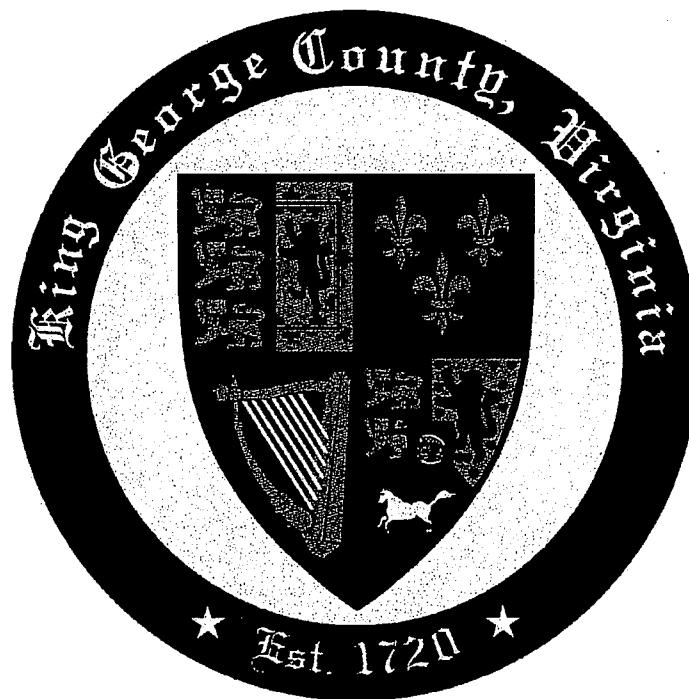


# County of King George, Virginia

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Comprehensive Annual Financial Report  
2004-2005



For the fiscal year ended  
June 30, 2005

**COUNTY OF KING GEORGE, VIRGINIA**

**Comprehensive Annual  
Financial Report**

**Year Ended June 30, 2005**

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**PREPARED BY:**

William Skinker, Finance Director



## COUNTY OF KING GEORGE, VIRGINIA

### Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2005

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**COUNTY OF KING GEORGE, VIRGINIA**

Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2005

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Comprehensive Annual Financial Report  
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**CEDELL BROOKS, JR.**  
Shiloh Election District

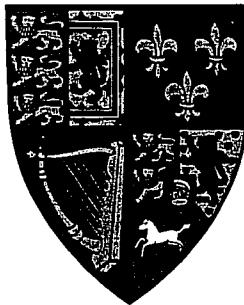
**JOSEPH W. GRZEIKA**  
James Madison Election District

**JAMES B. HOWARD**  
James Monroe Election District

**DALE W. SISSON, JR.**  
At-Large Election District

**C. STEPHEN WOLFE II**  
Dahlgren Election District

# King George County, Virginia



**COUNTY ADMINISTRATOR**  
**R. BRYAN DAVID**

10459 Courthouse Drive, Suite 200  
King George, Va. 22485  
Telephone: (540) 775-9181  
Fax: (540) 775-5248  
[www.king-george.va.us](http://www.king-george.va.us)

December 14, 2005

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

We are pleased to present the Comprehensive Annual Financial Report of the County of King George, Virginia, (the "County"), for the fiscal year ended June 30, 2005. This report was prepared by the County's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a reasonable understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

**Budgetary Controls.** In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general and capital projects funds are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations. The audit for the fiscal year ended June 30, 2005 has been completed and no material internal control weaknesses or material violations of laws and regulations have been identified.

The County adopts an annual budget by July 1 as required by 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds. When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

## **THE REPORTING ENTITY AND ITS SERVICES**

The County of King George report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, social services, recreation and cultural activities and community development. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified a component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the King George County Service Authority is presented as a blended component unit and the School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

## **LOCAL ECONOMY**

King George County's population grew 24.2 percent during the past decade and totaled 16,803 as of the 2000 census. The County is located in the Northern Neck of Virginia, approximately 50 miles northeast of Richmond, Virginia. The county encompasses a land area of 183 square miles, with a primary and secondary highway system totaling approximately 248 miles. King George has a diversified economy with strong military, services, manufacturing, retail trade and agricultural sectors. The major employer is the Dahlgren Naval Surface Warfare Center (NAVSWC), which provides employment for 5,000 civilian and military personnel and an additional 4,000 contract employees. During the latest BRAC (Base Realignment Committee) recommendation, the Dahlgren Site had a net gain of ten (10%) percent in personnel. The Dahlgren site is home to the Naval Network and Space Operations Command, the Joint Warfare Analysis Center, and the AEGIS Training and Readiness Center. NAVSWC has been instrumental in attracting a variety high technology software engineering firms to the County. Major services industries include high technology computer programming, retail, food service, education, and government. Agriculture remains important in County's economy. As of 1997, the County contained 139 farms with an average of 246 acres.

## MAJOR INITIATIVES / PROSPECTS FOR THE FUTURE

**New High School:** During the year the County issued a \$32,515,000 IDA Lease Revenue Bond and \$7,500,000 in capital lease obligations to assist in funding construction of a new High School.

**Industrial Park:** The County is in the process of establishing an Industrial Park and has purchased 124 acres of land approximately 6 miles north of the County Complex on Route 3. American Glass Industries, Inc. has purchased 10 acres in the Industrial Park with an option on an additional 10 acres. They have completed their \$4.5 million facility. They have two shifts and looking for a third to start anytime. The firm will employ approximately sixty individuals in this initial stage. The Virginia Department of Transportation has constructed an access road through the park at no cost to the County taxpayers. The construction of the water and sewer lines to and through the Park has been completed.

In FY06, the IDA has received the payment or note on sixteen (16) lots and an option on the remaining one (1) lot. The IDA has received as a donation 4.5+ acres with rail improvement. This is valued at \$726,000 at no cost to the County citizens.

The IDA has received a request for twenty-five (25) acres adjacent to the Park. The IDA is in the process of acquiring these acres.

## RISK MANAGEMENT

The County of King George has a risk management program which is committed to the logical, systematic and continuous identification of loss exposures for and to the County, its employees, its citizens and taxpayers, through the evaluation of risk in terms of severity and frequency probability and the application of sound loss control procedures. As a part of this commitment, the county has obtained third party coverage for all liability risk.

## OTHER INFORMATION

**Management's Discussion and Analysis:** Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County of King George's MD&A can be found immediately following the report of the independent auditors.

**Independent Audit:** The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations. Information related to this single audit, including the findings and recommendations, and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements have been complied with and the auditor's opinion is included in this report.

**Awards:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting Program to the County of King George, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

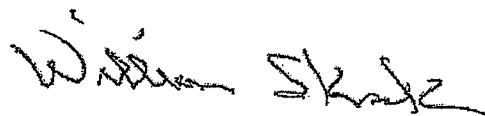
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

**Acknowledgments:** The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire Department of Finance, Treasurer's Office and the office of the Commissioner of the Revenue. We would like to express our appreciation to all the members of the staff who assisted and contributed to its preparation. We would also like to thank the Board of Supervisors for their continued interest and support in planning and conducting the financial operation of the County in a responsible, timely and progressive manner.

Respectfully submitted,



*R. Bryan David*  
County Administrator



*William Skinker*  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of King George,  
Virginia

For its Comprehensive Annual  
Financial Report

for the Fiscal Year Ended

June 30, 2004

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



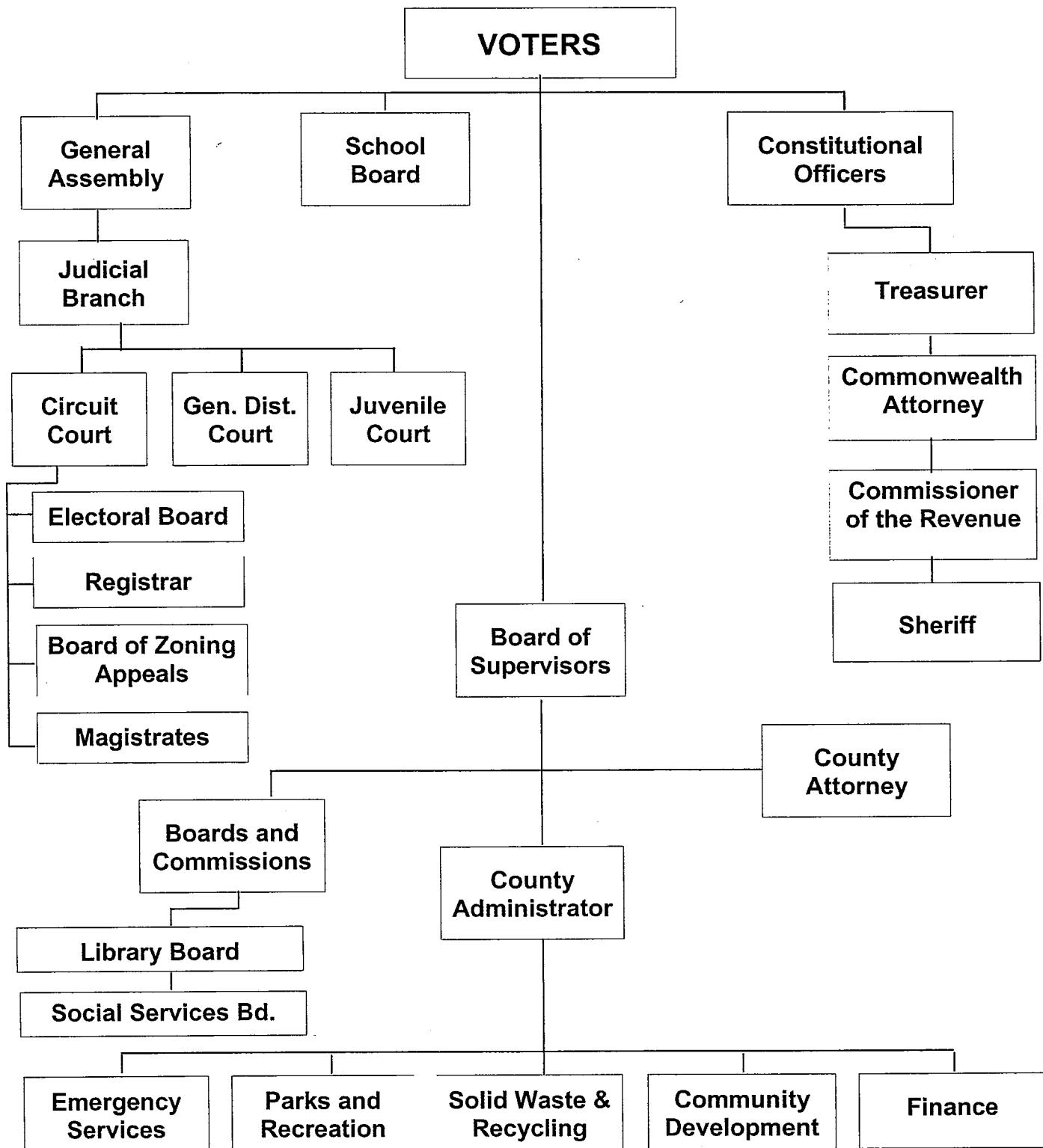
President

Executive Director

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## County of King George, Virginia Organizational Chart



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## COUNTY OF KING GEORGE, VIRGINIA

June 30, 2005

### Board of Supervisors

James B. Howard, Chairman  
C. Stephen Wolfe, II, Vice-Chairman  
Dale W. Sisson, Jr.  
Cedell Brooks, Jr.  
Joseph W. Grzeika

### County School Board

Rose Marie Ball, Chairman  
David Thompson, Vice-Chairman  
Dennis Paulsen  
John C. Davis, Sr.  
Sherrie Allwine

### Board of Social Services

Allen Mikszewski, Chairman  
Thelma Johnson  
Carol Butler  
Audrey Brent  
Patricia Rexrod  
Dale Sisson, Jr.

