

COUNTY OF PRINCE EDWARD, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2008

COUNTY OF PRINCE EDWARD, VIRGINIA

Board of Supervisors

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

Mattie P. Wiley
Sally W. Gilfillan
Lacy B. Ward

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

Board of Social Services

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Karen M. Schinabeck, Vice-Chairman
Alice Rucker
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County School Board

Russell L. Dove, Chairman

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

Harriett E. Fentress
Linda Leatherwood
Susan S. Lawman
Dr. 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
Beverly M. Booth
Mable H. Shanaberger
Travis D. Harris, Jr.
Dr. Patricia Watkins
Roma R. Morris
Wade Bartlett

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Year Ended June 30, 2008

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

The Honorable Members of
The Board of Supervisors
County of Prince Edward, Virginia

We have audited the accompanying financial statements 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 and for the year ended June 30, 2008, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2008, 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 December 12, 2008 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 is important for 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 inquiries 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 opinions 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, supporting schedules 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, Farmer, Cox Associates

Charlottesville, Virginia
December 12, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of the County of Prince Edward, Virginia

The management of the County of Prince Edward, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2008. We encourage you to read this discussion and analysis in conjunction with the accompanying auditor's opinion on internal controls, the basic financial statements and the notes to the financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$ 6,128,104 (total net assets). Of this amount \$ 3,215,901 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The Governmental activities net assets were \$6,128,104 of the County's total, a decrease of \$ 2,640,191 or 30.1% in comparison with net assets of \$8,768,295 at June 30, 2007.
- The School Board's assets exceeded its liabilities by \$11,571,122 a decrease of \$233,253 when compared to the amount on June 30, 2007. However, \$10,869,189 of this amount reflects the School Board's net investment in capital assets leaving \$701,933 in unrestricted assets available to meet ongoing obligations. This is a decrease of \$337,354 or 32.5% in the School Board's unrestricted net assets for the fiscal year.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources by (\$209,285) (Exhibit 5) after making direct contributions totaling \$7,738,004 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$9,051,557, which is a decrease of \$209,285 in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unreserved fund balance for the general fund was \$8,788,927 or thirty-nine and three-tenths of a percent (39.3) of total general fund expenditures excluding capital projects.
- The combined long-term Governmental obligations increased \$ 2,023,000 or 3.9% during the current fiscal year. This increase was the result of the opening of a new cell at the landfill which increases the future liability to close the landfill and the note entered into with the IDA of Prince Edward County by the County for the YMCA building. Details of this increase can be found under the long-term debt section of the management discussion and analysis.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the County's basic financial statements. These financial statements are comprised of three (3) components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

This report also contains other information to supplement the basic financial statements. Local governmental 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 the public with both justification from the government that public monies have been used to comply with the desires of the elected officials and whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The statements include all assets and liabilities using the accrual basis of accounting. Both the financial overview and accrual accounting factors are used in the reporting of private-sector business. Government-wide financial reporting consists of two statements: (1) The Statement of Net Assets and (2) The Statement of Activities.

The Statement of Net Assets (exhibit one) presents information on all of the County's assets and liabilities. The difference between assets and liabilities is reported as net assets. Net assets are presented in three categories: invested in capital assets net of related debt, restricted and unrestricted. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities (exhibit two) presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services to the public.

The Statement of Net Assets and The Statement of Activities are both divided into two types of activities:

1. Governmental Activities - Most of the County's basic services are reported in this column to include: General Administration, Courts, Social Services, Economic Development, and Capital Projects. Governmental activities are supported by primarily by taxes, state and federal grants.
2. Component Unit - The County has one component unit, the Prince Edward County Public Schools. While the School System is a legally separate entity, the County of Prince Edward is financially accountable for the School System. A primary government is accountable for an organization if the primary government appoints the majority of the organization's governing body. Financial information for the component unit is reported separately from the financial information presented for the primary government.

Overview of the Financial Statements: (Continued)

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - A *governmental fund* is used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. However, government-wide financial statements are prepared on the accrual basis of accounting while governmental fund financial statements are prepared on the modified accrual basis of accounting. Thus, governmental fund financial statements focus on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Such information is useful in evaluating the County's ability to satisfy near-term financing requirements. Since the focus of governmental funds is narrower than that of government-wide financial statements, a reconciliation between the two methods is provided in exhibits 4 and 6, respectively. By comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the County's near-term financing decisions.

The County has three funds considered major governmental funds - the *General Fund, Landfill Construction Fund, and School Debt Service Fund*. In addition, the County has one fund considered non-major - the *Recreation Fund*. Information on these funds is contained in exhibits eight and ten through thirteen. This data is then displayed in the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balance (exhibit 5).

Proprietary funds - *Proprietary funds* consist of enterprise funds which are established to account for the delivery of goods and services to the public. These funds use the accrual basis of accounting, similar to private businesses. The County has no proprietary funds at this time.

Fiduciary funds - *Fiduciary funds* account for assets held by the government as a trustee or agent for another organization. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide statements since the funds are not available to support County activities. Information on these funds is contained in exhibits fourteen and fifteen.

Notes to the financial statements - Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report presents certain required information supplements including budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As stated earlier in this discussion, net assets may serve as a useful indicator of a County's financial position over time. For the County in FY2008, assets exceeded liabilities by \$ 6,128,104 at the close of the fiscal year as presented in the Table below. This was a decrease of \$ 2,640,191 or 30.1% over the FY2007 ending amount of \$8,768,295.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Assets Governmental Activities For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 10,755,799	\$ 10,817,417
Capital assets	<u>14,272,260</u>	<u>14,724,081</u>
Total assets	<u>\$ 25,028,059</u>	<u>\$ 25,541,498</u>
Long-term liabilities outstanding	\$ 17,641,624	\$ 15,618,998
Current liabilities	<u>1,258,331</u>	<u>1,154,205</u>
Total liabilities	<u>\$ 18,899,955</u>	<u>\$ 16,773,203</u>
Net assets:		
Invested in capital assets, net of related debt	\$ 2,912,203	\$ 2,339,985
Unrestricted	<u>3,215,901</u>	<u>6,428,310</u>
Total net assets	<u>\$ 6,128,104</u>	<u>\$ 8,768,295</u>

At the end of FY2008, the County's investment in capital assets, net of related debt is \$2,912,203. These capital assets are used to deliver services to County residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported net of related debt, it should be noted that resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources subject to external restrictions on how they may be used. The County had no restricted net assets at the end of the fiscal year. The remaining balance of net assets in the amount of \$ 3,215,901 may be used to meet the government's ongoing obligations.

Government-wide Financial Analysis: (Continued)

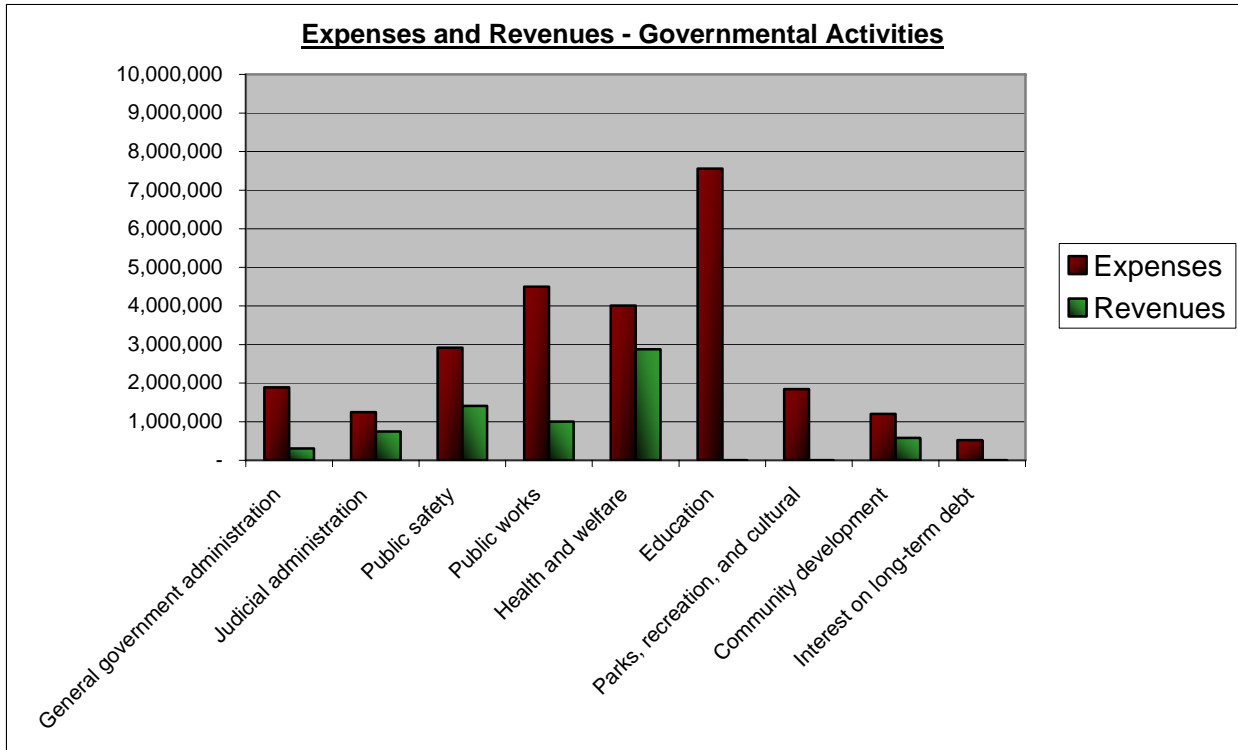
Governmental Activities - Governmental activities decreased Prince Edward County's net assets by \$ 2,640,191. The key elements of this decrease are found in exhibit 2 and the table below. The primary causes of this decrease were an increase in long-term debt obligations for the landfill closure and post closure liability costs as well as the commitment to fund the debt for the YMCA facility.

County of Prince Edward, Virginia		
Changes in Net Assets		
Governmental Activities		
For the Years Ended June 30, 2008 and 2007		
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 1,169,570	\$ 1,017,523
Operating grants and contributions	5,567,251	4,885,349
Capital grants and contributions	180,000	-
General revenues:		
General property taxes	9,898,122	8,988,258
Other local taxes	3,994,668	3,685,401
Commonwealth non-categorical aid	1,467,887	3,086,888
Other general revenues	769,765	709,946
Total revenues	<u>\$ 23,047,263</u>	<u>\$ 22,373,365</u>
Expenses:		
General government administration	\$ 1,888,328	\$ 1,613,434
Judicial administration	1,247,739	1,060,878
Public safety	2,920,779	2,886,070
Public works	4,498,020	2,745,353
Health and welfare	4,009,487	3,699,915
Education	7,558,263	5,517,861
Parks, recreation, and cultural	1,842,051	253,326
Community development	1,201,635	556,620
Interest on long-term debt	521,152	559,142
Total expenses	<u>\$ 25,687,454</u>	<u>\$ 18,892,599</u>
Increase (decrease) in net assets	\$ (2,640,191)	\$ 3,480,766
Net assets-beginning	<u>8,768,295</u>	<u>5,287,529</u>
Net assets - ending	<u>\$ 6,128,104</u>	<u>\$ 8,768,295</u>

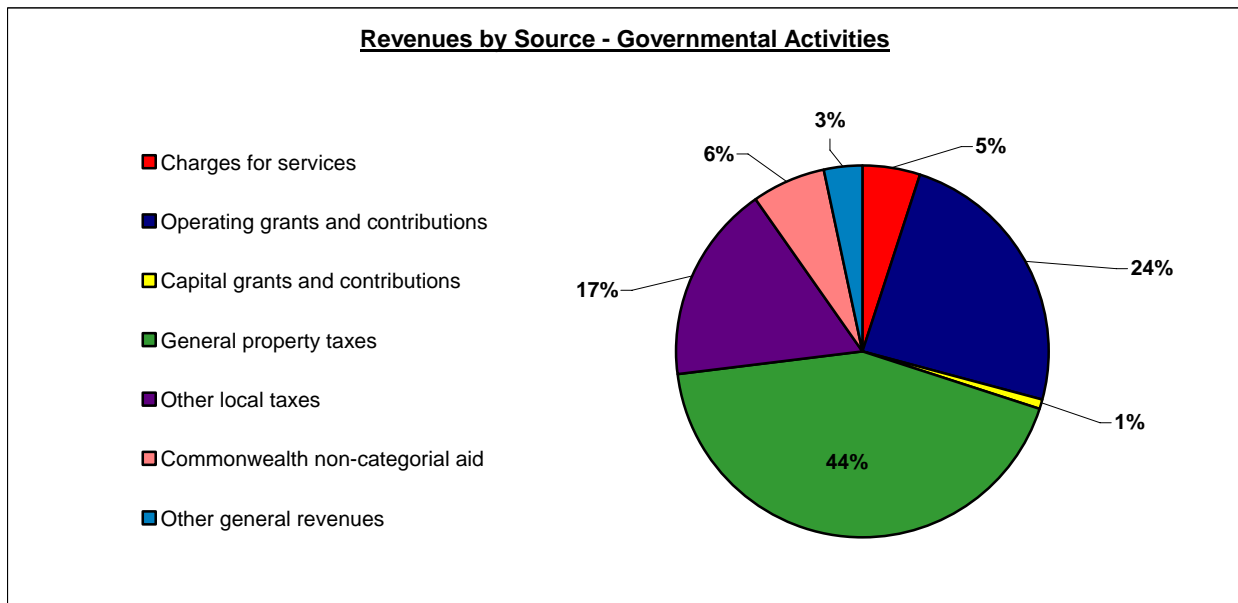
Revenues from governmental activities totaled \$23,047,263 with general property taxes (42.9%), operating grants and contributions (24.2%), and other local taxes (17.3%) comprising 84. 4% of the County's revenues. Expenses for education (29.4%), health and welfare (15.6%), public safety (11.4%) and, public works (17.5%) account for 73.9% of total governmental expenses of \$ 25,687,454.

