553,538
Judicial administration	1,087,424	1,083,127	1,239,534	1,337,676
Public safety	2,011,592	2,242,895	2,449,038	2,714,749
Public works	1,998,378	2,858,160	2,203,917	2,555,224
Health and welfare	2,408,468	2,889,853	3,343,298	3,331,152
Education	5,729,449	6,076,565	5,920,107	7,571,463
Parks, recreation and cultural	166,063	252,780	189,991	237,633
Community development	337,413	603,178	458,214	1,237,317
Interest on long-term debt	702,790	710,252	575,931	556,628
Total governmental activities expenses	\$ 15,921,059	\$ 18,076,313	\$ 17,922,547	\$ 21,095,380
Total primary government expenses	\$ 15,921,059	\$ 18,076,313	\$ 17,922,547	\$ 21,095,380
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 50,306	\$ 56,590	\$ 51,368	\$ 93,202
Judicial administration	102,336	131,772	117,534	92,089
Public safety	4,864	8,515	6,165	2,472
Public works	782,863	774,880	583,083	722,738
Community development	3,015	5,340	6,624	4,680
Operating grants and contributions	3,787,838	4,055,742	4,808,345	4,683,367
Capital grants and contributions	283,683	-	-	-
Total governmental activities program revenues	\$ 5,014,905	\$ 5,032,839	\$ 5,573,119	\$ 5,598,548
Total primary government program revenues	\$ 5,014,905	\$ 5,032,839	\$ 5,573,119	\$ 5,598,548
Net (expense) / revenue				
Governmental activities	\$ (10,906,154)	\$ (13,043,474)	\$ (12,349,428)	\$ (15,496,832)
Total primary government net expense	\$ (10,906,154)	\$ (13,043,474)	\$ (12,349,428)	\$ (15,496,832)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 6,180,542	\$ 6,427,034	\$ 6,335,709	\$ 8,197,655
Local sales and use taxes	2,019,229	2,217,895	2,258,289	2,402,247
Taxes on recordation and wills	92,022	106,792	162,805	207,670
Motor vehicle licenses taxes	211,787	224,999	231,477	232,757
Consumer utility taxes	463,849	477,800	474,912	476,527
Other local taxes	130,972	99,681	80,675	86,162
Unrestricted grants and contributions	1,600,560	1,607,274	1,391,668	1,655,009
Unrestricted revenues from use of money and property	454,866	422,119	427,756	493,043
Miscellaneous	176,139	84,915	167,979	45,126
Gain (loss) on disposal of capital assets	129,547	-	-	-
Total governmental activities	\$ 11,459,513	\$ 11,668,509	\$ 11,531,270	\$ 13,796,196
Total primary government	\$ 11,459,513	\$ 11,668,509	\$ 11,531,270	\$ 13,796,196
Change in Net Assets				
Governmental activities	\$ 553,359	\$ (1,374,965)	\$ (818,158)	\$ (1,700,636)
Total primary government	\$ 553,359	\$ (1,374,965)	\$ (818,158)	\$ (1,700,636)

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34

Governmental Activities Tax Revenues by Source
 Last Four Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Local sales and use Tax</u>	<u>Consumer Utility Tax</u>	<u>Motor Vehicle License Tax</u>	<u>Record-ation and Wills Tax</u>	<u>Total</u>
2006	\$ 8,197,655	\$ 2,402,247	\$ 476,527	\$ 232,757	\$ 207,670	\$ 11,516,856
2005	6,335,709	2,258,289	474,912	231,477	162,805	9,463,192
2004	6,427,034	2,217,895	477,800	224,999	106,792	9,454,520
2003	6,180,542	2,019,229	463,849	211,787	92,022	8,967,429

Note: Accrual-basis financial information is available back to fiscal year 2003 when the County implemented GASB 34