### Smoot Memorial Library Board of Trustees

Leon J. Fontenot, Chairman  
Carolyn Ellington, Vice-Chairman  
Dreda Newman, Secretary

Libby Britton  
Robert Gates  
Evelyn Durling

Susan Moundalexis  
Christine Steppe  
Michael Wardlaw

### Other Officials

County Attorney .....	Matthew J. Britton
Judge of the Circuit Court .....	Horace A. Revercomb, III
Clerk of the Circuit Court.....	Charles V. Mason
Commonwealth's Attorney .....	Matthew J. Britton
Commissioner of the Revenue.....	Faye Lumpkin
Treasurer .....	Alice L. Moore
Judge of the General District Court.....	H. Harrison Braxton, Jr.
Judge of the Juvenile & Domestic Relations Courts .....	David S. Peterson
Clerk of the General and Juvenile & Domestic Relations Courts .....	Nancy L. Tierney
Sheriff .....	C.W. Dobson
Superintendent of Schools .....	Dr. Candace Brown
Director of Department of Social Services .....	David Coman
County Administrator.....	Dennis W. Kerns

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of King George, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County of King George Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2005, on our consideration of the County of King George, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and required supplementary 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 an opinion on the financial statements that collectively comprise the County of King George, Virginia, basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the County of King George, Virginia. The combining and individual fund financial statements and 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 introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

November 10, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

To the Honorable Members of the Board of Supervisors  
To the Citizens of King George County

As management of the County of King George, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$44,044,946 (net assets). All of these assets are restricted for various items or projects.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$75,467,468 an increase of \$41,663,531 in comparison with the prior year. Approximately twenty-six percent (26%) of this total amount, \$19,059,078 is available for appropriation at the County's discretion (unreserved fund balance). The unreserved fund balance represents sixty one percent (62%) of total general fund expenditures.
- The County's long-term obligations increased \$42,491,000 during the current fiscal year to assist in funding a new high school and in refunding \$2,475,000 of 1996 general obligation bonds.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The basic financial statements comprise three components: 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

A. Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to a private-sector business.

1. Statement of Net Assets - Presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
2. Statement of Activities - Presents information showing how County net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

## Overview of the Financial Statements: (Continued)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, sheriff, volunteer fire protection, sanitation, social services, education, cultural events, and recreation. The business-type activities of the County encompass water and sewer operations.

The government-wide financial statements include not only the County government (known as the primary government), but also a legally separate School Board for which the County is financially accountable. Financial information for the component unit is reported separately from the financial information present for the primary government.

B. 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 of King George, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

### Overview of the Financial Statements: (Continued)

The County maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund and the Permanent Fund.

The County adopts an annual appropriated budget for the General Fund and Capital Projects Fund, both of which are considered to be major funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with budgetary controls.

2. Proprietary funds - The County maintains one enterprise fund. Enterprise funds are used to account for the delivery of goods and services to the general public. Proprietary funds use the accrual basis of accounting, similar to the private sector business.

The King George Service Authority is a component unit of the County of King George. The Authority provides water and sewer services to County residents.
3. Fiduciary funds - Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individuals. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

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

### Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a County's financial position. In the case of King George County, governmental fund assets exceeded liabilities by \$44,044,946 at the close of the fiscal year.

The County's net investment in capital assets such as land, buildings and equipment totals \$8,164,881 at June 30, 2005. The County uses these capital assets to provide services to citizens; and consequently, these assets are not available for future spending. Although capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Government-wide Financial Analysis: (Continued)**

**County of King George, Virginia**  
**Schedule of Assets, Liabilities and Net Assets**  
**Governmental and Business-Type Activities**  
**For the Years Ended June 30, 2005 and 2004**

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 79,866,914	\$ 35,555,679	\$ 6,342,025	\$ 9,705,703	\$ 86,208,939	\$ 45,261,382
Capital assets	28,764,987	23,593,908	27,752,656	23,272,621	56,517,643	46,866,529
Total assets	\$ 108,631,901	\$ 59,149,587	\$ 34,094,681	\$ 32,978,324	\$ 142,726,582	\$ 92,127,911
Long-term liabilities outstanding	\$ 58,897,506	\$ 19,642,636	\$ 20,449,467	\$ 21,363,234	\$ 79,346,973	\$ 41,005,870
Current liabilities	5,689,449	3,000,347	3,296,451	2,958,013	8,985,900	5,958,360
Total liabilities	\$ 64,586,955	\$ 22,642,983	\$ 23,745,918	\$ 24,321,247	\$ 88,332,873	\$ 46,964,230
Net assets:						
Invested in capital assets, net of related debt	\$ 8,164,881	\$ 3,327,685	\$ 10,843,832	\$ 9,507,244	\$ 19,008,713	\$ 12,834,929
Restricted	41,079,369	19,676,870	-	-	41,079,369	19,676,870
Unrestricted	(5,199,304)	13,502,050	(495,069)	(851,067)	(5,694,373)	12,650,983
Total net assets	\$ 44,044,946	\$ 36,506,604	\$ 10,348,763	\$ 8,657,077	\$ 54,393,709	\$ 45,162,781

Restricted net assets represent resources that are subject to external restrictions on how they may be used. These assets are restricted for E-911, debt service, and library operations as well as replacement of various County equipment and general government capital projects and renovations. The County's restricted net assets accounts for 96 percent (96%) of total net assets. At year end the County has negative unrestricted assets due to the borrowing of funds for the new high school which are unexpended at the end of the year and which are restricted for these projects.

Governmental Activities - Governmental and business-type activities reflect changes in net assets of \$7,538,342 and \$1,691,686 respectively.

## Government-wide Financial Analysis: (Continued)

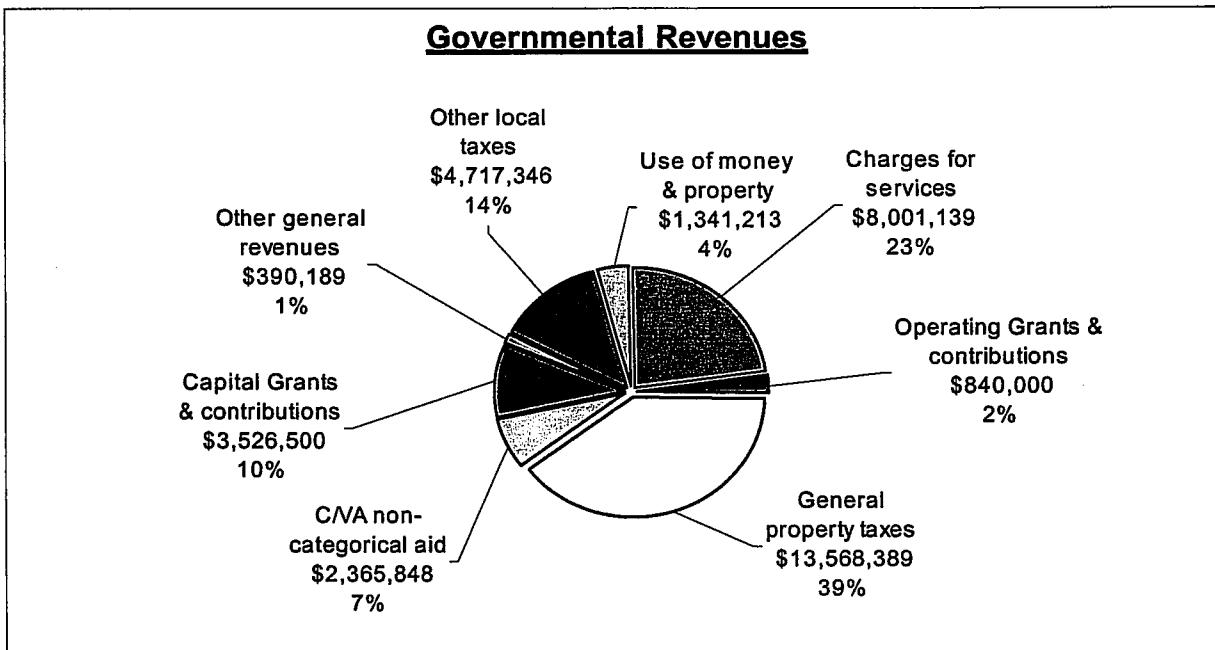
Key elements of the \$9,230,028 increase are as follows:

**County of King George, Virginia**  
**Changes in Net Assets**  
**Governmental and Business-Type Activities**  
**For the Years Ended June 30, 2005 and 2004**