Government-wide Financial Analysis: (Continued)

The chart below compares the revenues and expenses by program for governmental activities. In every category expenses outpace the revenues generated. This is common throughout the Commonwealth because most of the programs are not able to generate revenue. For those programs that can generate revenue (Recreation, Building Inspections etc.) the County has traditionally followed a policy of maintaining associated charges at a minimal level and funding the expenses from other revenue sources.



The chart below portrays the Sources of Revenue for the Governmental Activities of the County.



Financial Analysis of the County's Funds

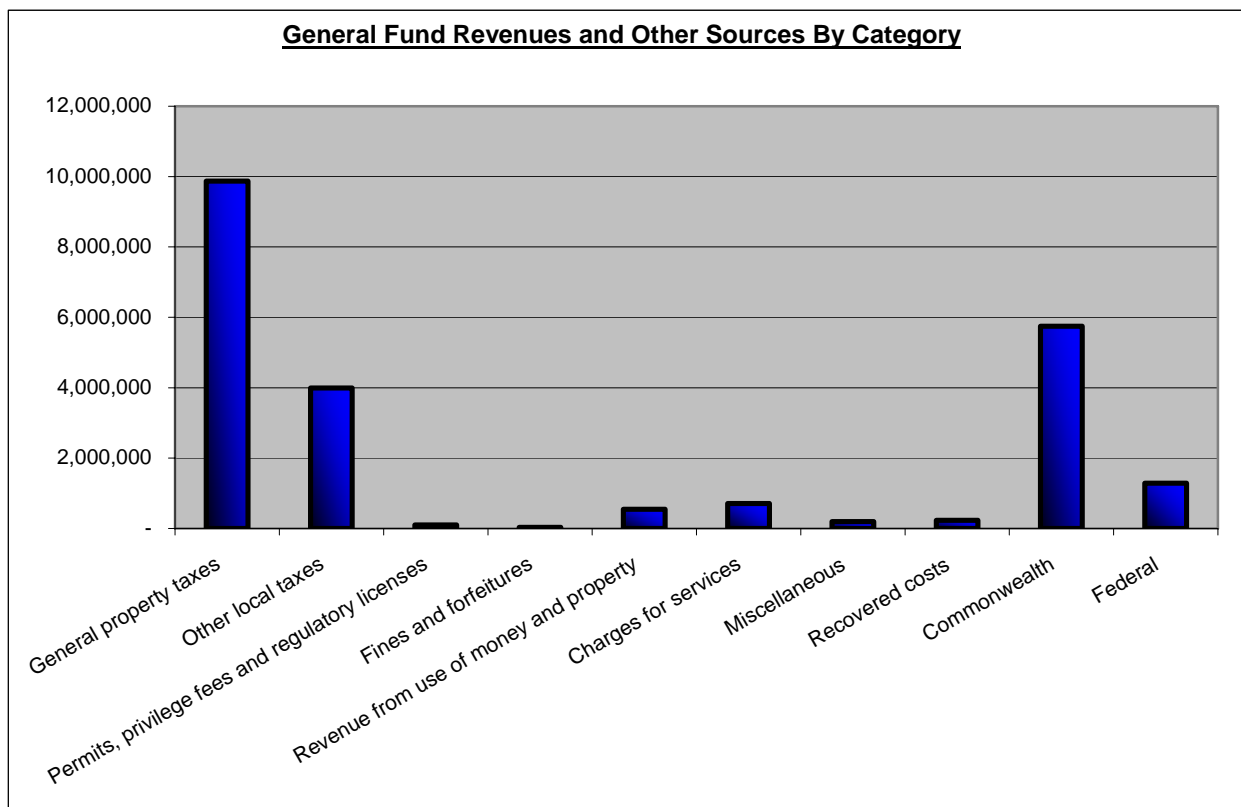
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$9,051,557 a decrease of \$209,285 when compared to the prior year. Approximately 98 percent (\$8,865,974) of the combined governmental fund balance is unreserved. The remaining two percent (\$185,583) of the combined fund balance is reserved to show it is not available for spending because it has been committed for future retiree services and debt payments.

The General Fund is the operating fund of the County. The General Fund reports a fund balance at June 30, 2008 of \$8,800,413. This is an increase from the prior year of \$ 26,368. The increase in the General Fund balance was minimal and closely paralleled growth and inflation. Total revenues increased \$874,458. Property tax revenue which represents 42.7% of total governmental revenues increased \$1,087,864 over the prior year due to an increase in assessed values and real estate tax rate. As a measure of the General Fund liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 41.0% of General Fund expenditures excluding capital projects, while total fund balance represents 41.9% of that same amount.

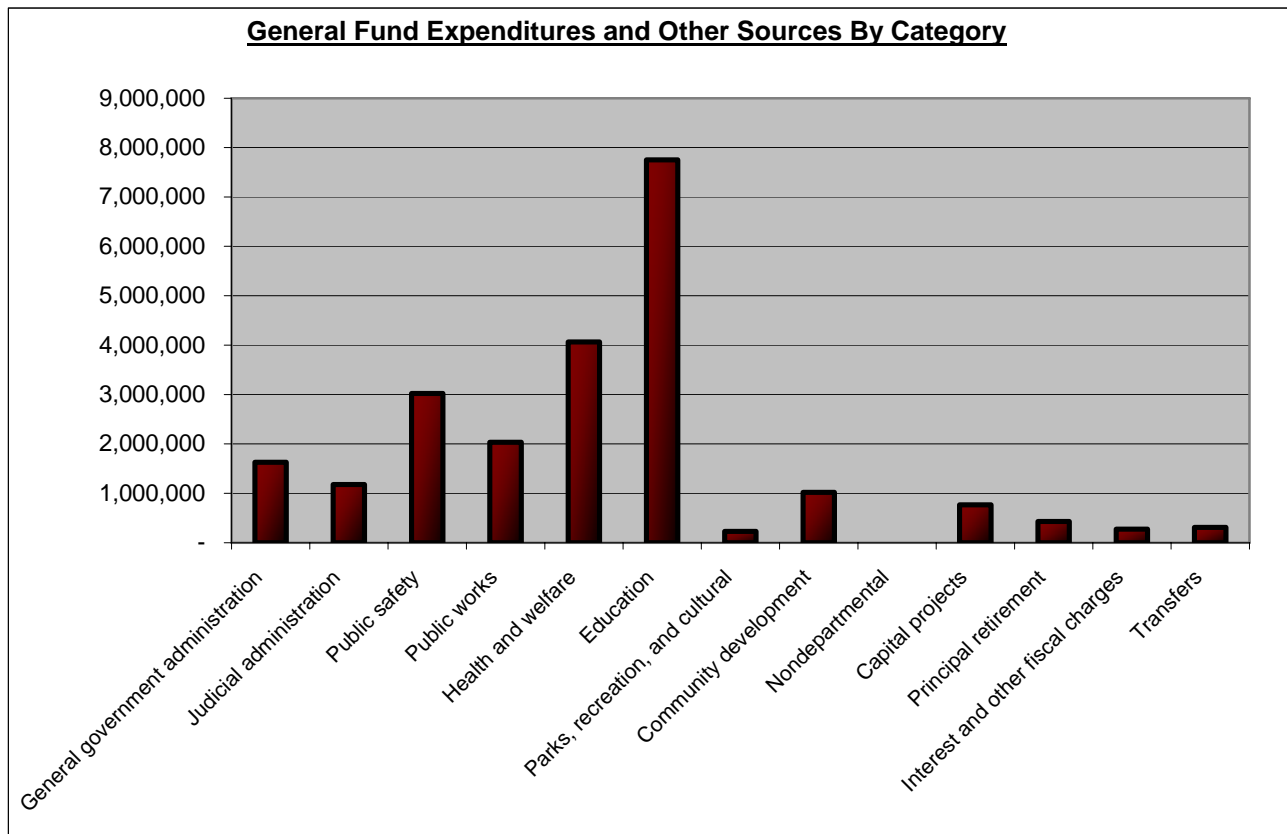
General Fund Revenues and Other Sources by Category

The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$22,728,416.



General Fund Revenues and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$22,702,048 including transfers out of the fund of \$310,153.



General Fund Budgetary Highlights

Differences between the original and final budgets were relatively minor in regards to revenues. The final budget had an increase of \$1,187,086 or 5.7% in revenues as compared to the original budget. The adjustments for expenditures in the budget were more significant increasing \$2,081,104 or 9.2%. The budgeted revenue increase (decreases) were as follows:

- \$340,000 in property taxes.
- \$2,500 in permits, fees, and licenses.
- (\$62,200) in fines and forfeitures.
- \$91,300 in charges for services.
- \$12,112 in miscellaneous.
- \$733,938 in intergovernmental revenues from the Commonwealth.
- \$69,436 in intergovernmental revenues from the Federal Government.

The amendments in general property taxes, of which all were for personal property taxes, and revenues from the Commonwealth accounted for 28.6% of the increase. A strong increase in automobile sales coupled with a rate increase dictated the increase in personal property taxes collected. The large increase in the budget for state revenues was caused by the reappropriation of funds from the prior year for ongoing projects. These were \$191,920 for a VDOT grant for Moton Museum and \$481,557 in VDOT Revenue Sharing funds

General Fund Budgetary Highlights: (Continued)

The Expenditure amendments were as follows:

- \$21,595 increase in General government administration
- \$78,636 increase in Judicial administration
- \$445,552 increase Public Safety
- \$32,995 increase in Public Works
- \$295,133 increase in Health and Welfare
- \$461,773 increase in Community Development
- \$745,420 increase in Capital Projects

The changes in Public Safety, Health and Welfare, Community Development and Capital Projects represented 93.5% of the adjustments. The vast majority of the increase in Public Safety involved the Sheriff (\$314,063) AND the Fire departments (\$130,015). The increase in Health and Welfare was primarily due to increases in CSA expenditures. The majority of the increase in Community development was from a Tobacco Commission Grant of \$336,773. The increase in Capital Projects was due to the VDOT grant mentioned above (\$191,920), \$198,000 for the Library and \$355,500 for various projects in connection with the development of the Sandy River Reservoir as a public water supply.

While the expenditure budget was increased substantially the actual expenditures did not. The expenditure budget increase by \$2,081,104 while actual expenditures were only \$157,398 more than the original budget. This disparity was due to three main reasons. First, all the department heads, to include the Constitutional Officers and the School Superintendent were very frugal and as a result under expended their budgets by over \$850,000. Second, the VDOT revenue sharing project was just beginning in FY08 and \$753,343 of the budgeted amount was not expended. Finally, \$324,519 of the amount budgeted for the projects at the Sandy River Reservoir were not expended. With the recent receipt of an unsolicited PPEA water system project most of that amount will not be expended and instead will become part of the PPEA project.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2008, is \$14,272,260 (net of accumulated depreciation) as listed below. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

County of Prince Edward, Virginia Capital Assets June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Land	\$ 989,949	\$ 993,527
Buildings and system	11,586,774	12,288,857
Improvements other than buildings	519,819	947,845
Machinery and equipment	266,229	257,738
Construction in progress	<u>909,489</u>	<u>236,114</u>
Net capital assets	<u>\$ 14,272,260</u>	<u>\$ 14,724,081</u>

Additional information on Prince Edward County's capital assets can be found in Note 4 of this report.

Capital Asset and Debt Administration: (Continued)

Long-term debt - At the close of FY2008, Prince Edward County had total outstanding obligations of \$17,641,624. Of this amount \$ 11,459,690 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation and compensated absences.

During the fiscal year the County's long-term obligations increased by \$2,022,626 or 12.9%. This increase was a result of an increase in landfill closure and postclosure liability from the opening of a new landfill cell. Furthermore, the County recorded and commenced payment of the loan obligation to the IDA of Prince Edward for the YMCA building.

Additional information on the Prince Edward County's long-term debt can be found in Note 7 of this report.

Economic Factors Influencing FY2008 Budgets and Tax Rates

The unemployment rate for the County on June 30, 2008 was 6.2%. This was an increase of 1.0% year to year. The County's unemployment rate compares unfavorably to the state's average of 4.2% and the national average of 5.7%. The County's population and labor force have been steadily increasing this past decade and closely match the state averages.

The County's employment demographics show a shift from a workforce dominated by agriculture/forestry and manufacturing to one where the sectors of healthcare, retail and state government (primarily Longwood University) are the dominate employers. Less than 1% of employment is in the agriculture/forestry segment and only 2.9% are employed in manufacturing. The healthcare sector is the largest employment sector in the County with 17.4% of the workforce followed closely by retail at 16.9% and state government at 10.9%.

The continuing expansion of Longwood University will continue to fuel an increase in state government employment. Retirees are flocking to the County in increasing numbers which will continue the increase in the healthcare sector. The demands from these two groups will push employment in the retail sector higher. Already, demographic parameters have been met that attracted a new "big box" retailer to the County. The County is on the cusp of achieving a critical mass that could see a large increase in retail sectors here to for absent from the County. This expansion of the workforce and businesses are driving increases in property assessments form new construction and other local taxes such as the sales tax and consumer utility taxes.

These factors were considered in preparing the County's budget for the 2009 fiscal year. The budgeted revenues from all property taxes increased by 4.8% year to year while other local taxes increased by 12%. These factors allowed a significant increase in funds provided to the local schools. The County contribution to the School system has increased 19% over the last two years. At the same time the County opened a new cell at its landfill and closed one without having to borrow funds for the project.

These new revenues allowed the County to balance the FY09 budget with no increase in taxes. The additional revenues raised slightly less than the amount required to balance the budget. Approximately \$280,000 was required to be drawn from the fund balance to balance the County's budget.