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	Fiscal Year				
	1997	1998	1999	2000	2001
General fund					
Reserved	\$ -	\$ -	\$ 175,000	\$ 100,000	\$ -
Unreserved	<u>4,163,443</u>	<u>6,962,499</u>	<u>7,445,238</u>	<u>7,124,015</u>	<u>7,308,688</u>
Total general fund	<u>\$ 4,163,443</u>	<u>\$ 6,962,499</u>	<u>\$ 7,620,238</u>	<u>\$ 7,224,015</u>	<u>\$ 7,308,688</u>
All other governmental funds					
Reserved					
Unreserved, reported in:					
Capital projects funds	<u>\$ 5,689,676</u>	<u>\$ 2,542,874</u>	<u>\$ 202,374</u>	<u>\$ 230,124</u>	<u>\$ 755,996</u>
Total all other governmental funds	<u>\$ 5,689,676</u>	<u>\$ 2,542,874</u>	<u>\$ 202,374</u>	<u>\$ 230,124</u>	<u>\$ 755,996</u>

Table 4

Fiscal Year				
2002	2003	2004	2005	2006
\$ 78,096	\$ 328,102	\$ 383,489	\$ 78,102	\$ -
<u>7,317,871</u>	<u>7,293,997</u>	<u>5,509,187</u>	<u>5,119,772</u>	<u>6,009,170</u>
<u><u>\$ 7,395,967</u></u>	<u><u>\$ 7,622,099</u></u>	<u><u>\$ 5,892,676</u></u>	<u><u>\$ 5,197,874</u></u>	<u><u>\$ 6,009,170</u></u>
\$ 1,190,891	\$ 1,622,573	\$ 1,649,621	\$ 806,100	\$ 129,375
<u>1,190,891</u>	<u>1,622,573</u>	<u>1,649,621</u>	<u>806,100</u>	<u>129,375</u>
<u><u>\$ 1,190,891</u></u>	<u><u>\$ 1,622,573</u></u>	<u><u>\$ 1,649,621</u></u>	<u><u>\$ 806,100</u></u>	<u><u>\$ 129,375</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	Fiscal Year			
	1997	1998	1999	2000
Revenues				
General property taxes	\$ 5,192,662	\$ 5,720,702	\$ 6,331,247	\$ 6,181,484
Other local taxes	2,382,070	2,535,359	2,567,900	2,725,219
Permits, privilege fees and regulatory licenses	34,724	41,289	48,118	36,715
Fines and forfeitures	2,525	3,647	3,144	2,839
Revenue from use of money and property	364,000	631,345	553,916	728,023
Charges for services	367,467	657,535	673,301	742,648
Miscellaneous	50,716	172,337	49,939	36,433
Recovered costs	42,463	23,640	24,825	26,325
Intergovernmental:				
Commonwealth	2,029,912	2,365,159	2,478,490	3,318,253
Federal	630,616	788,335	1,314,327	1,712,830
Total revenues	\$ 11,097,155	\$ 12,939,348	\$ 14,045,207	\$ 15,510,769
Expenditures				
General government administration	\$ 685,997	\$ 700,340	\$ 766,125	\$ 868,925
Judicial administration	711,051	824,598	861,801	912,225
Public safety	1,102,150	1,158,443	1,397,166	1,564,451
Public works	742,333	793,608	781,697	1,102,156
Health and welfare	1,478,608	1,705,280	1,684,790	2,156,344
Education	4,113	4,358	4,516	4,682
Parks, recreation and cultural	84,998	108,078	131,208	110,714
Community development	262,579	258,161	303,180	304,915
Capital projects	1,559,969	4,165,176	6,098,005	3,170,906
Debt service				
Principal	40,065	41,562	1,273,616	188,218
Interest and other fiscal charges	8,612	6,740	507,557	224,328
Total expenditures	\$ 6,680,475	\$ 9,766,344	\$ 13,809,661	\$ 10,607,864
Excess of revenues over (under) expenditures	\$ 4,416,680	\$ 3,173,004	\$ 235,546	\$ 4,902,905
Other financing sources (uses)				
Transfers in	\$ 150,000	\$ 150,000	\$ 1,113,059	\$ 1,022,629
Transfers out	(4,648,534)	(4,620,750)	(5,879,366)	(6,294,007)
Bonds issued	5,000,000	-	7,848,000	-
Proceeds from capital lease	-	-	-	-
Payments to refund temporary loans	-	-	(5,000,000)	-
Sale of capital assets	-	950,000	-	-
Total other financing sources (uses)	\$ 501,466	\$ (3,520,750)	\$ (1,918,307)	\$ (5,271,378)
Net change in fund balances	\$ 4,918,146	\$ (347,746)	\$ (1,682,761)	\$ (368,473)
Debt service as a percentage of noncapital expenditures	0.95%	0.86%	23.10%	5.55%