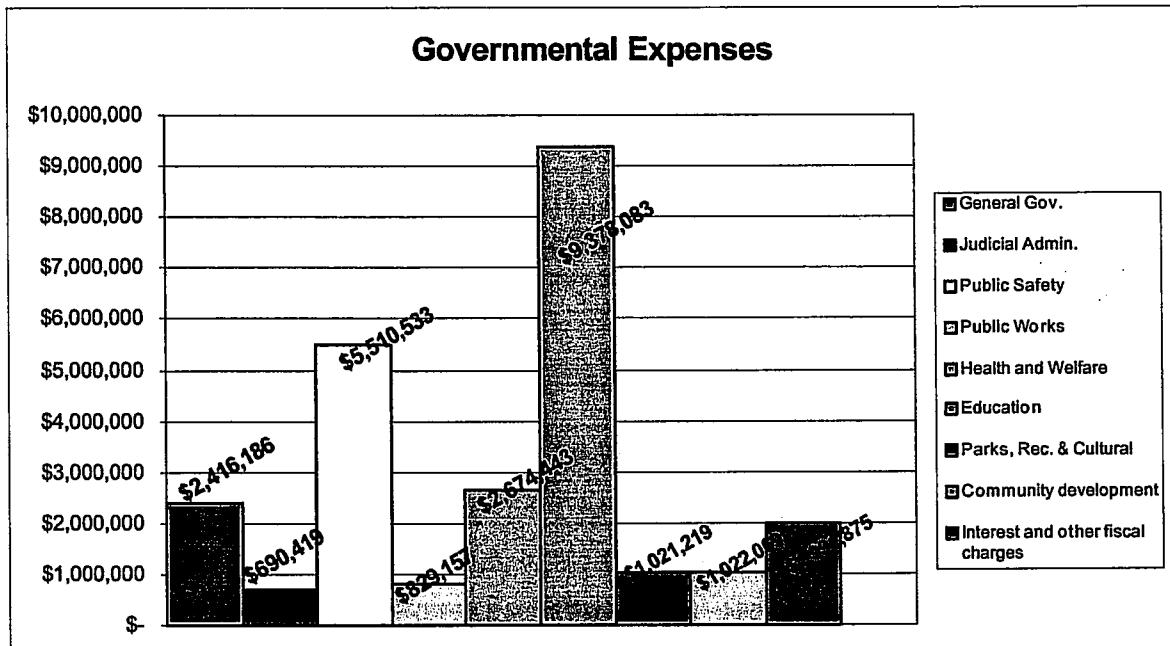
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 8,001,139	\$ 7,989,973	\$ 1,950,443	\$ 2,547,694	\$ 9,951,582	\$ 10,537,667
Operating grants and contributions	3,526,500	3,492,995	-	-	3,526,500	3,492,995
Capital grants and contributions	840,000	-	63,290	1,328,038	903,290	1,328,038
<b>General revenues:</b>						
General property taxes	13,568,389	12,621,512	-	-	13,568,389	12,621,512
Other local taxes	4,717,346	4,149,001	-	-	4,717,346	4,149,001
Use of money and property	1,341,213	399,015	166,945	99,431	1,508,158	498,446
C/VA non-categorical aid	2,365,848	2,184,442	-	-	2,365,848	2,184,442
Other general revenues	390,189	860,599	574,623	361,451	964,812	1,222,050
<b>Total revenues</b>	<b>\$ 34,750,624</b>	<b>\$ 31,697,537</b>	<b>\$ 2,755,301</b>	<b>\$ 4,336,614</b>	<b>\$ 37,505,925</b>	<b>\$ 36,034,151</b>
<b>Expenses:</b>						
<b>General government administration</b>						
Judicial administration	\$ 2,416,186	\$ 1,849,874	\$ -	\$ -	\$ 2,416,186	\$ 1,849,874
Public safety	690,419	677,795	-	-	690,419	677,795
Public works	5,510,533	4,630,196	-	-	5,510,533	4,630,196
Health and welfare	829,157	640,060	-	-	829,157	640,060
Education	2,674,443	2,452,852	-	-	2,674,443	2,452,852
Parks, recreation, and cultural	9,378,083	4,585,292	-	-	9,378,083	4,585,292
Community development	1,021,219	973,255	-	-	1,021,219	973,255
Interest and other fiscal charges	1,022,069	899,621	-	-	1,022,069	899,621
Water and sewer	1,991,875	1,178,484	-	-	1,991,875	1,178,484
<b>Total expenses</b>	<b>\$ 25,533,984</b>	<b>\$ 17,887,429</b>	<b>\$ 2,741,913</b>	<b>\$ 2,687,122</b>	<b>\$ 28,275,897</b>	<b>\$ 20,574,551</b>
<b>Increase in net assets before transfers</b>						
Transfers	\$ 9,216,640	\$ 13,810,108	\$ 13,388	\$ 1,649,492	\$ 9,230,028	\$ 15,459,600
<b>Increase in net assets</b>	<b>(1,678,298)</b>	<b>(706,477)</b>	<b>1,678,298</b>	<b>706,477</b>	<b>-</b>	<b>-</b>
<b>Net assets, July 1, 2004</b>	<b>\$ 36,506,604</b>	<b>\$ 23,402,973</b>	<b>\$ 8,657,077</b>	<b>\$ 6,301,108</b>	<b>\$ 45,163,681</b>	<b>\$ 29,704,081</b>
<b>Net assets, June 30, 2005</b>	<b>\$ 44,044,946</b>	<b>\$ 36,506,604</b>	<b>\$ 10,348,763</b>	<b>\$ 8,657,077</b>	<b>\$ 54,393,709</b>	<b>\$ 45,163,681</b>

### Government-wide Financial Analysis: (Continued)

Program and general revenues for governmental activities totaled \$34,750,624 for the fiscal year. Of this amount, property taxes totaled \$13,568,389, charges for services totaled \$8,001,139 (which includes \$6,823,925 landfill revenues), and other local taxes totaled \$4,717,346. The chart below provides an overview of FY 2004-05 revenues by program source.



The chart below denotes expenses by major categories.



The largest increase noted in revenues was general property taxes which increased \$946,877 during the year. Most of this increase is due to the increase in the tax levy of \$1,242,194, reference table 5. The County also received a donation of land in the amount of \$ 840,000 which will be used for recreational and educational purposes.

### Government-wide Financial Analysis: (Continued)

Increases were noted in miscellaneous revenue sources in capital projects and in library endowment donations.

Expenses for the most part closely paralleled inflation and growth in the demand for services. Education expense increased \$4,792,791 due to the prior year capitalization of joint tenancy assets. Interest expense increased \$813,391 due to recent bond issues and accrued interest at year end. Public safety expenses increased \$880,337 due to increases emergency services (\$377,445), increases in regional jail contributions (\$146,872), increases in public safety grant activities (\$116,207), contributions to King George Rescue - Dahlgren (\$204,955), and other public safety services. General government administration increased \$566,312 due to consolidation of School Board finance functions with those of the County.

Business-type activities - Business-type activities increased net assets \$1,691,686 during the current year. Operating revenues decreased \$384,079 while operating expenses increased \$180,911 from FY 2004 levels. The decrease in revenues consists primarily of water and sewer tap fees which decreased \$769,847 due to the Oakland Park project which generated fees totaling \$920,722 in FY 04. Water and sewer revenues increased slightly in fiscal year 05 in the amounts of \$13,167 and \$28,824 respectfully. Increases were noted in other operating revenues including service fees and availability fees. Expenses increased from \$2,687,122 to \$2,741,913 during the year. The largest increase noted in expenses was depreciation which increased from \$179,079 to \$294,742. Interest expense decreased \$126,120 due to more interest being capitalized on projects in fiscal year 2005 in comparison to the prior year. Interest earned during the year increased from \$99,431 to \$166,945. As noted earlier the County transferred \$1,750,812 to the business-type activities to assist in funding operating and various capital projects.

### Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$75,467,468, an increase of \$41,663,531 in comparison with the prior year. This increase is due principally to the borrowing of \$40,015,000 for the new high school. Approximately twenty-six percent (26%) of this amount (\$19,059,078) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed for encumbrances (\$201,079), library operations (\$1,086,385), E-911 operations (\$159,034), debt service (\$1,090,604) and for capital projects (\$53,871,288).

The general fund is the primary operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$19,059,078, while the total fund balances were \$20,509,795. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents seventy-nine percent (79%) of total general fund expenditures, while total fund balance represents eighty-five percent (85%) of that same amount.

### Financial Analysis of the County's Funds: (Continued)

The fund balance of the County's general fund increased \$5,051,172 during the current fiscal year. Some factors which are significant contributors to this increase are as follows:

Increase in general property taxes of \$1,163,809 due to increases in the tax assessments  
Increase in other local taxes of \$568,345 with recordation taxes being the largest part of this increase with revenues increasing from \$241,285 in FY 04 to \$485,706 in FY 05. Most expenditure increases are previously explained in the entity-wide section of this letter. During the current year the General Fund's inter-fund transfers increased from \$22,189 in FY 04 to \$2,997,077 in FY 05.

Proprietary funds - The County's proprietary fund provide the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the King George Service Authority finances have already been addressed in the discussion of the County's business type activities.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor (\$2,279,988 or a 9% increase in appropriations) and can be briefly summarized as follows:

- \$655,848 in increases allocated to public safety due to receipt of additional public safety grants and increased costs of juvenile detention
- \$944,526 increase in debt service due to interest costs on recent debt borrowings for the high school
- \$380,432 in increases in general government administration due primarily to increase in finance department due to consolidation of School Board finance functions

Of this increase, \$645,969 was to be funded from intergovernmental revenues, \$333,468 through general property tax revenues and \$41,091 through charges for services. The balance to support these budgetary increases came from available fund balance. During the year, however, revenues exceeded budgetary estimates by \$1,922,493 and expenditures were less than budgetary estimates by \$2,864,858 thus eliminating the need to draw upon existing fund balance.

### Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2005 totals to \$28,764,987 (net of accumulated depreciation). Governmental capital assets increased \$5,171,079 and its business-type activities increased \$4,480,035 during the year to \$27,752,656 (net of accumulated depreciation) at year end. This investment in capital assets includes land, buildings and improvements, and machinery and equipment. More details supporting increases and decreases of capital asset activity can be found in Note 6 to the financial statements.

Long-term obligations - At the end of the current fiscal year, the County has total long-term obligations outstanding of \$60,192,897 and the King George Service Authority has \$21,276,327. Of this amount \$44,270,400 comprises debt backed by the full faith and credit of the County and \$20,729,443 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

### Capital Asset and Debt Administration

The County's total long-term obligations increased \$43,043,613 during the current fiscal year. The County issued \$7,500,000 of temporary financing in anticipation of a literary fund loan for high school construction and issued permanent financing totaling \$32,515,000 for the high school as well. The County refunded \$2,475,000 of its 1996 general obligation bonds and reduced its debt service payments by \$727,664 which also resulted in an economic gain of \$283,117. The King George Service Authority reduced its long-term obligations by \$986,624 during the year.