Requests for Information

This financial report is designed to provide 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.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Assets
June 30, 2008

	Primary	Component Unit	
	Governmental Activities	School Board	Industrial Development Authority
ASSETS			
Cash and cash equivalents	\$ 8,529,790	\$ 703,651	\$ 79,319
Receivables (net of allowance for uncollectibles):			
Taxes receivable	652,131	-	-
Accounts receivable	195,585	-	-
Note receivable	-	-	480,000
Due from primary government	-	694,165	-
Due from other governmental units	1,192,710	731,380	-
Restricted assets:			
Permanently restricted:			
Cash and cash equivalents	185,583	-	-
Capital assets (net of accumulated depreciation):			
Land	989,949	99,952	45,194
Buildings and system	11,586,774	8,757,622	-
Improvements other than buildings	519,819	386,072	-
Machinery and equipment	266,229	1,625,543	-
Construction in progress	909,489	-	-
Total assets	\$ 25,028,059	\$ 12,998,385	\$ 604,513
LIABILITIES			
Accounts payable	\$ 433,362	\$ 64,188	\$ -
Accrued liabilities	-	1,363,075	-
Accrued interest payable	100,492	-	-
Due to component unit	694,165	-	-
Deferred revenue	30,312	-	-
Long-term liabilities:			
Due within one year	1,103,656	-	-
Due in more than one year	16,537,968	-	-
Total liabilities	\$ 18,899,955	\$ 1,427,263	\$ -
NET ASSETS			
Invested in capital assets, net of related debt	\$ 2,912,203	\$ 10,869,189	\$ 45,194
Unrestricted (deficit)	3,215,901	701,933	559,319
Total net assets	\$ 6,128,104	\$ 11,571,122	\$ 604,513

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, 2008

<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	\$ 1,888,328	\$ 100	\$ 306,163	\$ -
Judicial administration	1,247,739	62,306	684,567	-
Public safety	2,920,779	207,114	1,199,074	-
Public works	4,498,020	888,006	112,313	-
Health and welfare	4,009,487	-	2,878,419	-
Education	7,558,263	-	-	-
Parks, recreation, and cultural	1,842,051	-	-	-
Community development	1,201,635	12,044	386,715	180,000
Interest on long-term debt	521,152	-	-	-
Total government activities	<u>\$ 25,687,454</u>	<u>\$ 1,169,570</u>	<u>\$ 5,567,251</u>	<u>\$ 180,000</u>
Total primary government	<u>\$ 25,687,454</u>	<u>\$ 1,169,570</u>	<u>\$ 5,567,251</u>	<u>\$ 180,000</u>
COMPONENT UNITS:				
School Board	\$ 28,579,773	\$ 560,586	\$ 20,042,670	\$ 138,585
Industrial Development Authority	201,965	-	-	-
Total component units	<u>\$ 28,781,738</u>	<u>\$ 560,586</u>	<u>\$ 20,042,670</u>	<u>\$ 138,585</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	Industrial Development Authority	
\$ (1,582,065)	\$ (1,582,065)	\$ -	\$ -	
(500,866)	(500,866)	-	-	
(1,514,591)	(1,514,591)	-	-	
(3,497,701)	(3,497,701)	-	-	
(1,131,068)	(1,131,068)	-	-	
(7,558,263)	(7,558,263)	-	-	
(1,842,051)	(1,842,051)	-	-	
(622,876)	(622,876)	-	-	
(521,152)	(521,152)	-	-	
<u>\$ (18,770,633)</u>	<u>\$ (18,770,633)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (18,770,633)</u>	<u>\$ (18,770,633)</u>	<u>\$ -</u>	<u>\$ -</u>	
		\$ (7,837,932)	\$ -	
		-	(201,965)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,837,932)</u>	<u>\$ (201,965)</u>	
\$ 9,898,122	\$ 9,898,122	\$ -	\$ -	
2,890,586	2,890,586	-	-	
344,009	344,009	-	-	
201,203	201,203	-	-	
201,608	201,608	-	-	
357,262	357,262	-	-	
639,211	639,211	38,351	3,079	
130,554	130,554	19,955	1,000	
-	-	7,546,373	50,000	
<u>1,467,887</u>	<u>1,467,887</u>	<u>-</u>	<u>-</u>	
<u>\$ 16,130,442</u>	<u>\$ 16,130,442</u>	<u>\$ 7,604,679</u>	<u>\$ 54,079</u>	
\$ (2,640,191)	\$ (2,640,191)	\$ (233,253)	\$ (147,886)	
<u>8,768,295</u>	<u>8,768,295</u>	<u>11,804,375</u>	<u>752,399</u>	
<u>\$ 6,128,104</u>	<u>\$ 6,128,104</u>	<u>\$ 11,571,122</u>	<u>\$ 604,513</u>	

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2008

	<u>General</u>	<u>School Debt Service</u>	<u>Landfill Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 8,499,092	\$ -	\$ 5,100	\$ 25,598	\$ 8,529,790
Receivables (net of allowance for uncollectibles):					
Taxes receivable	652,131	-	-	-	652,131
Accounts receivable	149,002	-	46,583	-	195,585
Due from other governmental units	1,192,710	-	-	-	1,192,710
Restricted assets:					
Permanently restricted:					
Cash and cash equivalents	11,486	174,097	-	-	185,583
Total assets	\$ 10,504,421	\$ 174,097	\$ 51,683	\$ 25,598	\$ 10,755,799
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 433,128	\$ -	\$ 234	\$ -	\$ 433,362
Due to component unit	694,165	-	-	-	694,165
Deferred revenue	576,715	-	-	-	576,715
Total liabilities	\$ 1,704,008	\$ -	\$ 234	\$ -	\$ 1,704,242
Fund balances:					
Reserved for:					
Debt service	\$ -	\$ 174,097	\$ -	\$ -	\$ 174,097
Retiree benefits	11,486	-	-	-	11,486
Unreserved, reported in:					
General fund	8,788,927	-	-	-	8,788,927
Capital projects funds	-	-	51,449	25,598	77,047
Total fund balances	\$ 8,800,413	\$ 174,097	\$ 51,449	\$ 25,598	\$ 9,051,557
Total liabilities and fund balances	\$ 10,504,421	\$ 174,097	\$ 51,683	\$ 25,598	\$ 10,755,799

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, 2008

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	\$	9,051,557
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	20,997,397	
Less: accumulated depreciation	<u>(6,725,137)</u>	<u>14,272,260</u>

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred revenue		546,403
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and loans payable, including premium on bonds	\$ (13,239,510)	
Interest payable	(100,492)	
Compensated absences	(448,350)	
Landfill closure, postclosure and corrective action cost liability	<u>(3,953,764)</u>	<u>(17,742,116)</u>

Net assets of governmental activities		\$ <u><u>6,128,104</u></u>
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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, 2008

	General	School Debt Service	Landfill Construction Fund	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 9,869,179	\$ -	\$ -	\$ -	\$ 9,869,179
Other local taxes	3,994,668	-	-	-	3,994,668
Permits, privilege fees, and regulatory licenses	100,805	-	-	-	100,805
Fines and forfeitures	29,824	-	-	-	29,824
Revenue from the use of money and property	548,085	2,791	88,127	208	639,211
Charges for services	712,480	-	272,557	-	985,037
Miscellaneous	201,265	-	-	-	201,265
Recovered costs	236,973	-	-	-	236,973
Intergovernmental revenues:					
Commonwealth	5,744,492	-	-	-	5,744,492
Federal	1,290,645	-	-	-	1,290,645
Total revenues	\$ 22,728,416	\$ 2,791	\$ 360,684	\$ 208	\$ 23,092,099
EXPENDITURES					
Current:					
General government administration	\$ 1,626,034	\$ -	\$ -	\$ -	\$ 1,626,034
Judicial administration	1,178,889	-	-	-	1,178,889
Public safety	3,020,666	-	-	-	3,020,666
Public works	2,033,140	-	-	-	2,033,140
Health and welfare	4,061,932	-	-	-	4,061,932
Education	7,749,894	-	-	-	7,749,894
Parks, recreation, and cultural	230,159	-	-	-	230,159
Community development	1,018,825	-	-	-	1,018,825
Nondepartmental	1,517	-	-	-	1,517
Capital projects	765,575	-	909,489	-	1,675,064
Debt service:					
Principal retirement	431,078	-	-	-	431,078
Interest and other fiscal charges	274,186	-	-	-	274,186
Total expenditures	\$ 22,391,895	\$ -	\$ 909,489	\$ -	\$ 23,301,384
Excess (deficiency) of revenues over (under) expenditures	\$ 336,521	\$ 2,791	\$ (548,805)	\$ 208	\$ (209,285)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 110,153	\$ 200,000	\$ -	\$ 310,153
Transfers out	(310,153)	-	-	-	(310,153)
Total other financing sources (uses)	\$ (310,153)	\$ 110,153	\$ 200,000	\$ -	\$ -
Net change in fund balances	\$ 26,368	\$ 112,944	\$ (348,805)	\$ 208	\$ (209,285)
Fund balances - beginning	8,774,045	61,153	400,254	25,390	9,260,842
Fund balances - ending	\$ 8,800,413	\$ 174,097	\$ 51,449	\$ 25,598	\$ 9,051,557

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, 2008

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

Net change in fund balances - total governmental funds	\$	(209,285)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	1,036,583	
Net transfer of joint tenancy assets		(550,217)	
Depreciation expense		(938,237)	(451,871)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	28,943
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(Increase) decrease in landfill closure, postclosure and corrective action cost liability	\$	(1,547,631)	
Issuance of long-term debt		(1,500,000)	
Principal payments and premium amortization		1,056,532	(1,991,099)

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.

(Increase) decrease accrued interest payable	\$	14,648	
(Increase) decrease in compensated absences		(31,527)	(16,879)

Change in net assets of governmental activities	\$	<u>(2,640,191)</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>480,718</u>
Total assets	\$ <u><u>480,718</u></u>
LIABILITIES	
Accrued liabilities	\$ 218,159
Due to other governmental units	58,998
Amounts held for social services clients	1,829
Amounts held for Piedmont Alcohol Safety Action Program	<u>201,732</u>
Total liabilities	\$ <u><u>480,718</u></u>

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

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COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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

B. Individual Component Unit Disclosures (Continued)

Discretely Presented Component Units (Continued)

The Prince Edward County Industrial Development Authority was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Prince Edward County on October 21, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.2-4900), et. seq., of the Code of Virginia (1950), as amended. The Authority is authorized to issue revenue bonds; acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade inducing enterprise to locate and remain in Virginia.

The Authority is governed by seven directors appointed by the Board of Supervisors of Prince Edward County. The Authority is fiscally dependent on the County. Complete financial statements of the Authority may be obtained at the Authority's administrative office.

C. 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 \$152,059 to the regional library and \$62,643 to the Crossroads Community Services Board.

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

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

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

The government-wide financial statements 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)

D. 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.

c. Debt Service Fund

The Debt Service Fund accounts for the sinking fund required to be maintained by Qualified Zone Academy Bonds. This fund is considered a major fund for reporting purposes.

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

D. 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.

E. 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, 2008 (Continued)

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

F. 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 \$306,212 at June 30, 2008 and is comprised 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.

G. 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, 2008 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)

H. 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.

I. 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.

J. 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.

K. 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.

L. 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.

M. 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, 2008 (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, 2008 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, 2008 were rated by Standard 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
US Government Money Market	\$ 160,573	\$ -	\$ -	\$ -	\$ -
U.S. Agencies Securities					
State Non-Arbitrage Pool	25,391	-	-	-	-
Total	\$ 185,964	\$ -	\$ -	\$ -	\$ -

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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 no concentration of credit risk at June 30, 2008.

Interest Rate Risk:

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

The County had no interest rate risk at June 30, 2008.

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	\$ -	\$ 16,636
State sales taxes	-	513,216
Local sales tax	464,658	
Communication tax	57,401	-
Shared expenses	184,012	-
Social services funds	72,011	-
Comprehensive services	229,224	-
Shared revenues	82,044	-
Other	7,434	-
Federal Government:		
School funds	-	201,528
Social services funds	95,926	-
	<u>\$ 1,192,710</u>	<u>\$ 731,380</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in the capital assets for the fiscal year ending June 30, 2008:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 993,527	\$ -	\$ 3,578	\$ 989,949
Construction-in-progress	<u>236,114</u>	<u>909,489</u>	<u>236,114</u>	<u>909,489</u>
Totals	<u>\$ 1,229,641</u>	<u>\$ 909,489</u>	<u>\$ 239,692</u>	<u>\$ 1,899,438</u>
Capital assets, being depreciated:				
Buildings	\$ 15,686,545	\$ -	\$ 544,775	\$ 15,141,770
Improvements other than buildings	2,634,211	-	-	2,634,211
Equipment	<u>1,287,839</u>	<u>130,722</u>	<u>96,584</u>	<u>1,321,977</u>
Total capital assets being depreciated	<u>\$ 19,608,595</u>	<u>\$ 130,722</u>	<u>\$ 641,359</u>	<u>\$ 19,097,958</u>
Less accumulated depreciation for:				
Buildings	\$ 3,397,688	\$ 387,980	\$ 230,672	\$ 3,554,996
Improvements other than buildings	1,686,366	428,026	-	2,114,392
Equipment	<u>1,030,101</u>	<u>122,231</u>	<u>96,584</u>	<u>1,055,748</u>
Total accumulated depreciation	<u>\$ 6,114,155</u>	<u>\$ 938,237</u>	<u>\$ 327,256</u>	<u>\$ 6,725,136</u>
Total capital assets being depreciated, net	<u>\$ 13,494,440</u>	<u>\$ (807,515)</u>	<u>\$ 314,103</u>	<u>\$ 12,372,822</u>
Governmental activities capital assets, net	<u><u>\$ 14,724,081</u></u>	<u><u>\$ 101,974</u></u>	<u><u>\$ 553,795</u></u>	<u><u>\$ 14,272,260</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</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	\$ 16,716,316	\$ 544,775	\$ -	\$ 17,261,091
Improvements other than buildings	703,247	16,810	-	720,057
Equipment	<u>3,889,937</u>	<u>576,079</u>	<u>-</u>	<u>4,466,016</u>
Total capital assets being depreciated	<u>\$ 21,309,500</u>	<u>\$ 1,137,664</u>	<u>\$ -</u>	<u>\$ 22,447,164</u>
Less accumulated depreciation for:				
Buildings	\$ 7,874,694	\$ 628,775	\$ -	\$ 8,503,469
Improvements other than buildings	316,269	17,717	-	333,986
Equipment	<u>2,453,401</u>	<u>386,071</u>	<u>-</u>	<u>2,839,472</u>
Total accumulated depreciation	<u>\$ 10,644,364</u>	<u>\$ 1,032,563</u>	<u>\$ -</u>	<u>\$ 11,676,927</u>
Total capital assets being depreciated, net	<u>\$ 10,665,136</u>	<u>\$ 105,101</u>	<u>\$ -</u>	<u>\$ 10,770,237</u>
Governmental activities capital assets, net	<u><u>\$ 10,765,088</u></u>	<u><u>\$ 105,101</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,870,189</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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	\$	272,146
Judicial administration		3,025
Public safety		66,916
Public works		437,942
Education		145,170
Health & Welfare		7,858
Community development		<u>5,180</u>
Total	\$	<u>938,237</u>
Component Unit-School Board	\$	<u>1,032,563</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). All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% to sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs 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 General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2007AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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 may assume 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, 2008 was 6.83% of annual covered payroll.