Table 5

		Fiscal Year					
		2001	2002	2003	2004	2005	2006
\$	6,225,800	\$ 6,079,463	\$ 6,054,082	\$ 6,330,673	\$ 6,386,661	\$ 8,201,124	
	2,808,137	2,808,410	2,917,859	3,127,167	3,208,158	3,405,363	
	48,966	63,239	50,306	56,590	51,368	93,202	
	2,107	15,312	79,411	107,077	85,142	59,473	
	764,259	598,207	454,866	422,119	427,756	493,044	
	810,167	807,846	813,667	813,430	628,264	762,506	
	67,092	34,931	176,139	84,915	167,979	45,126	
	28,225	28,050	900	46,437	44,837	60,363	
	4,218,447	4,344,252	4,720,867	4,403,526	5,043,573	5,171,085	
	1,612,154	1,019,173	951,214	1,259,490	1,156,441	1,190,522	
\$	<u>16,585,354</u>	<u>\$ 15,798,883</u>	<u>\$ 16,219,311</u>	<u>\$ 16,651,424</u>	<u>\$ 17,200,179</u>	<u>\$ 19,481,808</u>	
\$	920,519	\$ 1,078,789	\$ 1,110,602	\$ 1,136,088	\$ 1,243,224	\$ 1,238,135	
	1,049,819	1,046,627	1,084,838	1,091,812	1,266,333	1,404,563	
	1,863,432	2,271,557	2,056,274	2,252,676	2,343,621	2,651,956	
	1,235,853	1,230,497	1,318,370	1,958,893	1,582,784	1,688,418	
	2,371,188	2,250,466	2,386,741	2,872,126	3,356,131	3,377,252	
	4,961	5,215	6,157,120	6,433,828	6,270,528	6,600,608	
	122,040	157,526	166,063	252,780	189,991	237,633	
	356,377	321,141	339,302	600,203	455,360	449,727	
	1,616,236	368,481	296,641	893,222	1,381,092	1,062,351	
	316,773	527,039	531,491	540,477	339,822	330,766	
	504,319	351,881	339,055	321,694	309,616	305,828	
\$	<u>10,361,517</u>	<u>\$ 9,609,219</u>	<u>\$ 15,786,497</u>	<u>\$ 18,353,799</u>	<u>\$ 18,738,502</u>	<u>\$ 19,347,237</u>	
\$	<u>6,223,837</u>	<u>\$ 6,189,664</u>	<u>\$ 432,814</u>	<u>\$ (1,702,375)</u>	<u>\$ (1,538,323)</u>	<u>\$ 134,571</u>	
\$	590,148	\$ 14,000	\$ 13,625	\$ 13,250	\$ 11,163	\$ -	
	(6,284,859)	(5,985,525)	(13,625)	(13,250)	(11,163)	-	
	-	-	-	-	-	-	
	81,419	-	-	-	-	-	
	-	-	-	-	-	-	
	-	304,035	225,000	-	-	-	
\$	<u>(5,613,292)</u>	<u>\$ (5,667,490)</u>	<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$	<u>610,545</u>	<u>\$ 522,174</u>	<u>\$ 657,814</u>	<u>\$ (1,702,375)</u>	<u>\$ (1,538,323)</u>	<u>\$ 134,571</u>	
	9.39%	9.51%	5.62%	4.94%	3.74%	3.48%	