During the current year the County received an A+ credit rating from Standard and Poor's, Fitch as well as Moody's. This is the first credit rating the County has ever received.

More detailed information of the County's long-term obligations can be found in Note 9 of these financial statements.

### Economic Factors and Next Year's Budgets and Rates

Based on available economic data, trends for the local economy have continued to show strength. The local unemployment rate was 2.9% at June 30, 2005. The local unemployment rate compares favorably to the June 30, 2005 state and national rates. The County's favorable employment conditions are supported by the continued growth of jobs over the last seven years. According to the Virginia Employment Commission, the number of persons employed has increased from 7,543 in 1992 to 8,622 in 1999 to 9,192 in 2002. In summary, local business indicators are continuing to indicate a good local economy.

The General Fund revenue budget for the fiscal year ending June 30, 2006 totals \$24,531,192 which is an increase of \$1,126,561 or 5% over the prior year. Revenue from the general property taxes accounts for the majority of this increase due to increases in assessments.

### Requests for Information

This financial report is designed to provide a general overview of the County of King George, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 10459 Courthouse Drive, King George, Virginia 22485.

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**BASIC FINANCIAL STATEMENTS**

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## **Government-wide Financial Statements**

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## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 1

Statement of Net Assets  
June 30, 2005

	Primary Government				Component Unit	
	Business		Total			
	Governmental Activities	Type Activities				
<b>ASSETS</b>						
Current Assets						
Cash and cash equivalents	\$ 73,544,578	\$ 1,331,018	\$ 74,875,596	\$ 711,598		
Receivables (net of allowance for uncollectibles):						
Property taxes	793,533	-	793,533	-		
Accounts receivable	1,805,575	296,848	2,102,423	113,970		
Note receivable	253,348	-	253,348	-		
Due from other governments	1,357,323	-	1,357,323	815,428		
Restricted cash	1,090,604	4,394,063	5,484,667	-		
Due from Primary Government	-	-	-	1,882,294		
Total Current Assets	\$ 78,844,960	\$ 6,021,929	\$ 84,866,889	\$ 3,523,290		
Noncurrent Assets:						
Capital assets (net of accumulated depreciation):						
Land	\$ 4,605,174	\$ 2,254,354	\$ 6,859,528	\$ 182,483		
Infrastructure	-	12,587,693	12,587,693	-		
Buildings	4,346,968	-	4,346,968	4,491,689		
Equipment	850,394	306,407	1,156,801	866,460		
Jointly owned assets	7,442,208	-	7,442,208	2,497,941		
Construction in progress	11,520,243	12,604,202	24,124,445	6,697,427		
Total capital assets	\$ 28,764,987	\$ 27,752,656	\$ 56,517,643	\$ 14,736,000		
Other assets	1,021,954	320,096	1,342,050	-		
Total Noncurrent Assets	\$ 29,786,941	\$ 28,072,752	\$ 57,859,693	\$ 14,736,000		
Total Assets	\$ 108,631,901	\$ 34,094,681	\$ 142,726,582	\$ 18,259,290		
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	\$ 871,814	\$ 1,241,342	\$ 2,113,156	\$ 970,088		
Accrued liabilities	-	-	-	2,242,901		
Due to School Board - component unit	1,882,294	-	1,882,294	-		
Deferred revenue	-	986,345	986,345	-		
Accrued interest payable	1,639,950	241,994	1,881,944	-		
Current portion of long-term obligations	1,295,391	826,770	2,122,161	21,015		
Total Current Liabilities	\$ 5,689,449	\$ 3,296,451	\$ 8,985,900	\$ 3,234,004		
Noncurrent Liabilities						
Noncurrent portion of long-term obligations	58,897,506	20,449,467	79,346,973	214,165		
Total Liabilities	\$ 64,586,955	\$ 23,745,918	\$ 88,332,873	\$ 3,448,169		
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	\$ 8,164,881	\$ 10,843,832	\$ 19,008,713	\$ 14,736,000		
Restricted for:						
E-911 operations	159,034	-	159,034	-		
Capital projects	38,743,346	-	38,743,346	308,301		
Debt service	1,090,604	-	1,090,604	-		
Smoot library	1,086,385	-	1,086,385	-		
Unrestricted assets	(5,199,304)	(495,069)	(5,694,373)	(233,180)		
Total Net Assets	\$ 44,044,946	\$ 10,348,763	\$ 54,393,709	\$ 14,811,121		
Total Liabilities and Net Assets	\$ 108,631,901	\$ 34,094,681	\$ 142,726,582	\$ 18,259,290		

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

COUNTY OF KING GEORGE, VIRGINIA

Statement of Activities  
Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT:</b>					
Governmental activities:					
General government administration	\$ 2,416,186	\$ -	\$ 221,922	\$ 840,000	
Judicial administration	690,419	334,301	434,475	-	
Public safety	5,510,533	444,281	1,024,800	-	
Public works	829,157	6,838,203	4,375	-	
Health and welfare	2,674,443	-	1,754,522	-	
Education	9,378,083	-	-	-	
Parks, recreation, and cultural	1,021,219	206,766	68,120	-	
Community development	1,022,069	177,588	18,286	-	
Interest on long-term debt	1,991,875	-	-	-	
Total government activities	\$ 25,533,984	\$ 8,001,139	\$ 3,526,500	\$ 840,000	
Business-type activities:					
Water and sewer	\$ 2,741,913	\$ 1,950,443	\$ -	\$ 63,290	
Total primary government	\$ 28,275,897	\$ 9,951,582	\$ 3,526,500	\$ 903,290	
<b>COMPONENT UNIT:</b>					
School Board	\$ 24,938,389	\$ 569,199	\$ 15,651,700	\$ -	
General revenues:					
General property taxes					
Local sales and use taxes					
Consumer utility taxes					
Business license taxes					
Motor vehicle license tax					
Recordation taxes					
Meals tax					
E-911 taxes					
Other local taxes					
Commonwealth of Virginia non-categorical aid					
Unrestricted revenues from use of money and property					
County contribution to School Board					
Miscellaneous					
Transfers					
Total general revenues and transfers					
Change in net assets					
Net assets - beginning					
Net assets - ending					

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

Exhibit 2

**Net (Expense) Revenue and Changes in Net Assets**

<b>Primary Government</b>				
<b>Governmental Activities</b>		<b>Business Type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (1,354,264)	\$ 78,357	-	\$ (1,354,264) \$ 78,357	-
(4,041,452)	-	-	(4,041,452)	-
6,013,421	-	-	6,013,421	-
(919,921)	-	-	(919,921)	-
(9,378,083)	-	-	(9,378,083)	-
(746,333)	-	-	(746,333)	-
(826,195)	-	-	(826,195)	-
<u>(1,991,875)</u>	<u>-</u>	<u>-</u>	<u>(1,991,875)</u>	<u>-</u>
<u>\$ (13,166,345)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,166,345)</u>	<u>\$ -</u>
	-	\$ (728,180)	\$ (728,180)	-
	-	\$ (728,180)	\$ (13,894,525)	\$ -
	-	\$ -	\$ -	\$ (8,717,490)
13,568,389	-	-	13,568,389	-
1,103,560	-	-	1,103,560	-
334,509	-	-	334,509	-
1,052,792	-	-	1,052,792	-
456,906	-	-	456,906	-
485,706	-	-	485,706	-
640,118	-	-	640,118	-
227,575	-	-	227,575	-
416,180	-	-	416,180	-
2,365,848	-	-	2,365,848	-
1,341,213	166,945	-	1,508,158	14,330
		-	-	10,243,833
390,189	574,623	-	964,812	63,356
<u>(1,678,298)</u>	<u>1,678,298</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 20,704,687</u>	<u>\$ 2,419,866</u>	<u>\$ 23,124,553</u>	<u>\$ 10,321,519</u>	
<u>\$ 7,538,342</u>	<u>\$ 1,691,686</u>	<u>\$ 9,230,028</u>	<u>\$ 1,604,029</u>	
<u>36,506,604</u>	<u>8,657,077</u>	<u>45,163,681</u>	<u>13,207,092</u>	
<u>\$ 44,044,946</u>	<u>\$ 10,348,763</u>	<u>\$ 54,393,709</u>	<u>\$ 14,811,121</u>	

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## **Fund Financial Statements**

## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 3

Balance Sheet - Governmental Funds  
At June 30, 2005

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Permanent Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,006,978	\$ 51,451,215	\$ 1,086,385	\$ 73,544,578
Receivables (Net of allowances for uncollectibles):				
Taxes, including penalties	793,533	-	-	793,533
Accounts	127,003	1,678,572	-	1,805,575
Note receivable	253,348	-	-	253,348
Restricted cash	1,090,604	-	-	1,090,604
Due from other governmental units	357,323	1,000,000	-	1,357,323
<b>Total assets</b>	<b>\$ 23,628,788</b>	<b>\$ 54,129,787</b>	<b>\$ 1,086,385</b>	<b>\$ 78,844,960</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 613,315	\$ 258,499	\$ -	\$ 871,814
Due to component unit - School Board	1,882,294	-	-	1,882,294
Deferred revenue	623,384	-	-	623,384
<b>Total liabilities</b>	<b>\$ 3,118,993</b>	<b>\$ 258,499</b>	<b>\$ -</b>	<b>\$ 3,377,492</b>
<b>FUND BALANCES</b>				
Reserved for:				
Library operations	\$ -	\$ -	\$ 1,086,385	\$ 1,086,385
Encumbrances	201,079	-	-	201,079
E-911 operations	159,034	-	-	159,034
Capital projects	-	53,871,288	-	53,871,288
Debt service	1,090,604	-	-	1,090,604
Unreserved	19,059,078	-	-	19,059,078
<b>Total fund balances</b>	<b>\$ 20,509,795</b>	<b>\$ 53,871,288</b>	<b>\$ 1,086,385</b>	<b>\$ 75,467,468</b>
<b>Total liabilities and fund balances</b>	<b>\$ 23,628,788</b>	<b>\$ 54,129,787</b>	<b>\$ 1,086,385</b>	<b>\$ -</b>

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.

29,786,941

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(1,639,950)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in the fund balance.

623,385

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities—both current and long-term—are reported in the statement of net assets.