Discretely Presented Component Unit - School Board (Non-professional)

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 may assume 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, 2008 was 4.64% of annual covered payroll.

C. Annual Pension Cost

Primary Government

For fiscal year 2008, County's annual pension cost of \$303,273 (does not include employee share of \$222,016 which was assumed by the County) was equal to the County's required and actual contributions.

Three-Year Trend for County - Primary Government

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2006	\$ 150,748	100%	\$ -
June 30, 2007	206,481	100%	-
June 30, 2008	303,273	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost: (Continued)

Discretely Presented Component Unit - School Board (Non-professional)

For fiscal year 2008, School Board’s annual pension cost of \$35,376 (does not include employee share of \$38,121 which was assumed by the School Board) was equal to the School Board’s required and actual contributions.

<u>Three-Year Trend for County - Component Unit School Board</u>				
<u>Fiscal Year</u> <u>Ending</u>		<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
June 30, 2006	\$	7,650	100%	\$ -
June 30, 2007		37,699	100%	-
June 30, 2008		35,376	100%	-

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.75% to 5.60% per year, and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the School Board’s assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 20 years.

D. Funded Status and Funding Progress

Primary Government

As of June 30, 2007, the most recent actuarial valuation date, the plan was 87.01% funded. The actuarial accrued liability for benefits was \$13,512,619, and the actuarial value of assets was \$11,757,714, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,754,905. The covered payroll (annual payroll of active employees covered by the plan) was \$4,259,711, and ratio of the UAAL to the covered payroll was 41.20%.

Discretely Presented Component Unit - School Board (Non-professional)

As of June 30, 2007, the most recent actuarial valuation date, the plan was 94.32% funded. The actuarial accrued liability for benefits was \$2,509,979, and the actuarial value of assets was \$2,367,416, resulting in an unfunded actuarial accrued liability (UAAL) of \$142,563. The covered payroll (annual payroll of active employees covered by the plan) was \$779,962, and ratio of the UAAL to the covered payroll was 18.28%.

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

Note 5—Defined Benefit Pension Plan: (Continued)

E. Professional Employees - Discretely Presented Component Unit School Board:

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 or a copy may be downloaded from the VRS website at <http://www.varetire.org/PDF/2007/AnnuRept.pdf>

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 10.30% of annual covered payroll. The contribution requirements of plan members and Prince Edward County 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, 2008, 2007, and 2006 were \$1,386,390, \$1,189,431, and \$726,052 respectively, equal to the required contributions for each year.

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 compensated absences as follows:

Primary Government	\$ <u>448,350</u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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		Literary Loans		Bonds & Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 40,360	\$ 23,685	\$ 52,500	\$ 2,100	962,822	\$ 513,794
2010	43,589	20,456	-	-	948,231	464,241
2011	47,076	16,969	-	-	888,383	415,713
2012	50,842	13,203	-	-	819,677	369,561
2013	54,909	9,136	-	-	653,534	333,238
2014-2018	68,580	4,743	-	-	3,102,018	1,186,476
2019-2023	-	-	-	-	3,189,803	666,680
2024-2028	-	-	-	-	735,088	459,820
2029-2033	-	-	-	-	703,563	293,997
2034-2038	-	-	-	-	848,319	105,842
	<u>\$ 305,356</u>	<u>\$ 88,192</u>	<u>\$ 52,500</u>	<u>\$ 2,100</u>	<u>12,851,438</u>	<u>\$ 4,809,362</u>

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2008:

	Amounts Payable at July 1, 2007	Additions	Deletions	Amounts Payable at June 30, 2008	Payable Due Within One Year
Primary Government:					
Revenue bonds	\$ 1,576,826	\$ -	\$ 102,362	\$ 1,474,464	\$ 108,503
General obligation bonds (VPSA)	4,655,455	-	532,205	4,123,250	524,210
Premium on bond issuance	33,596	-	3,380	30,216	3,139
Qualified zone academy bonds	2,116,857	-	-	2,116,857	-
Courthouse construction bonds	3,965,582	-	228,715	3,736,867	230,109
Literary fund loans payable	105,000	-	52,500	52,500	52,500
Early retirement obligation	342,726	-	37,370	305,356	40,360
Other long-term obligation	-	1,500,000	100,000	1,400,000	100,000
Landfill closure and post-closure monitoring	2,071,133	1,621,631	-	3,692,764	-
Landfill corrective action plan	335,000	-	74,000	261,000	-
Compensated absences	416,823	31,527	-	448,350	44,835
Total Primary Government	<u>\$ 15,618,998</u>	<u>\$ 3,153,158</u>	<u>\$ 1,130,532</u>	<u>\$ 17,641,624</u>	<u>\$ 1,103,656</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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%. \$ 466,693

\$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%. 75,000

\$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%. 400,000

\$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%. 2,266,557

\$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%. 915,000

Plus: Premium on issuance 30,216

Total general obligation bonds \$ 4,153,466

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%. \$ 1,226,181

\$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%. 248,283

Total revenue bonds (payable from General Fund property rentals) \$ 1,474,464

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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%. \$ 1,800,000

\$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%. 1,936,867

Total Courthouse Construction Bonds \$ 3,736,867

State Literary Fund Loan:

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

\$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%. \$ 305,356

Qualified zone academy bonds:

\$1,116,857 Qualified Zone Academy Bond, issued December 29, 2005, maturing December 29, 2020. Annual payments of \$60,425 are required to be placed in a sinking fund that will be used to pay the debt in 2020. \$ 1,116,857

\$1,000,000 Qualified Zone Academy Bonds, issued December 13, 2006, maturing December 13, 2022. Annual payments of \$49,728 are required to be placed in a sinking fund that will be used to pay the debt in 2022. 1,000,000

Total qualified zone academy bonds \$ 2,116,857

Other long-term obligation:

\$1,500,000 note payable issued May 29, 2007, due in annual principal installments of \$100,000 and semi-annual interest payments at 4.61%, maturing July 31, 2021 \$ 1,400,000

Landfill closure and post-closure care liability \$ 3,692,764

Landfill corrective action plan liability \$ 261,000

Compensated absences payable \$ 448,350

Total primary government long-term debt \$ 17,641,624

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (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, 2008:

	<u>Amounts Payable at July 1, 2007</u>	<u>Addition</u>	<u>Deletions</u>	<u>Amounts Payable at June 30, 2008</u>	<u>Payable Due Within One Year</u>
Compensated Absences	\$ 48,517	\$ -	\$ 48,517	\$ -	\$ -

Details of Long-Term Undebtedness:

Compensated absences liability	\$ <u>-</u>
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Note 8—Litigation:

At June 30, 2008, 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2008 (Continued)

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
Beverly M. Booth, 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	
County Administrator	2,000

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 County opened a new cell in 2008. The amounts reported as closure and postclosure care liabilities at June 30, 2008 were \$2,013,492 and \$1,679,272, respectively. Furthermore, the County reports \$261,000 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. Actual cost may be higher due to inflation, changes in technology or changes in regulation.

The County has demonstrated financial assurance requirements for closure, postclosure and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund.

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

Note to Required Supplementary Information:

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

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General Fund

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

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
General property taxes	\$ 9,003,499	\$ 9,403,499	\$ 9,869,179	\$ 465,680
Other local taxes	3,558,000	3,558,000	3,994,668	436,668
Permits, privilege fees, and regulatory licenses	75,600	78,100	100,805	22,705
Fines and forfeitures	88,000	25,800	29,824	4,024
Revenue from the use of money and property	385,000	385,000	548,085	163,085
Charges for services	559,750	651,050	712,480	61,430
Miscellaneous	488,859	500,971	201,265	(299,706)
Recovered costs	143,000	143,000	236,973	93,973
Intergovernmental revenues:				
Commonwealth	5,076,596	5,810,534	5,744,492	(66,042)
Federal	1,345,470	1,414,906	1,290,645	(124,261)
Total revenues	\$ 20,723,774	\$ 21,970,860	\$ 22,728,416	\$ 757,556
EXPENDITURES				
Current:				
General government administration	\$ 1,854,571	\$ 1,876,166	\$ 1,626,034	\$ 250,132
Judicial administration	1,280,676	1,407,302	1,178,889	228,413
Public safety	2,833,846	3,231,408	3,020,666	210,742
Public works	1,941,191	1,974,186	2,033,140	(58,954)
Health and welfare	3,764,969	4,060,102	4,061,932	(1,830)
Education	7,907,302	7,907,302	7,749,894	157,408
Parks, recreation, and cultural	267,659	267,659	230,159	37,500
Community development	619,698	1,081,471	1,018,825	62,646
Nondepartmental	-	-	1,517	(1,517)
Capital projects	1,324,118	2,069,538	765,575	1,303,963
Debt service:				
Principal retirement	431,078	431,078	431,078	-
Interest and other fiscal charges	324,185	324,185	274,186	49,999
Total expenditures	\$ 22,549,293	\$ 24,630,397	\$ 22,391,895	\$ 2,238,502
Excess (deficiency) of revenues over (under) expenditures	\$ (1,825,519)	\$ (2,659,537)	\$ 336,521	\$ 2,996,058
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (200,000)	\$ (310,153)	\$ (110,153)
Sale of land and buildings	1,300,000	-	-	-
Total other financing sources and uses	\$ 1,300,000	\$ (200,000)	\$ (310,153)	\$ (110,153)
Net change in fund balances	\$ (525,519)	\$ (2,859,537)	\$ 26,368	\$ 2,885,905
Fund balances - beginning	525,519	2,859,537	8,774,045	5,914,508
Fund balances - ending	\$ -	\$ -	\$ 8,800,413	\$ 8,800,413

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

County:

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets at % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2005	\$ 9,773,008	\$ 11,701,883	\$ 1,928,875	83.52%	\$ 3,541,406	54.47%
6/30/2006	10,447,772	12,239,492	1,791,720	85.36%	3,899,665	45.95%
6/30/2007	11,757,714	13,512,619	1,754,905	87.01%	4,259,711	41.20%

School Board Non-Professionals:

Valuation as of (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets at % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Covered Payroll (4)/(6) (7)
6/30/2005	\$ 1,916,254	\$ 1,931,880	\$ 15,626	99.19%	\$ 666,914	2.34%
6/30/2006	2,066,368	2,056,992	(9,376)	100.46%	679,353	(1.38%)
6/30/2007	2,367,416	2,509,979	142,563	94.32%	779,962	18.28%

OTHER SUPPLEMENTARY INFORMATION

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Combining and Individual Fund Statements and Schedules

Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	<u>Capital Projects Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>25,598</u>
Total assets	\$ <u><u>25,598</u></u>
LIABILITIES AND FUND BALANCES	
Fund balances:	
Unreserved:	
Designated for subsequent expenditure	\$ <u>25,598</u>
Total fund balances	\$ <u>25,598</u>
Total liabilities and fund balances	\$ <u><u>25,598</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Capital Projects
 For the Year Ended June 30, 2008

	<u>Capital Projects Funds</u>
REVENUES	
Revenue from the use of money and property	\$ 208
Total revenues	<u>\$ 208</u>
EXPENDITURES	
Total expenditures	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 208</u>
Net change in fund balances	\$ 208
Fund balances - beginning	<u>25,390</u>
Fund balances - ending	<u><u>\$ 25,598</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 3,000	\$ 3,000	\$ 88,127	\$ 85,127
Charges for services	275,000	275,000	272,557	(2,443)
Total revenues	\$ 278,000	\$ 278,000	\$ 360,684	\$ 82,684
EXPENDITURES				
Current:				
Capital projects	\$ 200,000	\$ 909,255	\$ 909,489	\$ (234)
Total expenditures	\$ 200,000	\$ 909,255	\$ 909,489	\$ (234)
Excess (deficiency) of revenues over (under) expenditures	\$ 78,000	\$ (631,255)	\$ (548,805)	\$ 82,450
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 200,000	\$ 200,000	\$ -
Total other financing sources and uses	\$ -	\$ 200,000	\$ 200,000	\$ -
Net change in fund balances	\$ 78,000	\$ (431,255)	\$ (348,805)	\$ 82,450
Fund balances - beginning	(78,000)	431,255	400,254	(31,001)
Fund balances - ending	\$ -	\$ -	\$ 51,449	\$ 51,449

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Capital Projects Funds
 For the Year Ended June 30, 2008

	<u>Recreation Fund</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 100	\$ 100	\$ 208	\$ 108
Total revenues	\$ 100	\$ 100	\$ 208	\$ 108
EXPENDITURES				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ 100	\$ 100	\$ 208	\$ 108
Net change in fund balances	\$ 100	\$ 100	\$ 208	\$ 108
Fund balances - beginning	(100)	(100)	25,390	25,490
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,598</u>	<u>\$ 25,598</u>