This page intentionally left blank

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record-ation and Wills Tax	E911 Tax	Total
2006	\$ 8,201,124	\$ 2,402,247	\$ 476,527	\$ 232,757	\$ 207,670	\$ 33,792	\$ 11,554,117
2005	6,386,661	2,258,289	474,912	231,477	162,805	31,204	9,545,348
2004	6,330,673	2,217,895	477,800	224,999	106,792	47,294	9,405,453
2003	6,054,082	2,019,229	463,849	211,787	92,022	66,620	8,907,589
2002	6,079,463	1,958,214	442,177	211,526	73,902	66,361	8,831,643
2001	6,225,800	1,964,305	459,177	203,715	51,470	59,556	8,964,023
2000	6,181,484	1,921,675	399,263	200,028	69,115	67,964	8,839,529
1999	6,331,247	1,851,267	381,613	191,990	58,972	25,761	8,840,850
1998	5,720,702	1,857,853	380,772	185,210	50,256	-	8,194,793
1997	5,192,662	1,736,482	369,626	176,949	43,253	-	7,518,972

COUNTY OF PRINCE EDWARD, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property (3)	Mobile Homes	Machinery and Tools
2006	\$ 991,370,300	\$ 89,093,880	\$ 11,629,405	1,653,500
2005	959,147,690	78,767,055	12,733,114	4,208,100
2004	946,718,690	81,415,295	12,963,864	4,890,600
2003	670,116,679	78,911,086	11,803,479	4,580,050
2002	645,903,795	78,059,631	11,688,459	6,770,400
2001	624,380,855	73,982,080	11,349,709	4,098,050
2000	609,563,039	70,405,410	10,286,359	4,130,000
1999	591,114,895	64,500,205	8,946,594	3,998,800
1998	577,202,498	61,325,488	8,073,788	4,009,400
1997	451,111,138	57,556,882	7,912,811	3,695,750

(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.

Source: Commissioner of Revenue

Table 7

	Merchants' Capital	Public Service (2)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	52,094,300	\$ 58,424,956	\$ 1,204,266,341	\$ 1,204,266,341	100.00%
	49,215,525	59,024,452	1,163,095,936	1,163,095,936	100.00%
	49,462,150	64,434,722	1,159,885,321	1,159,885,321	100.00%
	42,548,400	48,985,337	856,945,031	856,945,031	100.00%
	50,320,367	49,153,652	841,896,304	841,896,304	100.00%
	45,769,680	50,063,311	809,643,685	809,643,685	100.00%
	41,799,024	48,340,775	784,524,607	784,524,607	100.00%
	46,664,750	49,476,050	764,701,294	764,701,294	100.00%
	41,784,000	55,621,551	748,016,725	748,016,725	100.00%
	38,753,440	4,257,872	563,287,893	563,287,893	100.00%

This page intentionally left blank

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2006	0.50	4.20	0.50	4.20	0.70
2005	0.43	3.20	0.43	3.20	0.70
2004	0.43	3.20	0.43	3.20	0.70
2003	0.59	3.20	0.59	3.20	0.70
2002	0.59	3.20	0.59	3.20	0.70
2001	0.59	3.20	0.59	3.20	0.70
2000	0.59	3.20	0.59	3.20	0.70
1999	0.59	3.20	0.59	3.20	0.70
1998	0.59	3.20	0.59	3.20	0.70
1997	0.59	3.20	0.59	3.20	0.70

(1) Per \$100 of assessed value

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/Bonds	Capital Leases			
2006	\$ 9,380,224	\$ 157,500	\$ 2,444,551	\$ -	\$ 11,982,275	4.44%	587
2005	9,105,504	210,000	1,764,512	13,536	11,093,552	3.98%	549
2004	9,852,024	262,500	1,850,708	30,819	11,996,051	4.09%	603
2003	10,614,315	315,000	1,933,824	47,265	12,910,404	4.22%	639
2002	11,390,182	458,300	2,010,352	62,916	13,921,750	4.34%	696
2001	12,171,702	601,600	2,093,547	77,810	14,944,659	4.44%	758
2000	12,975,808	744,900	2,166,349	-	15,887,057	4.70%	811
1999	13,664,555	888,200	2,218,000	24,067	16,794,822	4.88%	861
1998	14,859,028	1,031,500	-	54,707	15,945,235	4.33%	835
1997	16,069,720	1,240,400	-	83,769	17,393,889	*	920

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

* Personal income data for 1997 is unavailable.