(60,192,897)

Net assets of general government activities

\$ 44,044,946

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

## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year Ended June 30, 2005

	Governmental Funds			Total Governmental Funds
	General	Capital Projects	Permanent Fund	
<b>Revenues:</b>				
General property taxes	\$ 13,555,599	\$ -	\$ -	\$ 13,555,599
Other local taxes	4,717,346	-	-	4,717,346
Permits, privilege fees and regulatory licenses	782,593	6,654,482	-	7,437,075
Fines and forfeitures	292,217	-	-	292,217
Revenue from use of money and property	417,538	869,914	53,761	1,341,213
Charges for services	271,847	-	-	271,847
Miscellaneous	117,165	75,000	68,667	260,832
Recovered costs:	159,314	-	-	159,314
Intergovernmental:				
School Board	141,685	-	-	141,685
Commonwealth	4,858,819	-	-	4,858,819
Federal	1,033,529	-	-	1,033,529
<b>Total revenues</b>	<b>\$ 26,347,652</b>	<b>\$ 7,599,396</b>	<b>\$ 122,428</b>	<b>\$ 34,069,476</b>
<b>Expenditures:</b>				
Current:				
General government administration	\$ 2,325,415	\$ 106,640	\$ -	\$ 2,432,055
Judicial administration	684,282	-	-	684,282
Public safety	5,407,079	2,290,776	-	7,697,855
Public works	931,428	16,261	-	947,689
Health and welfare	2,670,886	-	-	2,670,886
Education	8,257,112	4,207,219	-	12,464,331
Parks, recreation, and cultural	1,040,581	12,672	185,315	1,238,568
Community development	1,021,505	-	-	1,021,505
Debt service:				
Principal retirement	1,119,800	-	-	1,119,800
Interest and other fiscal charges	889,860	-	-	889,860
<b>Total expenditures</b>	<b>\$ 24,347,948</b>	<b>\$ 6,633,568</b>	<b>\$ 185,315</b>	<b>\$ 31,166,831</b>
Excess (deficiency) of revenues over expenditures	\$ 1,999,704	\$ 965,828	\$ (62,887)	\$ 2,902,645
<b>Other financing sources (uses):</b>				
Transfers in	\$ 2,997,077	\$ 80,850	\$ -	\$ 3,077,927
Transfers (out)	(91,170)	(4,665,055)	-	(4,756,225)
Sale of property	145,561	-	-	145,561
Premium on bonds issued	-	444,067	-	444,067
Payment to refunded bond escrow agent	-	(2,641,444)	-	(2,641,444)
Long-term debt issued	-	42,491,000	-	42,491,000
<b>Total other financing sources (uses)</b>	<b>\$ 3,051,468</b>	<b>\$ 35,709,418</b>	<b>\$ -</b>	<b>\$ 38,760,886</b>
Net changes in fund balances	\$ 5,051,172	\$ 36,675,246	\$ (62,887)	\$ 41,663,531
Fund balances at beginning of year	15,458,623	17,196,042	1,149,272	33,803,937
Fund balances at end of year	<b>\$ 20,509,795</b>	<b>\$ 53,871,288</b>	<b>\$ 1,086,385</b>	<b>\$ 75,467,468</b>

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

## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 5

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

	<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	\$ 41,663,531
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. The following details support this adjustment:	
Capital outlay	\$ 5,576,971
Depreciation expense	<u>(617,256)</u> 4,959,715
Bond issue costs which are capitalized and amortized over the life of bonds	1,021,954
Transfer of joint tenancy assets from Primary Government to the Component Unit	(628,636)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of:	
Deferred taxes	\$ 12,791
Donated property	<u>840,000</u> 852,791
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, premiums, discounts, and similar items the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:	
Proceeds from debt issued	\$ (42,491,000)
Principal retired on general obligation bonds	3,300,000
Principal retired on state literary fund loans	294,800
Premium on bonds payable	(444,067)
Principal retired on capital lease obligations	<u>72,319</u> (39,267,948)
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. The following is a summary of items supporting this adjustment:	
Change in accrued leave	\$ (55,174)
Change in interest payable	<u>(1,007,890)</u> (1,063,064)
Change in net assets of governmental activities	\$ 7,538,342

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

## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 6

Statement of Net Assets - Proprietary Fund  
June 30, 2005

	<u>Business Type Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 1,331,018
Receivables (net of allowance for uncollectibles):	
Accounts receivable	296,848
Restricted cash	<u>4,394,063</u>
Total Current Assets	<u>\$ 6,021,929</u>
Noncurrent Assets	
Capital assets:	
Land	\$ 2,254,354
Infrastructure	16,298,363
Equipment	552,668
Construction in progress	12,604,202
Accumulated depreciation	<u>(3,956,931)</u>
Total Capital Assets	<u>\$ 27,752,656</u>
Bond issue costs, net of amortization	320,096
Total Noncurrent Assets	<u>\$ 28,072,752</u>
Total Assets	<u>\$ 34,094,681</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 1,241,342
Deferred revenue	986,345
Accrued interest payable	241,994
Current portion of long-term obligations	<u>826,770</u>
Total Current Liabilities	<u>\$ 3,296,451</u>
Noncurrent Liabilities	
Noncurrent portion of long-term obligations	<u>20,449,467</u>
Total Liabilities	<u>\$ 23,745,918</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 10,843,832
Unrestricted assets	<u>(495,069)</u>
Total Net Assets	<u>\$ 10,348,763</u>
Total Liabilities and Net Assets	<u>\$ 34,094,681</u>

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

**COUNTY OF KING GEORGE, VIRGINIA****Exhibit 7****Statement of Revenues, Expenses and Change in Net Assets -  
Proprietary Fund  
Year Ended June 30, 2005**

Operating revenues:	
Water revenues	\$ 565,705
Sewer revenues	548,386
Water and sewer tap revenues	167,875
Service fees	668,477
Other revenues	<u>574,623</u>
 Total operating revenues	\$ <u>2,525,066</u>
 Operating expenses:	
Personnel services	\$ 844,367
Fringe benefits	302,205
Contractual services	159,352
Depreciation and amortization	473,821
Other operating expenses	<u>857,312</u>
 Total operating expenses	\$ <u>2,637,057</u>
 Net income from operations	\$ <u>(111,991)</u>
 Nonoperating revenues (expenses):	
Interest income	\$ 166,945
Sale of property	63,290
Interest expense	<u>(104,856)</u>
 Total nonoperating revenues (expenses)	\$ <u>125,379</u>
 Net income before transfers	\$ <u>13,388</u>
 Transfers:	
Transfers in	<u>1,678,298</u>
 Change in net assets	\$ <u>1,691,686</u>
 Net assets, beginning of year	<u>8,657,077</u>
 Net assets, end of year	\$ <u>10,348,763</u>

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

## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 8

## Statement of Cash Flows - Proprietary Fund

Year Ended June 30, 2005

Cash flows from operating activities:	
Receipts from customers and users	\$ 2,956,941
Payments to employees (including fringe benefits)	(1,146,572)
Payments for operating activities	<u>(1,016,664)</u>
Net cash provided by operating activities	\$ <u>793,705</u>
Cash flows from non-capital financing activities:	
Transfers in	\$ <u>1,678,298</u>
Net cash provided by non-capital financing activities	\$ <u>1,678,298</u>
Cash flows from capital and related financing activities:	
Construction and acquisition of capital assets	\$ (4,941,752)
Proceeds from sale of capital assets	63,290
Retirement of indebtedness	(986,713)
Interest paid on loans	<u>(148,496)</u>
Net cash used in capital and related financing activities	\$ <u>(6,013,671)</u>
Cash flows from investing activities:	
Interest earned	\$ <u>166,945</u>
Net increase (decrease) in cash and cash equivalents	\$ <u>(3,374,723)</u>
Cash and cash equivalents at beginning of year	<u>9,099,804</u>
Cash and cash equivalents at end of year	\$ <u>5,725,081</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:	
Cash flows from operations:	
Income from operations	\$ <u>(111,991)</u>
Adjustment to reconcile net income to net cash provided by operations:	
Depreciation and amortization	473,821
Changes in operating assets and liabilities:	
(Increase) in accounts receivable	(23,150)
(Decrease) in accounts payable and accrued liabilities	(82,438)
Increase in prepaid connection fees	<u>537,463</u>
Net cash provided by operating activities	\$ <u>793,705</u>

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

**COUNTY OF KING GEORGE, VIRGINIA****Exhibit 9****Statement of Fiduciary Net Assets**  
**At June 30, 2005**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>5,179,587</u>
Total assets	\$ <u>5,179,587</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 35,938
Amounts held for others	1,583,050
Amounts held for landfill closure	3,555,591
Amounts held for social service clients	<u>5,008</u>
Total liabilities	\$ <u>5,179,587</u>

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

## COUNTY OF KING GEORGE, VIRGINIA

### Notes to Financial Statements As of June 30, 2005

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#### **Note 1—Summary of Significant Accounting Policies:**

The County of King George, Virginia is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include sheriff and volunteer fire protection; sanitation services; recreational activities, cultural events, education and social services.

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

#### 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.

## COUNTY OF KING GEORGE, VIRGINIA

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

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

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**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*.

**Fund Financial Statements** - 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 government's 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.

## COUNTY OF KING GEORGE, VIRGINIA

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

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

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#### **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 basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of King George, 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 King George County Service Authority is reported as a blended component unit of the County of King George, Virginia. The Authority is governed by a board comprised of the government's elected supervisors. The Authority is reported as an Enterprise Fund.

Complete financial statements of the Authority can be obtained from the administrative offices located at 10459 Courthouse Drive, King George, Virginia 22845.

*Discretely Presented Component Units* - The School Board members are elected and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2005.

#### Other Related Organizations

#### Included in the County's Comprehensive Annual Financial Report

None

#### **C. 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.

## COUNTY OF KING GEORGE, VIRGINIA

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

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

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

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.

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.

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

## COUNTY OF KING GEORGE, VIRGINIA

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

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

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

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

Governmental Funds are those through which most governmental functions typically are financed. The 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. Capital Projects Fund**

The Capital Improvements Fund accounts for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds. The capital improvements fund is considered a major fund for government-wide reporting purposes.

###### **c. Permanent Fund**

The Permanent Fund accounts for operations of the Smoot Library Endowment Fund. Transfers of income are made periodically to support library operations.

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

###### **Enterprise Funds**

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 KING GEORGE, VIRGINIA

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

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

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

The County reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for water and sewer services of the King George County Service Authority.