Combining Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2008

	<u>Agency Funds</u>				
	<u>Undistributed Local Sales Tax</u>	<u>Special Welfare</u>	<u>Piedmont Court Services</u>	<u>Piedmont Alcohol Safety Action Program</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 58,998	1,829	\$ 218,159	\$ 201,732	\$ 480,718
Total assets	<u>\$ 58,998</u>	<u>1,829</u>	<u>\$ 218,159</u>	<u>\$ 201,732</u>	<u>\$ 480,718</u>
LIABILITIES					
Amounts held for others	-	-	\$ 218,159	-	\$ 218,159
Due to other governmental units	58,998	-	-	-	58,998
Amounts held for social services clients	-	1,829	-	-	1,829
Amounts held for Piedmont Alcohol Safety Action Program	-	-	-	201,732	201,732
Total liabilities	<u>\$ 58,998</u>	<u>1,829</u>	<u>\$ 218,159</u>	<u>\$ 201,732</u>	<u>\$ 480,718</u>

Combining Statement of Changes in Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2008

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash	\$ 2,281	\$ 13,393	\$ 13,845	\$ 1,829
Liabilities:				
Amounts held for social service clients	\$ 2,281	\$ 13,393	\$ 13,845	\$ 1,829
Piedmont Court Services:				
Assets:				
Cash	\$ 188,869	\$ 485,862	\$ 456,572	\$ 218,159
Liabilities:				
Amounts held for others	\$ 188,869	\$ 485,862	\$ 456,572	\$ 218,159
Undistributed local sales tax:				
Assets:				
Cash	\$ -	\$ 418,343	\$ 359,345	\$ 58,998
Liabilities:				
Sales tax payable to towns	\$ -	\$ 418,343	\$ 359,345	\$ 58,998
Fiscal Agent Holdings - Piedmont ASAP:				
Assets:				
Cash	\$ 158,743	\$ 449,753	\$ 406,764	\$ 201,732
Liabilities:				
Amounts held for others:				
Piedmont ASAP	\$ 158,743	\$ 449,753	\$ 406,764	\$ 201,732
Total Liabilities	\$ 158,743	\$ 449,753	\$ 406,764	\$ 201,732
Totals -- All agency funds				
Assets:				
Cash	\$ 349,893	\$ 1,367,351	\$ 1,236,526	\$ 480,718
Total assets	\$ 349,893	\$ 1,367,351	\$ 1,236,526	\$ 480,718
Liabilities:				
Amounts held for social service clients	\$ 2,281	\$ 13,393	\$ 13,845	\$ 1,829
Amounts held for others	188,869	485,862	456,572	218,159
Sales tax payable to towns	-	418,343	359,345	58,998
Amounts held for others	158,743	449,753	406,764	201,732
Total liabilities	\$ 349,893	\$ 1,367,351	\$ 1,236,526	\$ 480,718

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

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2008

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ -	\$ 185,196	\$ 497,445	\$ 21,010	\$ 703,651
Due from primary government	694,165	-	-	-	694,165
Due from other governmental units	731,380	-	-	-	731,380
Total assets	\$ 1,425,545	\$ 185,196	\$ 497,445	\$ 21,010	\$ 2,129,196
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 62,470	\$ 1,718	\$ -	\$ -	\$ 64,188
Accrued liabilities	1,363,075	-	-	-	1,363,075
Total liabilities	\$ 1,425,545	\$ 1,718	\$ -	\$ -	\$ 1,427,263
Fund balances:					
Unreserved:					
Designated for subsequent expenditure	\$ -	\$ 183,478	\$ 497,445	\$ 21,010	\$ 701,933
Total fund balances	\$ -	\$ 183,478	\$ 497,445	\$ 21,010	\$ 701,933
Total liabilities and fund balances	\$ 1,425,545	\$ 185,196	\$ 497,445	\$ 21,010	\$ 2,129,196

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

Total fund balances per above \$ 701,933

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

Capital assets	\$ 22,546,116	
Less: accumulated depreciation	(11,676,927)	10,869,189
Net assets of governmental activities		\$ 11,571,122

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2008

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 6,631	\$ -	\$ 30,710	\$ 1,010	\$ 38,351
Charges for services	295,046	265,540	-	-	560,586
Miscellaneous	19,955	-	-	-	19,955
Recovered costs	42,281	343	-	-	42,624
Intergovernmental revenues:					
Local government	7,738,004	-	-	-	7,738,004
Commonwealth	17,439,745	-	-	-	17,439,745
Federal	1,987,249	754,260	-	-	2,741,509
Total revenues	<u>\$ 27,528,911</u>	<u>\$ 1,020,143</u>	<u>\$ 30,710</u>	<u>\$ 1,010</u>	<u>\$ 28,580,774</u>
EXPENDITURES					
Current:					
Education	\$ 26,513,893	\$ 1,098,663	\$ -	\$ -	\$ 27,612,556
Capital projects	-	-	467,071	-	467,071
Debt service:					
Principal retirement	625,454	-	-	-	625,454
Interest and other fiscal charges	261,564	-	-	-	261,564
Total expenditures	<u>\$ 27,400,911</u>	<u>\$ 1,098,663</u>	<u>\$ 467,071</u>	<u>\$ -</u>	<u>\$ 28,966,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 128,000</u>	<u>\$ (78,520)</u>	<u>\$ (436,361)</u>	<u>\$ 1,010</u>	<u>\$ (385,871)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 128,000	\$ -	\$ 128,000
Transfers out	(128,000)	-	-	-	(128,000)
Total other financing sources and uses	<u>\$ (128,000)</u>	<u>\$ -</u>	<u>\$ 128,000</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (78,520)	\$ (308,361)	\$ 1,010	\$ (385,871)
Fund balances - beginning	-	261,998	805,806	20,000	1,087,804
Fund balances - ending	<u>\$ -</u>	<u>\$ 183,478</u>	<u>\$ 497,445</u>	<u>\$ 21,010</u>	<u>\$ 701,933</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	\$ (385,871)
--	--------------

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.

Capital asset additions	\$ 586,447
Net transfer of joint tenancy assets	550,217
Depreciation expense	<u>(1,032,563)</u>
	<u>104,101</u>

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>48,517</u>
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Change in net assets of governmental activities	<u>\$ (233,253)</u>
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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, 2008

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 6,631	\$ 1,631	\$ -	\$ -	\$ -	\$ -
Charges for services	98,362	98,362	295,046	196,684	265,000	265,000	265,540	540
Miscellaneous	123,979	123,979	19,955	(104,024)	-	-	-	-
Recovered costs	28,000	28,000	42,281	14,281	-	-	343	343
Intergovernmental revenues:								
Local government	7,895,412	7,895,412	7,738,004	(157,408)	-	-	-	-
Commonwealth	17,798,153	17,798,153	17,439,745	(358,408)	14,467	14,467	-	-
Federal	2,188,398	2,188,398	1,987,249	(201,149)	800,000	800,000	754,260	(45,740)
Total revenues	\$ 28,137,304	\$ 28,137,304	\$ 27,528,911	\$ (608,393)	\$ 1,079,467	\$ 1,079,467	\$ 1,020,143	\$ (44,857)
EXPENDITURES								
Current:								
Education	\$ 27,139,207	\$ 27,139,207	\$ 26,513,893	\$ 625,314	\$ 1,079,467	\$ 1,079,467	\$ 1,098,663	\$ (19,196)
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	736,533	736,533	625,454	111,079	-	-	-	-
Interest and other fiscal charges	261,564	261,564	261,564	-	-	-	-	-
Total expenditures	\$ 28,137,304	\$ 28,137,304	\$ 27,400,911	\$ 736,393	\$ 1,079,467	\$ 1,079,467	\$ 1,098,663	\$ (19,196)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 128,000	\$ 128,000	\$ -	\$ -	\$ (78,520)	\$ (64,053)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	(128,000)	(128,000)	-	-	-	-
Total other financing sources and uses	\$ -	\$ -	\$ (128,000)	\$ (128,000)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (78,520)	\$ (64,053)
Fund balances - beginning	-	-	-	-	-	-	261,998	261,998
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,478	\$ 197,945

School Capital Projects Fund				Underground Storage Tank Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ 30,710	\$ 30,710	\$ -	\$ -	\$ 1,010	\$ 1,010
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 30,710	\$ 30,710	\$ -	\$ -	\$ 1,010	\$ 1,010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
985,000	985,000	467,071	517,929	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 985,000	\$ 985,000	\$ 467,071	\$ 517,929	\$ -	\$ -	\$ -	\$ -
\$ (985,000)	\$ (985,000)	\$ (436,361)	\$ 548,639	\$ -	\$ -	\$ 1,010	\$ 1,010
\$ -	\$ -	\$ 128,000	\$ 128,000	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 128,000	\$ 128,000	\$ -	\$ -	\$ -	\$ -
\$ (985,000)	\$ (985,000)	\$ (308,361)	\$ 676,639	\$ -	\$ -	\$ 1,010	\$ 1,010
985,000	985,000	805,806	(179,194)	-	-	20,000	20,000
\$ -	\$ -	\$ 497,445	\$ 497,445	\$ -	\$ -	\$ 21,010	\$ 21,010

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Supporting Schedules

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Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2008

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	\$ 5,833,749	\$ 5,833,749	\$ 5,856,770	\$ 23,021
Real and personal public service corporation taxes	150,000	150,000	265,442	115,442
Personal property taxes	2,520,000	2,920,000	2,981,588	61,588
Mobile home taxes	40,000	40,000	66,111	26,111
Machinery and tools taxes	34,750	34,750	46,143	11,393
Merchants' capital taxes	375,000	375,000	440,993	65,993
Penalties	25,000	25,000	140,795	115,795
Interest	25,000	25,000	71,337	46,337
Total general property taxes	\$ 9,003,499	\$ 9,403,499	\$ 9,869,179	\$ 465,680
Other local taxes:				
Local sales and use taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,890,586	\$ 390,586
Communications tax	300,000	300,000	357,262	57,262
Consumers' utility taxes	250,000	250,000	281,464	31,464
Gross receipts tax	35,000	35,000	62,545	27,545
Motor vehicle licenses	270,000	270,000	201,203	(68,797)
Taxes on recordation and wills	203,000	203,000	201,608	(1,392)
Total other local taxes	\$ 3,558,000	\$ 3,558,000	\$ 3,994,668	\$ 436,668
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 15,913	\$ 5,913
Permits and other licenses	65,600	68,100	84,892	16,792
Total permits, privilege fees, and regulatory licenses	\$ 75,600	\$ 78,100	\$ 100,805	\$ 22,705
Fines and forfeitures:				
Court fines and forfeitures	\$ 88,000	\$ 25,800	\$ 29,824	\$ 4,024
Revenue from use of money and property:				
Revenue from use of money	\$ 100,000	\$ 100,000	\$ 290,000	\$ 190,000
Revenue from use of property	285,000	285,000	258,085	(26,915)
Total revenue from use of money and property	\$ 385,000	\$ 385,000	\$ 548,085	\$ 163,085
Charges for services:				
Court costs	\$ 2,250	\$ 2,250	\$ 2,668	\$ 418
Charges for law library	8,500	8,500	10,616	2,116
Charges for courthouse maintenance	10,000	10,000	10,913	913
Charges for Commonwealth's Attorney	1,000	1,000	910	(90)
Miscellaneous fees	5,000	5,000	7,245	2,245
Charges for cannery	5,000	5,000	4,324	(676)
Charges for other protection	3,000	64,000	60,355	(3,645)
Charges for sanitation and waste removal	525,000	555,300	615,449	60,149
Total charges for services	\$ 559,750	\$ 651,050	\$ 712,480	\$ 61,430

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008 (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	\$ 70,000	\$ 70,000	\$ 142,230	\$ 72,230
Insurance recoveries	-	8,125	16,807	8,682
Miscellaneous	418,859	422,846	42,228	(380,618)
Total miscellaneous revenue	\$ 488,859	\$ 500,971	\$ 201,265	\$ (299,706)
Recovered costs:				
Other recovered costs	\$ 112,000	\$ 112,000	\$ 201,973	\$ 89,973
Circuit court judge	31,000	31,000	35,000	4,000
Total recovered costs	\$ 143,000	\$ 143,000	\$ 236,973	\$ 93,973
Total revenue from local sources	\$ 14,301,708	\$ 14,745,420	\$ 15,693,279	\$ 947,859
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 7,823	\$ 7,823	\$ -	\$ (7,823)
Wine taxes	8,200	8,200	-	(8,200)
Motor vehicle carriers' tax	50,000	50,000	58,649	8,649
Mobile home titling tax	30,000	30,000	58,059	28,059
State recordation tax	33,000	33,000	45,829	12,829
Personal property tax relief funds	1,305,350	1,305,350	1,305,350	-
Total noncategorical aid	\$ 1,434,373	\$ 1,434,373	\$ 1,467,887	\$ 33,514
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 350,000	\$ 350,000	\$ 411,027	\$ 61,027
Sheriff	850,000	997,214	1,038,172	40,958
Commissioner of revenue	89,000	89,000	100,665	11,665
Treasurer	89,000	89,000	118,090	29,090
Medical examiner	100	100	-	(100)
Registrar/electoral board	40,000	40,000	52,015	12,015
Clerk of the Circuit Court	225,000	244,216	273,540	29,324
Total shared expenses	\$ 1,643,100	\$ 1,809,530	\$ 1,993,509	\$ 183,979
Other categorical aid:				
Emergency medical services	\$ -	\$ -	\$ 25,277	\$ 25,277
Welfare administration and assistance	568,059	601,874	737,377	135,503
Environmental grant	50,000	50,000	30,000	(20,000)
Litter control grant	4,000	4,000	7,313	3,313