(1) See the Schedule of Demographic and Economic Statistics - Table 11

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2006	\$ 11,982,275	\$ -	\$ 11,982,275	0.99%	587
2005	11,080,017	-	11,080,017	0.95%	549
2004	11,965,235	-	11,965,235	1.03%	601
2003	13,540,048	-	13,540,048	1.58%	670
2002	14,768,495	-	14,768,495	1.75%	738
2001	15,394,882	-	15,394,882	1.90%	781
2000	16,440,224	-	16,440,224	2.10%	839
1999	17,325,829	-	17,325,829	2.27%	889
1998	15,890,528	-	15,890,528	2.12%	832
1997	17,310,120	-	17,310,120	3.07%	916

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 16

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

This page intentionally left blank

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2006	20,400	\$ 270,138,000	\$ 13,242	31.9	2,591	5.00%
2005	20,200	279,004,000	13,812	31.9	2,617	5.50%
2004	19,900	293,412,000	14,744	31.9	2,720	5.40%
2003	20,200	306,255,000	15,161	31.9	2,669	5.90%
2002	20,000	320,610,000	16,031	31.9	2,649	5.80%
2001	19,720	336,641,000	17,071	31.9	2,616	4.00%
2000	19,600	338,059,000	17,248	31.5	2,624	3.40%
1999	19,500	344,234,000	17,653	31.5	2,617	3.90%
1998	19,100	368,157,000	19,275	31.5	2,621	5.20%
1997	18,900	*	*	31.5	2,571	8.90%

* Information unavailable for 1997

Source: Weldon Cooper Center, Annual school report - prepared by the county, www.fedstats.gov

COUNTY OF PRINCE EDWARD, VIRGINIA

Full-time Equivalent Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	1997	1998	1999	2000	2001
General government	17	16	16	17	18
Judicial administration	16	17	17	18	19
Public safety					
Sheriffs department	19	18	21	22	24
Animal control	1	1	1	1	1
Public works					
General maintenance	5	6	7	6	7
Landfill	1	1	1	1	2
Health and welfare					
Department of social services		22	28	31	29
Culture and recreation					
Parks and recreation	1	1	-	-	-
Community development	1	1	1	1	1
Planning	1	1	1	1	1
Totals	<u>62</u>	<u>84</u>	<u>93</u>	<u>98</u>	<u>102</u>

Source: Individual County departments

Table 12

Fiscal Year					
2002	2003	2004	2005	2006	
18	18	18	18	19	19
19	18	19	21	23	23
22	25	25	25	26	26
1	1	2	2	2	2
7	7	7	7	7	7
2	2	2	2	2	2
30	32	31	30	31	31
-	-	-	-	-	-
1	-	1	1	1	1
1	1	1	1	1	1
101	104	106	107	112	

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	Fiscal Year				
	1997	1998	1999	2000	2001
Public safety					
Sheriffs department:					
Physical arrests	-	-	-	-	-
Civil papers	-	-	-	-	-
Building inspections:					
Permits issued	197	392	422	416	352
Public works					
Landfill:					
Refuse collected (tons/day)	49	60	61	74	80
Recycling (tons/day)	5	5	5	6	5
Health and welfare					
Department of Social Services:					
Caseload	-	-	-	-	-
Community development					
Planning:					
Zoning permits issued	-	-	-	-	-
Component Unit - School Board					
Education:					
Number of teachers	207	212	206	206	213
Local expenditures per pupil	-	-	-	-	-

Source: Individual County departments

(1) Information has been reported where available.