3. 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. Agency funds include the Special Welfare Fund, Payroll Taxes Fund, Landfill Escrow Fund and the IDA Funds.

#### **D. 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. 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 amount within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Fund, and the Capital Projects Fund.
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. Several supplemental appropriations were necessary during the year and at year-end.
8. All budget data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

## COUNTY OF KING GEORGE, VIRGINIA

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

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

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#### **E. Encumbrances:**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is utilized as part of the County's accounting system. The reserve for encumbrances at June 30, 2005 totaled \$201,079.

#### **F. Cash and Cash Equivalents:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

#### **G. Investments:**

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

#### **H. 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 \$342,054 at June 30, 2005 and is composed of the following:

Property taxes	\$ 310,311
Water & sewer accounts	31,743
Total	<u>\$ 342,054</u>

## COUNTY OF KING GEORGE, VIRGINIA

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

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

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#### **H. Receivables and Payables: (Continued)**

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 on June 5<sup>th</sup> and December 5<sup>th</sup>. The County bills and collects its own property taxes.

#### **I. Capital Assets:**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized asset as of June 30, 2005 totaled \$881,808.

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:

<b>Assets</b>	<b>Years</b>
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	12

## COUNTY OF KING GEORGE, VIRGINIA

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

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

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#### **J. Compensated Absences:**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of 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.

#### **K. Long-term Obligations:**

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued 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.

#### **L. 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.

#### **M. 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.

## COUNTY OF KING GEORGE, VIRGINIA

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

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

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#### **N. Use of Estimates:**

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

#### **O. Bond Issuance Costs:**

Bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds. Costs relative to each bond issue are amortized over the life of the bonds. Amortization expense for the year ended June 30, 2005 totaled \$12,104.

#### **P. Prepaid Connection Fees:**

Prepaid connection fees are non-refundable deposits received in advance for water and/or sewer connection fees. The amounts are recorded as revenue when the connection is made.

#### **Q. Net Assets**

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

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### **Note 2—Deposits and Investments:**

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#### **Deposits**

All cash of the County is maintained in accounts collateralized in accordance with the 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 amount 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).

## COUNTY OF KING GEORGE, VIRGINIA

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

### **Note 2—Deposits and Investments: (Continued)**

#### **Credit Risk of Debt Securities**

The County does not have a policy related to credit risk of debt securities.

The County's rated debt investments as of June 30, 2005 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

<b>Rated Debt Investments</b>	<b>Fair Quality Ratings</b>				
	<b>AAA</b>	<b>AA</b>	<b>A</b>	<b>A1</b>	<b>Unrated</b>
U.S. Agencies	\$ 17,678,572	\$ -	\$ -	\$ -	\$ -
Local Government Investment Pool	6,212,162	-	-	-	-
Money Market Mutual Fund	2,472,807	-	-	-	-
SNAP	42,416,921	-	-	-	-
U.S. Treasury Money Market Fund	3,555,592	-	-	-	-
Mutual Funds	-	-	-	-	366,232
U.S. Treasuries	9,495,547	-	-	-	-
Repurchase Agreements - Underlying:					
U.S. Agency Securities	1,767,709	-	-	-	-
Total	\$ 83,599,310	\$ -	\$ -	\$ -	\$ 366,232

The County's investments in the mutual funds for the Permanent Fund in the amount of \$366,262 is not permissible in accordance with the security for Public Deposits Act of the Code of Virginia.

#### **Interest Rate Risk**

The County does not have a policy related to credit risk of debt securities.

<b>Investment Type</b>	<b>Investment Maturities (in years)</b>				
	<b>Fair Value</b>	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>Greater Than 10 Years</b>
Repurchase Agreements	\$ 9,495,547	\$ 9,495,547	\$ -	\$ -	\$ -
U.S. Treasuries Money Market Funds	3,555,592	3,555,592	-	-	-
U.S. Agencies	17,678,572	16,964,669	-	-	713,903
U.S. Treasuries	1,767,709	1,767,709	-	-	-
Total	\$ 32,497,420	\$ 31,783,517	\$ -	\$ -	\$ 713,903

## COUNTY OF KING GEORGE, VIRGINIA

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

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### Note 2—Deposits and Investments: (Continued)

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#### External Investment Pools

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

### Note 3—Due From Other Governments:

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At June 30, 2005 the County and School Board had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Discretely Presented Component Unit School Board</u>
Industrial Development Authority	\$ 1,000,000	\$ -
Commonwealth of Virginia:		
State sales taxes	-	213,819
Local sales taxes	95,470	-
Public assistance	19,377	-
Shared expenses	123,736	-
Other	79,742	64,026
Federal Government:		
School funds	-	537,183
Public assistance	38,768	-
<b>Totals</b>	<b>\$ 1,357,093</b>	<b>\$ 815,028</b>

## COUNTY OF KING GEORGE, VIRGINIA

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

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### Note 4—Due To/From Primary Government/Component Units:

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Fund	Due to Component Unit	Due From Primary Government
General School	\$ 1,882,294	\$ - <hr/> - 1,882,294
Totals	\$ 1,882,294	\$ 1,882,294

The purpose of the interfund obligations is to report the balance of local appropriations unspent at year-end due back to the respective funds.

### Note 5—Interfund Transfers:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 2,997,077	\$ 91,170
Service Authority	1,750,812	72,514
Capital Improvements Fund	<hr/> 80,850	<hr/> 4,665,055
Total	\$ 4,828,739	\$ 4,828,739

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

**COUNTY OF KING GEORGE, VIRGINIA**

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

**Note 6—Capital Assets:**

The following is a summary of capital asset activity for the year ending June 30, 2005:

**Primary Government:**

	<u>Beginning Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2005</u>
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**Governmental Activities:**

Capital assets not being depreciated:

Land	\$ 2,499,283	\$ 2,109,891	\$ 4,000	\$ 4,605,174
Construction in progress-jointly owned assets	7,500,000	1,271,654	-	8,771,654
Construction in progress	504,760	2,243,829	-	2,748,589
Total capital assets not being depreciated	\$ 10,504,043	\$ 5,625,374	\$ 4,000	\$ 16,125,417

Capital assets being depreciated:

Buildings	\$ 6,991,783	\$ 193,608	\$ -	\$ 7,185,391
Equipment	1,871,475	614,193	140,473	2,345,195
Jointly owned assets	9,774,572	-	852,119	8,922,453
Total capital assets being depreciated	\$ 18,637,830	\$ 807,801	\$ 992,592	\$ 18,453,039

Less accumulated depreciation for:

Buildings	\$ 2,723,969	\$ 114,454	\$ -	\$ 2,838,423
Equipment	1,344,449	278,621	128,269	1,494,801
Jointly owned assets	1,479,547	224,181	223,483	1,480,245
Total accumulated depreciation	\$ 5,547,965	\$ 617,256	\$ 351,752	\$ 5,813,469
Total capital assets being depreciated, net	\$ 13,089,865	\$ 190,545	\$ 640,840	\$ 12,639,570
Governmental activities capital assets, net	\$ 23,593,908	\$ 5,815,919	\$ 644,840	\$ 28,764,987

**COUNTY OF KING GEORGE, VIRGINIA**

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

**Note 6—Capital Assets: (Continued)**

**Primary Government: (Continued)**

	<u>Beginning Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2005</u>
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**Business-Type Activities:**

Capital assets not being depreciated:

Land	\$ 2,254,354	\$ -	\$ -	\$ 2,254,354
Construction in progress	<u>11,581,723</u>	<u>4,868,166</u>	<u>3,845,687</u>	<u>12,604,202</u>
Total capital assets not being depreciated	<u>\$ 13,836,077</u>	<u>\$ 4,868,166</u>	<u>\$ 3,845,687</u>	<u>\$ 14,858,556</u>

Capital assets being depreciated:

Infrastructure	\$ 12,452,677	\$ 3,845,686	\$ -	\$ 16,298,363
Equipment	<u>479,081</u>	<u>73,587</u>	<u>-</u>	<u>552,668</u>
Total capital assets being depreciated	<u>\$ 12,931,758</u>	<u>\$ 3,919,273</u>	<u>\$ -</u>	<u>\$ 16,851,031</u>

Less accumulated depreciation for:

Infrastructure	\$ 3,294,086	\$ 416,584	\$ -	\$ 3,710,670
Equipment	<u>201,128</u>	<u>45,133</u>	<u>-</u>	<u>246,261</u>
Total accumulated depreciation	<u>\$ 3,495,214</u>	<u>\$ 461,717</u>	<u>\$ -</u>	<u>\$ 3,956,931</u>
Total capital assets being depreciated, net	<u>\$ 9,436,544</u>	<u>\$ 3,457,556</u>	<u>\$ -</u>	<u>\$ 12,894,100</u>
Business-type activities capital assets, net	<u>\$ 23,272,621</u>	<u>\$ 8,325,722</u>	<u>\$ 3,845,687</u>	<u>\$ 27,752,656</u>

**COUNTY OF KING GEORGE, VIRGINIA**

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

**Note 6—Capital Assets: (Continued)**

**Discretely Presented Component Unit—School Board:**

	<u>Beginning</u> <u>Balance</u> <u>July 1,</u> <u>2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u> <u>June 30,</u> <u>2005</u>
<b>Capital assets not being depreciated:</b>				
Land	\$ 182,483	\$ -	\$ -	\$ 182,483
Construction in progress	<u>6,587,181</u>	<u>2,614,867</u>	<u>2,504,621</u>	<u>6,697,427</u>
Total capital assets not being depreciated	\$ <u>6,769,664</u>	\$ <u>2,614,867</u>	\$ <u>2,504,621</u>	\$ <u>6,879,910</u>
<b>Capital assets, being depreciated:</b>				
Buildings	\$ 8,802,027	\$ 2,588,465	\$ -	\$ 11,390,492
Equipment	<u>2,842,491</u>	<u>150,075</u>	<u>267,015</u>	<u>2,725,551</u>
Jointly owned assets	<u>2,401,928</u>	<u>852,119</u>	<u>-</u>	<u>3,254,047</u>
Total capital assets being depreciated	\$ <u>14,046,446</u>	\$ <u>3,590,659</u>	\$ <u>267,015</u>	\$ <u>17,370,090</u>
<b>Less accumulated depreciation for:</b>				
Buildings	\$ 6,565,189	\$ 333,614	\$ -	\$ 6,898,803
Equipment	<u>1,960,456</u>	<u>165,650</u>	<u>267,015</u>	<u>1,859,091</u>
Jointly owned assets	<u>532,623</u>	<u>223,483</u>	<u>-</u>	<u>756,106</u>
Total accumulated depreciation	\$ <u>9,058,268</u>	\$ <u>722,747</u>	\$ <u>267,015</u>	\$ <u>9,514,000</u>
Total capital assets being depreciated, net	\$ <u>4,988,178</u>	\$ <u>2,867,912</u>	\$ <u>-</u>	\$ <u>7,856,090</u>
School Board capital assets, net	\$ <u>11,757,842</u>	\$ <u>5,482,779</u>	\$ <u>2,504,621</u>	\$ <u>14,736,000</u>