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Categorical aid: (Continued)				
Sheriff - jails	\$ -	\$ -	\$ 1,455	\$ 1,455
VDOT enhancement grant	-	-	75,000	75,000
Comprehensive services act	800,000	805,000	932,969	127,969
Tobacco commission grant	-	336,773	336,773	-
Victim-witness grant	47,189	47,189	45,793	(1,396)
Fire program funds	-	-	35,179	35,179
Other categorical	529,875	721,795	55,960	(665,835)
Total other categorical aid	\$ 1,999,123	\$ 2,566,631	\$ 2,283,096	\$ (283,535)
Total categorical aid	\$ 3,642,223	\$ 4,376,161	\$ 4,276,605	\$ (99,556)
Total revenue from the Commonwealth	\$ 5,076,596	\$ 5,810,534	\$ 5,744,492	\$ (66,042)
Revenue from the federal government:				
Payments in lieu of taxes	\$ 20,000	\$ 20,000	\$ 35,393	\$ 15,393
Revenue from the Federal Government:				
Categorical aid:				
Welfare administration and assistance	\$ 1,325,470	\$ 1,369,760	\$ 1,208,072	\$ (161,688)
Forfeited assets	-	-	16,964	16,964
Alcohol open container requirement grant	-	15,500	11,799	(3,701)
Emergency management performance grant	-	4,906	14,117	9,211
Edward Byrne memorial justice assistance grant	-	-	1,592	1,592
Occupant protection grant	-	-	498	498
Bulletproof vest partnership program	-	4,740	2,210	(2,530)
Total categorical aid	\$ 1,325,470	\$ 1,394,906	\$ 1,255,252	\$ (139,654)
Total revenue from the federal government	\$ 1,345,470	\$ 1,414,906	\$ 1,290,645	\$ (124,261)
Total General Fund	\$ 20,723,774	\$ 21,970,860	\$ 22,728,416	\$ 757,556
Capital Projects Fund:				
Landfill Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 3,000	\$ 3,000	\$ 88,127	\$ 85,127
Charges for services:				
Tipping fees - non-county users	\$ 275,000	\$ 275,000	\$ 272,557	\$ (2,443)
Total revenue from local sources	\$ 278,000	\$ 278,000	\$ 360,684	\$ 82,684
Total Landfill Construction Fund	\$ 278,000	\$ 278,000	\$ 360,684	\$ 82,684

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 100	\$ 100	\$ 208	\$ 108
Total revenue from local sources	\$ 100	\$ 100	\$ 208	\$ 108
Total Recreation Fund	\$ 100	\$ 100	\$ 208	\$ 108
Debt Service Fund:				
School Debt Service				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,791	\$ 2,791
Total revenue from local sources	\$ -	\$ -	\$ 2,791	\$ 2,791
Total School Debt Service Fund	\$ -	\$ -	\$ 2,791	\$ 2,791
Total Primary Government	\$ 21,001,874	\$ 22,248,960	\$ 23,092,099	\$ 843,139
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 5,000	\$ 5,000	\$ 6,631	\$ 1,631
Charges for services:				
Charges for education	\$ 98,362	\$ 98,362	\$ 295,046	\$ 196,684
Miscellaneous revenue:				
Other miscellaneous	\$ 123,979	\$ 123,979	\$ 19,955	\$ (104,024)
Recovered costs:				
Other recovered costs	\$ 28,000	\$ 28,000	\$ 42,281	\$ 14,281
Total revenue from local sources	\$ 255,341	\$ 255,341	\$ 363,913	\$ 108,572
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 7,895,412	\$ 7,895,412	\$ 7,738,004	\$ (157,408)
Total revenues from local governments	\$ 7,895,412	\$ 7,895,412	\$ 7,738,004	\$ (157,408)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2008 (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: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,102,350	\$ 3,102,350	\$ 2,967,415	\$ (134,935)
Basic school aid	7,987,757	7,987,757	7,771,493	(216,264)
Other state funds	6,708,046	6,708,046	6,700,837	(7,209)
Total categorical aid	\$ 17,798,153	\$ 17,798,153	\$ 17,439,745	\$ (358,408)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 827,816	\$ 827,816	\$ 700,538	\$ (127,278)
Title I, neglected and delinquent children	-	-	14,025	14,025
Title VI-B, special education flow-through	743,787	743,787	679,572	(64,215)
Reading first	249,150	249,150	149,919	(99,231)
Safe and drug free schools	15,839	15,839	15,706	(133)
Title II - part D	195,304	195,304	234,724	39,420
Rural education	-	-	31,300	31,300
Title VI, innovative programs	-	-	2,752	2,752
Title VI-B, pre-school	20,394	20,394	20,392	(2)
Title V-A	6,814	6,814	-	(6,814)
JROTC	44,000	44,000	55,478	11,478
Title II-D, Education technology state grants	-	-	200	200
Vocational education	65,054	65,054	62,403	(2,651)
Gear up	20,240	20,240	20,240	-
Total categorical aid	\$ 2,188,398	\$ 2,188,398	\$ 1,987,249	\$ (201,149)
Total School Operating Fund	\$ 28,137,304	\$ 28,137,304	\$ 27,528,911	\$ (608,393)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 265,000	\$ 265,000	\$ 265,540	\$ 540
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 343	\$ 343
Total revenue from local sources	\$ 265,000	\$ 265,000	\$ 265,883	\$ 883
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 14,467	\$ 14,467	\$ -	\$ (14,467)
Total categorical aid	\$ 14,467	\$ 14,467	\$ -	\$ (14,467)
Total revenue from the Commonwealth	\$ 14,467	\$ 14,467	\$ -	\$ (14,467)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2008 (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: (Continued)				
School Cafeteria Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School nutrition program	\$ 800,000	\$ 800,000	\$ 754,260	\$ (45,740)
Total federal categorical aid	\$ 800,000	\$ 800,000	\$ 754,260	\$ (45,740)
Total School Cafeteria Fund	<u>\$ 1,079,467</u>	<u>\$ 1,079,467</u>	<u>\$ 1,020,143</u>	<u>\$ (59,324)</u>
Underground Storage Tank Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,010	\$ 1,010
Total revenue from local sources	\$ -	\$ -	\$ 1,010	\$ 1,010
Underground Storage Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,010</u>	<u>\$ 1,010</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	\$ -	\$ -	\$ 30,710	\$ 30,710
Total revenue from use of money and property	\$ -	\$ -	\$ 30,710	\$ 30,710
Total revenue from local sources	\$ -	\$ -	\$ 30,710	\$ 30,710
Total School Capital Improvements Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,710</u>	<u>\$ 30,710</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 29,216,771</u>	<u>\$ 29,216,771</u>	<u>\$ 28,580,774</u>	<u>\$ (635,997)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2008

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	\$ 146,800	\$ 146,800	\$ 121,541	\$ 25,259
General and financial administration:				
County administrator	479,312	500,907	468,593	32,314
Legal services	82,485	82,485	41,231	41,254
Commissioner of revenue	298,156	298,156	243,353	54,803
Treasurer	355,073	355,073	336,225	18,848
Independent Auditor	56,000	56,000	30,000	26,000
Assessor	182,000	182,000	179,202	2,798
Other general and financial administration	115,000	115,000	68,029	46,971
Total general and financial administration	\$ 1,568,026	\$ 1,589,621	\$ 1,366,633	\$ 222,988
Board of elections:				
Electoral board and officials	\$ 49,128	\$ 49,128	\$ 48,852	\$ 276
Registrar	90,617	90,617	89,008	1,609
Total board of elections	\$ 139,745	\$ 139,745	\$ 137,860	\$ 1,885
Total general government administration	\$ 1,854,571	\$ 1,876,166	\$ 1,626,034	\$ 250,132
Judicial administration:				
Courts:				
Circuit court	\$ 67,025	\$ 67,025	\$ 56,877	\$ 10,148
General district court	18,950	18,950	17,641	1,309
Office of the magistrates	4,050	4,350	4,065	285
Clerk of the circuit court	527,369	565,743	445,212	120,531
Law library	4,750	4,750	4,625	125
Sheriff - courts	-	47,990	47,667	323
Victim and witness assistance	56,856	56,856	55,623	1,233
Total courts	\$ 679,000	\$ 765,664	\$ 631,710	\$ 133,954
Commonwealth's attorney:				
Commonwealth's attorney	\$ 601,676	\$ 641,638	\$ 547,179	\$ 94,459
Total judicial administration	\$ 1,280,676	\$ 1,407,302	\$ 1,178,889	\$ 228,413
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,777,702	\$ 2,043,775	\$ 1,911,173	\$ 132,602
Emergency operations center	48,250	48,250	35,427	12,823
Total law enforcement and traffic control	\$ 1,825,952	\$ 2,092,025	\$ 1,946,600	\$ 145,425

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2008 (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	\$ 493,200	\$ 623,215	\$ 563,512	\$ 59,703
Ambulance and rescue services	98,500	98,500	98,500	-
Forestry service	7,200	7,200	7,127	73
Total fire and rescue services	<u>\$ 598,900</u>	<u>\$ 728,915</u>	<u>\$ 669,139</u>	<u>\$ 59,776</u>
Correction and detention:				
County operated institutions	\$ 180,000	\$ 180,000	\$ 178,406	\$ 1,594
Inspections:				
Building	\$ 92,234	\$ 93,234	\$ 93,220	\$ 14
Other protection:				
Animal control	\$ 135,760	\$ 136,234	\$ 133,081	\$ 3,153
Medical examiner (coroner)	1,000	1,000	220	780
Total other protection	<u>\$ 136,760</u>	<u>\$ 137,234</u>	<u>\$ 133,301</u>	<u>\$ 3,933</u>
Total public safety	<u>\$ 2,833,846</u>	<u>\$ 3,231,408</u>	<u>\$ 3,020,666</u>	<u>\$ 210,742</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,191,711	\$ 1,222,011	\$ 1,290,172	\$ (68,161)
Litter control	4,000	4,000	2,777	1,223
Biosolids	60,895	60,895	61,610	(715)
Total sanitation and waste removal	<u>\$ 1,256,606</u>	<u>\$ 1,286,906</u>	<u>\$ 1,354,559</u>	<u>\$ (67,653)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 684,585	\$ 687,280	\$ 678,581	\$ 8,699
Total public works	<u>\$ 1,941,191</u>	<u>\$ 1,974,186</u>	<u>\$ 2,033,140</u>	<u>\$ (58,954)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 165,218	\$ 165,218	\$ 155,863	\$ 9,355
Mental health and mental retardation:				
Chapter X board	\$ 62,643	\$ 62,643	\$ 62,643	-
Welfare:				
Welfare administration and assistance	\$ 2,356,614	\$ 2,446,464	\$ 2,458,636	\$ (12,172)
Comprehensive services act	1,101,000	1,306,000	1,305,013	987
Other welfare programs	79,494	79,777	79,777	-
Total welfare	<u>\$ 3,537,108</u>	<u>\$ 3,832,241</u>	<u>\$ 3,843,426</u>	<u>\$ (11,185)</u>
Total health and welfare	<u>\$ 3,764,969</u>	<u>\$ 4,060,102</u>	<u>\$ 4,061,932</u>	<u>\$ (1,830)</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to community college	\$ 11,890	\$ 11,890	\$ 11,890	\$ -
Contribution to County School Board	7,895,412	7,895,412	7,738,004	157,408
Total education	<u>\$ 7,907,302</u>	<u>\$ 7,907,302</u>	<u>\$ 7,749,894</u>	<u>\$ 157,408</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 78,100	\$ 78,100	\$ 78,100	\$ -
Cultural enrichment:				
Museums	\$ 37,500	\$ 37,500	\$ -	\$ 37,500
Contribution to regional library	\$ 152,059	\$ 152,059	\$ 152,059	\$ -
Total parks, recreation, and cultural	<u>\$ 267,659</u>	<u>\$ 267,659</u>	<u>\$ 230,159</u>	<u>\$ 37,500</u>
Community development:				
Planning and community development:				
Planning	\$ 196,214	\$ 196,214	\$ 191,855	\$ 4,359
Community development	44,250	44,250	44,250	-
Contribution to Industrial Development Auth.	50,000	50,000	50,000	-
Economic development	173,796	173,796	161,621	12,175
Other economic development	33,749	495,522	461,773	33,749
Total planning and community development	<u>\$ 498,009</u>	<u>\$ 959,782</u>	<u>\$ 909,499</u>	<u>\$ 50,283</u>
Environmental management:				
Soil and water conservation	\$ 11,465	\$ 11,465	\$ 11,465	\$ -
Cooperative extension program:				
Cooperative extension program	\$ 65,934	\$ 65,934	\$ 63,800	\$ 2,134
Cannery	44,290	44,290	34,061	10,229
Total cooperative extension program	<u>\$ 110,224</u>	<u>\$ 110,224</u>	<u>\$ 97,861</u>	<u>\$ 12,363</u>
Total community development	<u>\$ 619,698</u>	<u>\$ 1,081,471</u>	<u>\$ 1,018,825</u>	<u>\$ 62,646</u>
Nondepartmental:				
Other nondepartmental	\$ -	\$ -	\$ 1,517	(1,517)
Total nondepartmental	<u>-</u>	<u>-</u>	<u>1,517</u>	<u>(1,517)</u>
Capital projects:				
Landfill construction	\$ 25,000	\$ 25,000	\$ 27,322	\$ (2,322)
Sandy River reservoir project	291,000	646,500	321,981	324,519
Farmville - Prince Edward library	50,000	248,000	111,892	136,108
Morton Museum	-	191,920	99,605	92,315
Other capital projects	958,118	958,118	204,775	753,343
Total capital projects	<u>\$ 1,324,118</u>	<u>\$ 2,069,538</u>	<u>\$ 765,575</u>	<u>\$ 1,303,963</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2008 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 431,078	\$ 431,078	\$ 431,078	\$ -
Interest and other fiscal charges	324,185	324,185	274,186	49,999
Total debt service	\$ 755,263	\$ 755,263	\$ 705,264	\$ 49,999
Total General Fund	\$ 22,549,293	\$ 24,630,397	\$ 22,391,895	\$ 2,238,502
Capital Projects Fund:				
Landfill Construction Fund				
Capital projects expenditures:				
Landfill construction	\$ 200,000	\$ 909,255	\$ 909,489	\$ (234)
Total Landfill Construction Fund	\$ 200,000	\$ 909,255	\$ 909,489	\$ (234)
Total Capital Projects Fund	200,000	909,255	909,489	(234)
Total Primary Government	\$ 22,749,293	\$ 25,539,652	\$ 23,301,384	\$ 2,238,268
Discretely Presented Component Unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Instruction	\$ 21,467,363	\$ 21,467,363	\$ 20,924,393	\$ 542,970
Administration, attendance, and health	1,673,963	1,673,963	1,650,184	23,779
Pupil transportation services	1,836,704	1,836,704	1,784,402	52,302
Operation and maintenance services	1,974,736	1,974,736	1,970,188	4,548
School food program	9,050	9,050	7,876	1,174
Facilities	177,391	177,391	176,850	541
Total education	\$ 27,139,207	\$ 27,139,207	\$ 26,513,893	\$ 625,314
Debt service:				
Principal retirement	\$ 736,533	\$ 736,533	\$ 625,454	\$ 111,079
Interest and other fiscal charges	261,564	261,564	261,564	-
Total School Fund	\$ 28,137,304	\$ 28,137,304	\$ 27,400,911	\$ 736,393
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,079,467	1,079,467	\$ 1,098,663	\$ (19,196)
Total Cafeteria Fund	\$ 1,079,467	\$ 1,079,467	\$ 1,098,663	\$ (19,196)
School Capital Projects Fund:				
Capital projects expenditures:				
Capital projects expenditures	\$ 985,000	\$ 985,000	\$ 467,071	\$ 517,929
Total School Capital Projects Fund	\$ 985,000	\$ 985,000	\$ 467,071	\$ 517,929
Total Discretely Presented Component Unit - School Board	\$ 30,201,771	\$ 30,201,771	\$ 28,966,645	\$ 1,235,126