Table 13

Fiscal Year				
2002	2003	2004	2005	2006
-	-	628	825	1,167
-	-	13,894	9,982	9,660
386	301	360	322	430
78	81	90	70	77
5	4	9	10	12
-	3,835	4,735	5,194	5,114
-	-	-	266	246
216	212	211	232	238
-	-	-	-	2,506

This page intentionally left blank

COMPLIANCE SECTION

This page intentionally left blank

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, 2006, which collectively comprise of the County of Prince Edward, Virginia's basic financial statements and have issued our report thereon dated October 19, 2006. 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
October 19, 2006

This page intentionally left blank

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, 2006. 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, 2006.

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
October 19, 2006

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

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	\$ 5,953
Temporary Assist to Needy Families (TANF)	93.558	202,301
Refugee and Entrant Assistance - Discretionary Grants	93.566	241
Low Income Home Energy Assistance	93.568	19,521
Payments to States for Child Care Assistance	93.575	46,849
Child Care and Development Fund	93.596	63,146
Foster Care - Title IV-E	93.658	133,350
Adoption Assistance	93.659	32,365
Social Services Block Grant	93.667	111,100
Independent Living	93.674	674
State Children's Insurance Program	93.767	108
Medical Assistance Program (Title XIX)	93.778	198,983
Total Dept. Health & Human Services-pass through		\$ 814,591
Total Department Health and Human Services		\$ 814,591
Department of Homeland Security		
Pass Through Payments:		
Disaster Relief and Public Assistance	97.036	\$ 86,650
Emergency management preparedness grant	97.042	39,238
Total Department of Homeland Security - pass-through payments		\$ 125,888
Total Department of Homeland Security		\$ 125,888
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 16,337
Department of Education:		
National school breakfast program	10.553	\$ 133,828
National school lunch program	10.555	519,680
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	239,675
Total Department of Agriculture - pass-through payments		\$ 909,520
Total Department of Agriculture		\$ 909,520
Department of Defense		
Direct Payments		
ROTC	n/a	\$ 47,383

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2006

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
COPS grant	16.710	\$ <u>838</u>
Total Department of Justice - pass-through		\$ <u>838</u>
Total Department of Justice		\$ <u>838</u>
Department of Transportation:		
Pass through payments:		
State and Community Highway Safety - Alcohol	20.000	\$ <u>8,320</u>
Total Department of Transportation - pass-through		\$ <u>8,320</u>
Total Department of Transportation		\$ <u>8,320</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	\$ 960,806
Title VI-B: Handicapped state grants	84.027	780,113
Vocational Education: Basic grants to states	84.048	71,890
Title VI-B: Handicapped preschool incentive grant	84.173	26,922
Drug free schools and communities	84.186	18,145
Literacy challenge grant	84.318	21,861
Title I: Neglected and delinquent children	84.013	57,031
Title VI: Improving school programs state block grant	84.298	16,937
Reading first	84.357	227,800
Title VI: Rural and low income schools	84.358	151,851
Title II: Teacher Quality Grant	84.336	229,201
State assessments	84.369	3,533
Title VI: Special programs	84.323	<u>54,334</u>
Total Department of Education		\$ <u>2,620,424</u>
Total Federal Assistance		\$ <u><u>4,526,964</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553	Nutrition Cluster - School Breakfast Program
10.555	Nutrition Cluster - National School Lunch Program
10.555	Nutrition Cluster - Food Distribution
10.561	State Admin Matching Grants for Food Stamp Program
84.027	Title VI-B: Handicapped state grants
84.173	Title VI-B: Handicapped preschool incentive grant
93.778	Medical Assistance Program (Title XIX)

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

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

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>1,189,312</u>
Total primary government	\$ <u>1,189,312</u>
Component Unit Public Schools:	
School Operating Fund	\$ <u>3,321,315</u>
Total component unit public schools	\$ <u>3,321,315</u>
Total federal expenditures per basic financial statements	\$ <u>4,510,627</u>
Non-cash expenditures - value of donated commodities	\$ <u>16,337</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>4,526,964</u></u>