Other Statistical Information

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 1,065,286	\$ 1,304,995	\$ 1,993,396	\$ 1,975,166	\$ 2,339,985	\$ 2,912,203
Restricted	328,102	383,489	78,102	-	-	-
Unrestricted	<u>8,133,619</u>	<u>6,463,558</u>	<u>5,262,386</u>	<u>3,658,083</u>	<u>6,428,310</u>	<u>3,215,901</u>
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>	<u>\$ 8,768,295</u>	<u>\$ 6,128,104</u>
Primary government						
Invested in capital assets, net of related debt	\$ 1,065,286	\$ 1,304,995	\$ 1,993,396	\$ 1,975,166	\$ 2,339,985	\$ 2,912,203
Restricted	328,102	383,489	78,102	-	-	-
Unrestricted	<u>8,133,619</u>	<u>6,463,558</u>	<u>5,262,386</u>	<u>3,658,083</u>	<u>6,428,310</u>	<u>3,215,901</u>
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>	<u>\$ 8,768,295</u>	<u>\$ 6,128,104</u>

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

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

	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government administration	\$ 1,479,482	\$ 1,359,503	\$ 1,542,517	\$ 1,553,538	\$ 1,613,434	\$ 1,888,328
Judicial administration	1,087,424	1,083,127	1,239,534	1,337,676	1,060,878	1,247,739
Public safety	2,011,592	2,242,895	2,449,038	2,714,749	2,886,070	2,920,779
Public works	1,998,378	2,858,160	2,203,917	2,555,224	2,745,353	4,498,020
Health and welfare	2,408,468	2,889,853	3,343,298	3,331,152	3,699,915	4,009,487
Education	5,729,449	6,076,565	5,920,107	7,571,463	5,517,861	7,558,263
Parks, recreation and cultural	166,063	252,780	189,991	237,633	253,326	1,842,051
Community development	337,413	603,178	458,214	1,237,317	556,620	1,201,635
Interest on long-term debt	702,790	710,252	575,931	556,628	559,142	521,152
Total governmental activities expenses	\$ 15,921,059	\$ 18,076,313	\$ 17,922,547	\$ 21,095,380	\$ 18,892,599	\$ 25,687,454
Total primary government expenses	\$ 15,921,059	\$ 18,076,313	\$ 17,922,547	\$ 21,095,380	\$ 18,892,599	\$ 25,687,454
Program Revenues						
Governmental activities:						
Charges for services:						
General government administration	\$ 50,306	\$ 56,590	\$ 51,368	\$ 93,202	\$ 92,490	\$ 100
Judicial administration	102,336	131,772	117,534	92,089	80,026	62,306
Public safety	4,864	8,515	6,165	2,472	99,282	207,114
Public works	782,863	774,880	583,083	722,738	740,406	888,006
Community development	3,015	5,340	6,624	4,680	5,319	12,044
Operating grants and contributions	3,787,838	4,055,742	4,808,345	4,683,367	4,885,349	5,567,251
Capital grants and contributions	283,683	-	-	-	-	180,000
Total governmental activities program revenues	\$ 5,014,905	\$ 5,032,839	\$ 5,573,119	\$ 5,598,548	\$ 5,902,872	\$ 6,916,821
Total primary government program revenues	\$ 5,014,905	\$ 5,032,839	\$ 5,573,119	\$ 5,598,548	\$ 5,902,872	\$ 6,916,821
Net (expense) / revenue						
Governmental activities						
Total primary government net expense	\$ (10,906,154)	\$ (13,043,474)	\$ (12,349,428)	\$ (15,496,832)	\$ (12,989,727)	\$ (18,770,633)
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	\$ 8,988,258	\$ 9,898,122
Local sales and use taxes	2,019,229	2,217,895	2,258,289	2,402,247	2,555,696	2,890,586
Taxes on recordation and wills	92,022	106,792	162,805	207,670	276,472	201,608
Motor vehicle licenses taxes	211,787	224,999	231,477	232,757	223,727	201,203
Consumer utility taxes	463,849	477,800	474,912	476,527	438,853	344,009
Other local taxes	130,972	99,681	80,675	86,162	190,653	357,262
Unrestricted grants and contributions	1,600,560	1,607,274	1,391,668	1,655,009	3,086,888	1,467,887
Unrestricted revenues from use of money and property	454,866	422,119	427,756	493,043	593,476	639,211
Miscellaneous	176,139	84,915	167,979	45,126	116,470	130,554
Gain (loss) on disposal of capital assets	129,547	-	-	-	-	-
Total governmental activities	\$ 11,459,513	\$ 11,668,509	\$ 11,531,270	\$ 13,796,196	\$ 16,470,493	\$ 16,130,442
Total primary government	\$ 11,459,513	\$ 11,668,509	\$ 11,531,270	\$ 13,796,196	\$ 16,470,493	\$ 16,130,442
Change in Net Assets						
Governmental activities						
Total primary government	\$ 553,359	\$ (1,374,965)	\$ (818,158)	\$ (1,700,636)	\$ 3,480,766	\$ (2,640,191)

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 Five Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2008	\$ 9,898,122	\$ 2,890,586	\$ 344,009	\$ 201,203	\$ 201,608	\$ 13,535,528
2007	8,988,258	2,555,696	438,853	223,727	276,472	12,483,006
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)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General fund					
Reserved	\$ 175,000	\$ 100,000	\$ -	\$ 78,096	\$ 328,102
Unreserved	<u>7,445,238</u>	<u>7,124,015</u>	<u>7,308,688</u>	<u>7,317,871</u>	<u>7,293,997</u>
Total general fund	<u>\$ 7,620,238</u>	<u>\$ 7,224,015</u>	<u>\$ 7,308,688</u>	<u>\$ 7,395,967</u>	<u>\$ 7,622,099</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Capital projects funds	<u>202,374</u>	<u>230,124</u>	<u>755,996</u>	<u>1,190,891</u>	<u>1,622,573</u>
Total all other governmental funds	<u>\$ 202,374</u>	<u>\$ 230,124</u>	<u>\$ 755,996</u>	<u>\$ 1,190,891</u>	<u>\$ 1,622,573</u>

Table 4

2004	2005	2006	2007	2008
\$ 383,489	\$ 78,102	\$ -	\$ 8,074	\$ 11,486
<u>5,509,187</u>	<u>5,119,772</u>	<u>6,009,170</u>	<u>8,765,971</u>	<u>8,788,927</u>
<u>\$ 5,892,676</u>	<u>\$ 5,197,874</u>	<u>\$ 6,009,170</u>	<u>\$ 8,774,045</u>	<u>\$ 8,800,413</u>
\$ -	\$ -	\$ -	\$ 61,153	\$ 174,097
<u>1,649,621</u>	<u>806,100</u>	<u>129,375</u>	<u>425,644</u>	<u>77,047</u>
<u>\$ 1,649,621</u>	<u>\$ 806,100</u>	<u>\$ 129,375</u>	<u>\$ 486,797</u>	<u>\$ 251,144</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	1999	2000	2001	2002
Revenues				
General property taxes	\$ 6,331,247	\$ 6,181,484	\$ 6,225,800	\$ 6,079,463
Other local taxes	2,567,900	2,725,219	2,808,137	2,808,410
Permits, privilege fees and regulatory licenses	48,118	36,715	48,966	63,239
Fines and forfeitures	3,144	2,839	2,107	15,312
Revenue from use of money and property	553,916	728,023	764,259	598,207
Charges for services	673,301	742,648	810,167	807,846
Miscellaneous	49,939	36,433	67,092	34,931
Recovered costs	24,825	26,325	28,225	28,050
Intergovernmental:				
Commonwealth	2,478,490	3,318,253	4,218,447	4,344,252
Federal	1,314,327	1,712,830	1,612,154	1,019,173
Total revenues	\$ 14,045,207	\$ 15,510,769	\$ 16,585,354	\$ 15,798,883
Expenditures				
General government administration	\$ 766,125	\$ 868,925	\$ 920,519	\$ 1,078,789
Judicial administration	861,801	912,225	1,049,819	1,046,627
Public safety	1,397,166	1,564,451	1,863,432	2,271,557
Public works	781,697	1,102,156	1,235,853	1,230,497
Health and welfare	1,684,790	2,156,344	2,371,188	2,250,466
Education	4,516	4,682	4,961	5,215
Parks, recreation and cultural	131,208	110,714	122,040	157,526
Community development	303,180	304,915	356,377	321,141
Capital projects	6,098,005	3,170,906	1,616,236	368,481
Nondepartmental	-	-	-	-
Debt service				
Principal	1,273,616	188,218	316,773	527,039
Interest and other fiscal charges	507,557	224,328	504,319	351,881
Total expenditures	\$ 13,809,661	\$ 10,607,864	\$ 10,361,517	\$ 9,609,219
Excess of revenues over (under) expenditures	\$ 235,546	\$ 4,902,905	\$ 6,223,837	\$ 6,189,664
Other financing sources (uses)				
Transfers in	\$ 1,113,059	\$ 1,022,629	\$ 590,148	\$ 14,000
Transfers out	(5,879,366)	(6,294,007)	(6,284,859)	(5,985,525)
Total other financing sources (uses)	\$ (1,918,307)	\$ (5,271,378)	\$ (5,613,292)	\$ (5,667,490)
Net change in fund balances	\$ (1,682,761)	\$ (368,473)	\$ 610,545	\$ 522,174
Debt service as a percentage of noncapital expenditures	23.10%	5.55%	9.39%	9.51%

Note: Does not include discretely presented component unit.

Table 5

	2003	2004	2005	2006	2007	2008
\$	6,054,082	\$ 6,330,673	\$ 6,386,661	\$ 8,201,124	\$ 8,781,315	\$ 9,869,179
	2,917,859	3,127,167	3,208,158	3,405,363	3,672,974	3,994,668
	50,306	56,590	51,368	93,202	107,344	100,805
	79,411	107,077	85,142	59,473	46,112	29,824
	454,866	422,119	427,756	493,044	593,477	639,211
	813,667	813,430	628,264	762,506	818,345	985,037
	176,139	84,915	167,979	45,126	1,674,879	201,265
	900	46,437	44,837	60,363	51,218	236,973
	4,720,867	4,403,526	5,043,573	5,171,085	5,079,154	5,744,492
	951,214	1,259,490	1,156,441	1,190,522	1,392,823	1,290,645
\$	<u>16,219,311</u>	<u>\$ 16,651,424</u>	<u>\$ 17,200,179</u>	<u>\$ 19,481,808</u>	<u>\$ 22,217,641</u>	<u>\$ 23,092,099</u>
\$	1,110,602	\$ 1,136,088	\$ 1,243,224	\$ 1,238,135	\$ 1,416,441	\$ 1,626,034
	1,084,838	1,091,812	1,266,333	1,404,563	1,084,329	1,178,889
	2,056,274	2,252,676	2,343,621	2,651,956	2,815,986	3,020,666
	1,318,370	1,958,893	1,582,784	1,688,418	1,723,931	2,033,140
	2,386,741	2,872,126	3,356,131	3,377,252	3,714,420	4,061,932
	6,157,120	6,433,828	6,270,528	6,600,608	6,669,651	7,749,894
	166,063	252,780	189,991	237,633	243,368	230,159
	339,302	600,203	455,360	449,727	501,123	1,018,825
	296,641	893,222	1,381,092	1,062,351	324,432	1,675,064
	-	-	-	-	-	1,517
	531,491	540,477	339,822	330,766	323,958	431,078
	339,055	321,694	309,616	305,828	277,705	274,186
\$	<u>15,786,497</u>	<u>\$ 18,353,799</u>	<u>\$ 18,738,502</u>	<u>\$ 19,347,237</u>	<u>\$ 19,095,344</u>	<u>\$ 23,301,384</u>
\$	<u>432,814</u>	<u>\$ (1,702,375)</u>	<u>\$ (1,538,323)</u>	<u>\$ 134,571</u>	<u>\$ 3,122,297</u>	<u>\$ (209,285)</u>
\$	13,625	\$ 13,250	\$ 11,163	\$ -	\$ 60,425	\$ 310,153
	(13,625)	(13,250)	(11,163)	-	(60,425)	(310,153)
\$	<u>225,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>657,814</u>	<u>\$ (1,702,375)</u>	<u>\$ (1,538,323)</u>	<u>\$ 134,571</u>	<u>\$ 3,122,297</u>	<u>\$ (209,285)</u>
	5.62%	4.94%	3.74%	3.48%	3.21%	3.17%

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

Fiscal Year	Property Tax	Local sales and use Tax	Communication Taxes (1)	Consumer Utility Tax (1)	Motor Vehicle License Tax	Recordation and Wills Tax	E911 Tax (1)	Total
2008	\$ 9,869,179	\$ 2,890,586	\$ 357,262	281,464	\$ 201,203	\$ 201,608	-	\$ 13,801,302
2007	8,781,315	2,555,696	153,199	382,290	223,727	276,472	19,542	12,392,241
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

(1) Commencing in 2007 all consumer utility taxes including E-911 taxes, as they relates to communication companies were remitted to the Commonwealth. They County receives a payment from the Commnowealth representing the respective share of the communcation taxes.

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
2008	\$ 1,068,933,045	\$ 94,814,825	\$ 12,224,444	\$ 1,058,750
2007	1,024,107,050	93,758,150	11,698,180	1,714,300
2006	997,370,300	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

(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

	<u>Merchants' Capital</u>	<u>Public Service (2)</u>	<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$	64,869,815	\$ 46,056,568	\$ 1,287,957,447	\$ 1,287,957,447	100.00%
	62,842,849	47,870,560	1,241,991,089	1,241,991,089	100.00%
	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%

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
2008	\$ 0.57	\$ 4.50	\$ 0.57	\$ 4.20	\$ 0.70
2007	0.50	4.20	0.50	4.20	0.70
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

(1) Per \$100 of assessed value

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2008	\$ 11,278,872	\$ 10,651,203	94.44%	\$ 277,008	\$ 10,928,211	96.89%	730,041	6.47%
2007	9,946,229	9,704,342	97.57%	215,446	9,919,788	99.73%	669,701	6.73%
2006	9,565,060	9,100,303	95.14%	316,083	9,416,386	98.45%	572,612	5.99%
2005	7,479,811	7,186,612	96.08%	271,698	7,458,310	99.71%	317,312	4.24%
2004	7,543,391	7,205,591	95.52%	238,777	7,444,368	98.69%	388,357	5.15%
2003	7,329,472	6,954,555	94.88%	355,504	7,310,059	99.74%	370,848	5.06%
2002	7,174,125	6,774,216	94.43%	303,613	7,077,829	98.66%	449,036	6.26%
2001	6,883,157	6,444,453	93.63%	342,510	6,786,963	98.60%	514,308	7.47%
2000	6,601,752	6,217,665	94.18%	244,690	6,462,355	97.89%	545,294	8.26%
1999	6,399,799	6,029,180	94.21%	181,643	6,210,823	97.05%	522,918	8.17%

(1) Exclusive of penalties and interest.

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

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

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Fiscal Year 2008		Fiscal Year 1999	
	2007 Assessed Valuation	% of Total Assessed Valuation	1998 Assessed Valuation	% of Total Assessed Valuation
Southside Community Nursing Home	\$ 12,837,800	1.00%	\$ 5,223,300	N/A
Longwood Village Shopping Center	6,832,300	0.55%	5,168,200	N/A
Davis, Clyde	5,059,000	0.42%	3,417,800	N/A
Farmville Partners LLC	4,778,400	0.41%	3,363,700	N/A
Southgate Associates II	4,733,200	0.41%	4,108,600	N/A
Southside Holding	3,118,900	0.36%	1,299,800	N/A
Wright, Shelton	2,242,400	0.27%	456,800	N/A
Garnett, James	1,859,600	0.23%	1,352,500	N/A
Statewide Realty Co.	1,063,500	0.14%	274,000	N/A
Landon G. Atkins LLC	734,400	0.10%	3,210,300	N/A
	<u>\$ 43,259,500</u>	<u>3.88%</u>	<u>\$ 27,875,000</u>	<u>N/A</u>

Source: Commissioner of Revenue

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			
2008	\$ 7,890,333	\$ 52,500	\$ 5,296,677	\$ -	\$ 13,239,510	3.49%	623
2007	8,654,633	105,000	4,036,409	-	12,796,042	3.37%	614
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	3.01%	581
2004	9,852,024	262,500	1,850,708	30,819	11,996,051	3.48%	615
2003	10,614,315	315,000	1,933,824	47,265	12,910,404	3.82%	659
2002	11,390,182	458,300	2,010,352	62,916	13,921,750	4.14%	706
2001	12,171,702	601,600	2,093,547	77,810	14,944,659	4.66%	747
2000	12,975,808	744,900	2,166,349	-	15,887,057	5.19%	786
1999	13,664,555	888,200	2,218,000	24,067	16,794,822	5.72%	844

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

(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)
2008	\$ 10,059,690	\$ 174,097	\$ 9,885,593	0.77%	627
2007	10,876,490	69,227	10,807,263	0.87%	627
2006	11,982,275	-	11,982,275	0.96%	587
2005	11,080,017	-	11,080,017	0.95%	580
2004	11,965,235	-	11,965,235	1.03%	614
2003	13,540,048	-	13,540,048	1.58%	691
2002	14,768,495	-	14,768,495	1.75%	749
2001	15,394,882	-	15,394,882	1.90%	770
2000	16,440,224	-	16,440,224	2.10%	814
1999	17,325,829	-	17,325,829	2.27%	871

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11

(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.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Median Age	School Enrollment	Unemployment Rate
2008	21,254	\$ 379,316,000	\$ 18,557	31.9	2,666	6.20%
2007	20,846	379,316,000	18,557	31.9	2,577	5.20%
2006	19,100	368,157,000	17,971	31.5	2,621	5.20%
2005	19,500	344,234,000	17,653	31.5	2,617	3.90%
2004	19,600	338,059,000	17,248	31.5	2,624	3.40%
2003	19,720	336,641,000	17,071	31.9	2,616	4.00%
2002	20,000	320,610,000	16,031	31.9	2,649	5.80%
2001	20,200	306,255,000	15,161	31.9	2,669	5.90%
2000	19,900	293,412,000	14,744	31.9	2,720	5.40%
1999	20,200	279,004,000	13,812	31.9	2,617	5.50%

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

(1) Information is not updated annually

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Function	1998	1999	2000	2001	2002
General government	16.0	16.0	17.0	18.0	18.0
Judicial administration	17.0	17.0	18.0	19.0	19.0
Public safety					
Sheriffs department	18.0	21.0	22.0	24.0	22.0
Animal control	1.0	1.0	1.0	1.0	1.0
Building official	-	-	-	-	-
Public works					
General maintenance	6.0	7.0	6.0	7.0	7.0
Refuse Collection & Disposal	1.0	1.0	1.0	2.0	2.0
Biosolids	-	-	-	-	-
Health and welfare					
Department of social services	22.0	28.0	31.0	29.0	30.0
Culture and recreation					
Parks and recreation	1.0	-	-	-	-
Community development	1.0	1.0	1.0	1.0	1.0
Planning	1.0	1.0	1.0	1.0	1.0
Economic Development	-	-	-	-	-
Cannery	-	-	-	-	-
Extension	1.0	1.0	1.0	1.0	1.0
Totals	85.0	94.0	99.0	103.0	102.0

Source: Individual County departments

Table 14

2003	2004	2005	2006	2007	2008
18.0	18.0	18.0	19.0	17.0	17.0
18.0	19.0	21.0	23.0	25.0	25.0
25.0	25.0	25.0	26.0	30.5	30.5
1.0	2.0	2.0	2.0	2.0	2.0
-	-	-	-	2.0	2.0
7.0	7.0	7.0	7.0	7.5	7.5
2.0	2.0	2.0	2.0	15.5	15.5
-	-	-	-	1.0	1.0
32.0	31.0	30.0	31.0	31.0	31.0
-	-	-	-	-	-
-	1.0	1.0	1.0	-	-
1.0	1.0	1.0	1.0	2.0	2.0
-	1.0	1.0	1.0	1.5	2.0
-	1.5	1.5	1.5	1.5	1.5
1.0	-	-	-	1.0	1.0
<u>105.0</u>	<u>108.5</u>	<u>109.5</u>	<u>114.5</u>	<u>137.5</u>	<u>138.0</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	1998	1999	2000	2001	2002
Public safety					
Sheriffs department:					
Physical arrests	-	-	-	-	-
Civil papers	-	-	-	-	-
Building inspections:					
Permits issued	392	422	416	352	386
Public works					
Landfill:					
Refuse collected (tons/day)	60	61	74	80	78
Recycling (tons/day)	5	5	6	5	5
Health and welfare					
Department of Social Services:					
Caseload	-	-	-	-	-
Community development					
Planning:					
Zoning permits issued	-	-	-	-	-
Component Unit - School Board					
Education:					
Number of teachers	212	206	206	213	216
Local expenditures per pupil	-	-	-	-	-

Source: Individual County departments

(1) Information has been reported where available.

Table 15

2003	2004	2005	2006	2007	2008
-	628	825	1,167	1,127.0	1,629.0
-	13,894	9,982	9,660	9,700.0	7,718.0
301	360	322	430	416.0	558.0
81	90	70	77	91.0	89.0
4	9	10	12	11.0	9.0
3,835	4,735	5,194	5,114	5,298.0	7,065.0
-	-	266	246	242.0	194.0
212	211	232	238	229.5	235.7
-	-	-	2,506	2,623.0	2,840.0

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Compliance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH **GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the Board of Supervisors
County of Prince Edward, Virginia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, 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, 2008, which collectively comprise the County of Prince Edward, Virginia's basic financial statements and have issued our report thereon, dated December 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Prince 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 Board of Supervisors, management, others within the entity and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 12, 2008

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 Honorable Members of 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, 2008. 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, 2008.

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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Internal Control Over Compliance (Continued)

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 12, 2008

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

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	\$ 38,303
Temporary assist to needy families (TANF)	93.558	179,264
Refugee and entrant assistance - discretionary grants	93.566	939
Low income home energy assistance	93.568	5,587
Child care and development block grant	93.575	71,898
Chafee education and training program	93.599	1,067
Child care mandatory and matching funds of the child care development fund	93.596	79,837
Child welfare services - state grants	93.645	1,155
Foster care - Title IV-E	93.658	131,915
Adoption assistance	93.659	26,868
Social services block grant	93.667	190,383
Independent living	93.674	1,323
State children's insurance program	93.767	11,335
Medical assistance program (Title XIX)	93.778	195,555
Total Dept. Health & Human Services-pass through		<u>\$ 935,429</u>
Total Department Health and Human Services		<u>\$ 935,429</u>
Department of Homeland Security		
Pass Through Payments:		
Emergency management preparedness grant	97.042	\$ <u>14,117</u>
Total Department of Homeland Security - pass-through payments		<u>\$ 14,117</u>
Total Department of Homeland Security		<u>\$ 14,117</u>
Pass Through Payments:		
Department of Agriculture:		
Food distribution	10.555	\$ <u>89,631</u>
Department of Education:		
National school breakfast program	10.553	\$ 132,442
National school lunch program	10.555	532,186
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	<u>272,644</u>
Total Department of Agriculture - pass-through payments		<u>\$ 1,026,903</u>
Total Department of Agriculture		<u>\$ 1,026,903</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2008

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of the Interior:		
Direct payments:		
Bureau of Land Management:		
Payments inLieu of Taxes	12.112	\$ <u>35,393</u>
Total Department of Housing and Urban Development		<u>35,393</u>
Department of Justice:		
Direct payments:		
Bulletproof vest partnership grant	16.007	<u>2,210</u>
Pass Through Payments:		
Department of Criminal Justice Service:		
Juvenile justice assistance	16.738	\$ 1,592
Forfeited assets	16.000	<u>16,964</u>
Total Department of Justice - pass-through		<u>\$ 18,556</u>
Total Department of Justice		<u>\$ 20,766</u>
Department of Transportation:		
Pass through payments:		
Alcohol open container requirements	20.607	\$ 11,799
Occupant protection	20.602	<u>\$ 497</u>
Total Department of Transportation - pass-through		<u>\$ 12,296</u>
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	\$ 700,538
Title VI-B: Handicapped state grants	84.027	679,573
Vocational Education: Basic grants to states	84.048	62,403
Title VI-B: Handicapped preschool incentive grant	84.173	20,392
Drug free schools and communities	84.186	15,706
Literacy challenge grant	84.318	200
Title I: Neglected and delinquent children	84.013	14,025
Title VI: Improving school programs state block grant	84.298	2,752
Reading first	84.357	149,919
Title VI: Rural and low income schools	84.358	31,300
Title II-A	84.367	234,724
Gear-up	84.000	20,240
JROTC	84.000	<u>55,478</u>
Total Department of Education		<u>\$ 1,987,250</u>
Total Federal Assistance		<u>\$ 4,032,154</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

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 \$ 1,290,645

Total primary government \$ 1,290,645

Component Unit Public Schools:

School Operating Fund \$ 1,987,249

School Cafeteria Fund 754,260

Total component unit public schools \$ 2,741,509

Total federal expenditures per basic financial statements \$ 4,032,154

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 4,032,154

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

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
Significant deficiencies 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
Significant deficiencies identified not considered to be material weaknesses?	None reported

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

CFDA #	Name of Federal Program or Cluster
84.027	Title VI-B: Handicapped state grants
84.173	Title VI-B: Handicapped preschool incentive grant
10.561	State admin matching grants from food stamps
93.778	Medical assistance program

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

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Federal Award Findings and Questioned Costs

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