## COUNTY OF KING GEORGE, VIRGINIA

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

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### **Note 6—Capital Assets: (Continued)**

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

Governmental activities:

General government	\$ 155,673
Judicial administration	3,624
Public safety	162,429
Public works	27,642
Education	224,181
Parks, recreation and cultural	32,785
Community development	<u>10,922</u>
 Total	 <u>\$ 617,256</u>
Component Unit-School Board	<u>\$ 499,264</u> (1)
King George Service Authority	<u>\$ 461,717</u>
(1) Depreciation expense	\$ 499,264
Accumulated depreciation on Joint tenancy asset transfer	<u>223,483</u>
 Total accumulated depreciation, page 44	 <u>\$ 722,747</u>

### **Note 7—Restricted Assets:**

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Restricted assets at June 30, 2005 consist of the following:

Unexpended VRA loan and bond proceeds	\$ 4,394,063
Cash reserves for debt service	<u>1,090,634</u>
 Total	 <u>\$ 5,484,697</u>

### **Note 8—Other Assets:**

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#### Note Receivable:

\$281,498 note dated February 2, 2004 payable in annual principal installments of \$28,450, interest at 4% long-term portion \$ 253,348

## COUNTY OF KING GEORGE, VIRGINIA

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

### Note 8—Other Assets: (Continued)

#### Bond Issuance Costs:

The Authority's issuance costs for the VRA bonds are as follows:

	<u>Bond Issue Cost</u>	<u>Amortization Period Years</u>	<u>Amortization Expense</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Issuance costs:					
2001 VRA bonds	\$ 212,149	30	\$ 7,071	\$ 27,935	\$ 184,214
2002 VRA bonds	<u>150,982</u>	30	<u>5,033</u>	<u>15,099</u>	<u>135,883</u>
Total	\$ <u>363,131</u>		\$ <u>12,104</u>	\$ <u>43,034</u>	\$ <u>320,097</u>

### Note 9—Long-Term Obligations:

#### Changes in Long-Term Obligations:

The following is a summary of changes in long-term obligation transactions of the County for the year ended June 30, 2005:

	<u>Balance July 1, 2004</u>	<u>Increases/ Proceeds</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2005</u>	<u>Due Within One Year</u>
<u>Governmental Funds</u>					
General Obligation Bonds	\$ 8,945,000	\$ 34,991,000	\$ 3,300,000	\$ 40,636,000	\$ 887,000
State Literary Fund Loans	3,929,200	-	294,800	3,634,400	294,800
Capital Leases	7,645,371	7,500,000	72,319	15,073,052	73,052
Compensated Absences	350,204	108,546	53,372	405,378	40,539
Premium on bonds payable	-	444,067	-	444,067	-
Total	\$ <u>20,869,775</u>	\$ <u>43,043,613</u>	\$ <u>3,720,491</u>	\$ <u>60,192,897</u>	\$ <u>1,295,391</u>

The general fund revenues are used to liquidate compensated absences.

**COUNTY OF KING GEORGE, VIRGINIA**

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

**Note 9—Long-Term Obligations: (Continued)**

**Changes in Long-Term Obligations: (Continued)**

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

Year Ending June 30,	Governmental Funds					
	General Obligation Bonds		Literary Loans		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 887,000	\$ 2,230,300	\$ 294,800	\$ 109,032	\$ 73,052	\$ 435,997
2007	1,375,000	1,827,759	294,800	100,188	7,500,000	416,073
2008	1,426,000	1,757,868	294,800	91,344	7,500,000	339,375
2009	1,487,000	1,683,131	250,000	82,500	-	132,375
2010	1,805,000	1,608,077	250,000	75,000	-	-
2011	1,488,000	1,537,642	250,000	67,500	-	-
2012	1,356,000	1,480,649	250,000	60,000	-	-
2013	1,409,000	1,427,819	250,000	52,500	-	-
2014	1,159,000	1,372,070	250,000	45,000	-	-
2015	1,205,000	1,328,206	250,000	37,500	-	-
2016	1,254,000	1,281,610	250,000	30,000	-	-
2017	810,000	1,242,419	250,000	22,500	-	-
2018	840,000	1,212,044	250,000	15,000	-	-
2019	875,000	1,178,444	250,000	7,500	-	-
2020	910,000	1,143,444	-	-	-	-
2021	955,000	1,097,944	-	-	-	-
2022	1,000,000	1,050,194	-	-	-	-
2023	1,050,000	1,000,194	-	-	-	-
2024	1,105,000	947,694	-	-	-	-
2025	1,160,000	892,444	-	-	-	-
2026	1,215,000	834,444	-	-	-	-
2027	1,275,000	778,250	-	-	-	-
2028	1,330,000	719,281	-	-	-	-
2029	1,395,000	657,769	-	-	-	-
2030	1,460,000	593,250	-	-	-	-
2031	1,530,000	520,250	-	-	-	-
2032	1,605,000	443,750	-	-	-	-
2033	1,685,000	363,500	-	-	-	-
2034	1,770,000	279,250	-	-	-	-
2035	1,860,000	190,750	-	-	-	-
2036	1,955,000	97,747	-	-	-	-
Total	\$ 40,636,000	\$ 32,778,193	\$ 3,634,400	\$ 795,564	\$ 15,073,052	\$ 1,323,820

## COUNTY OF KING GEORGE, VIRGINIA

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

#### **Note 9—Long-Term Obligations: (Continued)**

Details of Long-Term Obligations are as follows:

##### **Governmental Funds:**

	<b>Amount Outstanding</b>	<b>Due Within One Year</b>
<b><u>General Obligation Bonds:</u></b>		
\$1,235,000, IDA Lease Revenue Series B Bonds issued October 1, 1995 due in various principal installments through July 15, 2016, interest payable semi-annually at 6.25%	\$ 855,000	\$ 60,000
\$2,476,000 IDA Loan Refunding Bonds issued March 29, 2005 payable in various principal annual installments from August 1, 2005 to August 1, 2015, interest at 3.61%	2,476,000	37,000
\$720,000, IDA Lease Revenue Series C Bonds, issued October 1, 1995 due in various principal installments, interest payable semi-annually at 5.50%	90,000	90,000
\$2,045,000 IDA Revenue Refunding Bonds, issued May 1, 2001 due in various principal annual installments through December 15, 2012, interest payable semiannually at rates ranging from 3.75% to 5.00%	1,960,000	210,000
\$1,840,000, Virginia Public School Authority bond issued August 30, 1990 due in various annual installments through July 15, 2010, interest payable semiannually at rates ranging from 6.76% to 7.2%	670,000	105,000
\$1,015,000 Virginia Public School Authority bond issued April 25, 1991, due in various installments through December 15, 2010, interest payable semiannually at rates ranging from 6.76% to 7.2%	315,000	50,000
\$1,755,000, Virginia Public School Authority refunding bond issued December 15, 1993 due in various annual installments through December 15, 2010, interest payable semiannually at rates ranging from 6.76% to 7.2%	510,000	110,000

## COUNTY OF KING GEORGE, VIRGINIA

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

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### **Note 9—Long-Term Obligations: (Continued)**

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#### **Governmental Funds: (Continued)**

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
<b>General Obligation Bonds: (Continued)</b>		
\$5,000,000 IDA Lease Revenue Bonds Series 1996, payable in various installments through July 15, 2009, (During the year bonds maturing on July 15, 2010 to July 16, 2016 were refunded), interest payable semiannually at rates ranging from 4.6% to 6.4%	\$ 1,245,000	\$ 225,000
\$32,515,000 IDA Lease Revenue Bonds Series 2004 payable in various installments beginning March 1, 2007 through March 1, 2036, interest payable semiannually at 4.76%	<u>32,515,000</u>	<u>—</u>
<b>Total General Obligation Bonds</b>	<u>\$ 40,636,000</u>	<u>\$ 887,000</u>
<b>State Literary Fund Loans:</b>		
\$132,641, issued June 15, 1989, due in annual installments of \$6,800 through June 15, 2008, interest at 3%	\$ 20,400	\$ 6,800
\$742,337, issued June 15, 1989 due in annual installments of \$38,000 through June 15, 2008, interest at 3%	114,000	38,000
\$5,000,000, issued August 1, 1998, due in annual installments of \$250,000 through August 1, 2018, interest at 3%	<u>3,500,000</u>	<u>250,000</u>
<b>Total State Literary Fund Loans</b>	<u>\$ 3,634,400</u>	<u>\$ 294,800</u>

## COUNTY OF KING GEORGE, VIRGINIA

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

### Note 9-Long-Term Obligations: (Continued)

#### Governmental Funds: (Continued)

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
Capital Lease Obligation:		
\$608,820 Lease obligation payable in various principal annual installments through July 1, 2005, interest at 5.13%	\$ 73,052	73,052
\$7,500,000 lease obligation payable July 15, 2007, interest payable semi-annually at 1.99%	7,500,000	-
\$7,500,000 lease obligation payable January 15, 2009, interest payable semi-annually at 3.53%	<u>7,500,000</u>	-
Total Capital Lease Obligations	\$ 15,073,052	73,052
Compensated Absences	405,378	40,539
Premium on bonds payable	<u>444,067</u>	-
Total	<u>\$ 60,192,897</u>	<u>\$ 1,295,391</u>

#### King George County Service Authority:

The following is a summary of changes in long-term obligations for the King George County Service Authority:

<u>Proprietary Funds</u>	<u>Balance July 1, 2004</u>	<u>Increases/ Proceeds</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2005</u>	<u>Due Within One Year</u>
Note Payable	\$ 666,667	-	\$ 423,916	\$ 242,751	\$ 242,751
Note Payable	281,498	-	28,150	253,348	28,150
Virginia Water Facility Loan	766,457	-	105,464	660,993	109,724
VRA Utility Revenue Bond	10,320,000	-	200,000	10,120,000	210,000
VRA Water Revenue Bond	8,060,000	-	155,000	7,905,000	160,000
Compensated absences	52,343	2,547	4,105	50,785	5,069
Water & Sewer Revenue Bond	<u>2,115,986</u>	-	<u>72,536</u>	<u>2,043,450</u>	<u>71,076</u>
Total	<u>\$ 22,262,951</u>	<u>\$ 2,547</u>	<u>\$ 989,171</u>	<u>\$ 21,276,327</u>	<u>\$ 826,770</u>

## COUNTY OF KING GEORGE, VIRGINIA

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

### Note 9—Long-Term Obligations: (Continued)

#### King George County Service Authority: (Continued)

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

Year Ending June 30,	Virginia Water Facilities Loan		VRA Water Revenue Bond		VRA Utility Revenue Bonds		Notes Payable		Water and Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 109,724	\$ 25,353	\$ 160,000	\$ 366,814	\$ 210,000	\$ 503,683	\$ 270,901	\$ 19,766	\$ 71,076	\$ 89,708
2007	114,157	20,920	165,000	362,254	215,000	495,598	28,150	9,008	74,196	86,588
2008	118,769	16,308	170,000	357,139	225,000	487,320	28,150	7,882	77,453	83,330
2009	123,568	11,510	175,000	351,868	235,000	478,095	28,150	6,774	80,853	79,930
2010	128,560	6,518	180,000	346,224	245,000	467,873	28,150	5,630	84,403	76,380
2011	66,215	1,324	185,000	340,104	255,000	457,215	28,150	4,504	88,108	72,676
2012	-	-	195,000	331,594	265,000	445,485	28,150	3,378	91,976	68,808
2013	-	-	205,000	322,624	280,000	431,970	28,150	2,258	96,014	64,770
2014	-	-	215,000	312,170	290,000	417,690	28,148	1,126	100,229	60,554
2015	-	-	220,000	303,356	305,000	402,900	-	-	104,629	56,154
2016	-	-	230,000	294,116	320,000	387,345	-	-	109,222	51,562
2017	-	-	240,000	284,224	335,000	371,025	-	-	114,017	46,766
2018	-	-	250,000	273,664	355,000	353,940	-	-	119,022	41,760
2019	-	-	265,000	262,416	370,000	335,835	-	-	124,247	36,536
2020	-	-	275,000	250,226	390,000	316,965	-	-	129,702	31,082
2021	-	-	285,000	237,232	410,000	297,075	-	-	135,396	25,388
2022	-	-	300,000	223,765	430,000	276,165	-	-	141,340	19,444
2023	-	-	315,000	209,365	450,000	254,235	-	-	147,545	13,238
2024	-	-	330,000	194,087	475,000	231,285	-	-	154,022	6,762
2025	-	-	345,000	178,083	500,000	207,060	-	-	-	-
2026	-	-	360,000	161,350	525,000	181,560	-	-	-	-
2027	-	-	380,000	143,890	550,000	154,785	-	-	-	-
2028	-	-	395,000	125,460	575,000	126,735	-	-	-	-
2029	-	-	415,000	105,315	605,000	97,410	-	-	-	-
2030	-	-	435,000	84,150	635,000	66,555	-	-	-	-
2031	-	-	460,000	61,965	670,000	34,170	-	-	-	-
2032	-	-	480,000	38,505	-	-	-	-	-	-
2033	-	-	275,000	14,025	-	-	-	-	-	-
Total	\$ 660,993	\$ 81,933	\$ 7,905,000	\$ 6,535,985	\$ 10,120,000	\$ 8,279,974	\$ 496,099	\$ 60,326	\$ 2,043,450	\$ 1,011,436

## COUNTY OF KING GEORGE, VIRGINIA

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

### **Note 9—Long-Term Obligations: (Continued)**

#### **King George County Service Authority: (Continued)**

Details of long-term obligations are as follows:

	<u>Amount Outstanding</u>	<u>Due Within One Year</u>
\$1,000,000 note payable issued October 16, 2002 payable in annual principal installments of \$333,333 through October 16, 2005, interest at 2.85%	\$ 242,751	\$ 242,751
\$281,498 note payable issued February 2, 2004 payable in annual principal installments of \$28,150 through February 2, 2013, interest at 4.00%	253,348	28,150
\$1,816,890, Virginia Water Facilities Revolving Loan Fund issued April 1, 1991, payable in principal and interest semiannual installments of \$67,539 through September 2011, interest at 4%	660,993	109,724
\$10,700,000, Virginia Resources Authority bond issued December 14, 2001, payable in various principal annual installments through April 1, 2031, interest payable semiannually at 4.94%	10,120,000	210,000
\$8,275,000 Virginia Resources Authority Water & Sewer System Authority bond issued December 5, 2002 payable in various principal annual installments through April 1, 2033 interest payable semiannually at rates ranging from 2.1% to 5.1%	7,905,000	160,000
\$2,115,986 Water and Sewer Revenue bond issued February 2, 2004, payable in various principal annual installments through February 2, 2024, interest payable semi-annually at 4.39%	2,043,450	71,076
Total long-term debt	\$ 21,225,542	\$ 821,701
Compensated absences	50,695	5,069
Total long-term obligations	<u>\$ 21,276,237</u>	<u>\$ 826,770</u>

## COUNTY OF KING GEORGE, VIRGINIA

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

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### **Note 9—Long-Term Obligations: (Continued)**

#### **Component Unit School Board:**

The following is a summary of long-term obligations for the fiscal year ending June 30, 2005:

	<b>Amounts Payable July 1, 2004</b>	<b>Increases</b>	<b>Decreases</b>	<b>Amounts Payable June 30, 2005</b>	<b>Amounts Due Within One Year</b>
Compensated absences payable	\$ 210,151	\$ 51,064	\$ 26,035	\$ 235,180	\$ 23,518
Total	\$ 210,151	\$ 51,064	\$ 26,035	\$ 235,180	\$ 23,518

### **Note 10—Claims, Judgments, and 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. No benefits or pay is received for unused sick leave upon termination. The County had outstanding accrued vacation pay as follows:

Primary Government	\$ <u>405,378</u>
King George Service Authority	\$ <u>50,695</u>
Component Unit School Board	\$ <u>235,180</u>

### **Note 11—Deferred Revenue:**

Deferred revenue represents amounts for which assets recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue totaling \$1,609,729 is comprised of the following:

- A. Prepaid connections fees for the King George Service Authority totaled \$986,345 at June 30, 2005.
- B. Deferred property tax revenues totaled \$623,384 at June 30, 2005.

## COUNTY OF KING GEORGE, VIRGINIA

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

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#### **Note 12—Litigation:**

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At June 30, 2005, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

#### **Note 13—Defined Benefit Pension Plan:**

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

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers 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 salary (AFS) for each year of credited service. 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. AFS is defined as the highest consecutive 36 months of salary. 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 obtained by writing to the System at P. O. Box 2500, Richmond, Virginia 23218-2500.

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

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. This 5% member contribution may be and has been assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County and School Board non-professional employer contribution rates for the fiscal year ended 2005 were 4% and 5% of annual covered payroll, respectively.

## COUNTY OF KING GEORGE, VIRGINIA

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

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#### **Note 13—Defined Benefit Pension Plan: (Continued)**

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

The School Board's contribution for professional employees were \$786,365, \$474,890 and \$463,974 to the teacher cost-sharing pool for the fiscal years ended June 30, 2005, 2004 and 2003 respectively and these contributions represented 6.03%, 3.77% and 3.77% respectively, of current covered payroll.

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

For fiscal year ended 2005, the County's annual pension cost of \$238,844 was equal to the County's required and actual contributions. The required contributions were determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method.

In fiscal year ended 2005, the School Board's annual pension cost for the non-professional employees was \$85,005 which was equal to the Board's required and actual contributions. The required contributions were determined as a part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method.

	<b>County</b>	<b>Non-Professional School Board</b>
Valuation date	June 30, 2004	June 30, 2004
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	8 Years	9 Years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return <sup>1</sup>	8.00%	8.00%
Projected salary increases: <sup>1</sup>		
Non LEO Employees	4.25% to 6.10%	4.25% to 6.10%
LEO Employees	4.50% to 5.75%	4.50% to 5.75%
Cost-of-living adjustments	3.0%	3.0%

<sup>1</sup> Includes inflation at 3%

## COUNTY OF KING GEORGE, VIRGINIA

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

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### Note 13—Defined Benefit Pension Plan: (Continued)

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#### C. Annual Pension Cost: (Continued)

Trend information for the County and School Board:

<b>Fiscal Year Ending</b>		<b>Annual Pension Cost (APC) (1)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
<b>County:</b>				
June 30, 2005	\$	238,844	100%	\$
June 30, 2004		156,067	100%	-
June 30, 2003		137,740	100%	-
<b>School Board:</b>				
<b>Non-professional:</b>				
June 30, 2005	\$	85,005	100%	\$
June 30, 2004		61,160	100%	-
June 30, 2003		67,537	100%	-

(1) Employer portion only

### Note 14—Risk Management:

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

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

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

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

## COUNTY OF KING GEORGE, VIRGINIA

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

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#### **Note 15—Landfill Closure and Postclosure Care Cost:**

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The County maintains a contract with an independent contractor for operations of the landfills. The County collects tipping fees based upon the source of the waste. The contractor is responsible for any landfill closure and postclosure costs. At June 30, 2005 the County has recorded \$3,555,592 as a liability in the event the contract defaults on any closure and post-closure care costs.

#### **Note 16—Commitments and Contingencies:**

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

#### **Note 17—Expenditures and Appropriations:**

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Expenditures did not exceed appropriations in any fund at June 30, 2005.

#### **Note 18—Surety Bond:**

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	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Charles V. Mason, Clerk of the Circuit Court	\$ 25,000
Alice L. Moore, Treasurer	400,000
Faye Lumpkin, Commissioner of the Revenue	3,000
Clarence W. Dobson, Sheriff	30,000
All County Employees	250,000
 Nationwide Insurance	
All school personnel handling money - blanket bond	25,000

## COUNTY OF KING GEORGE, VIRGINIA

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

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### **Note 19—Construction Commitments:**

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At June 30, 2005 the County has several major projects under construction which are summarized below:

<u>Project</u>	<u>Contract Amounts</u>	<u>Expenditures as of June 30, 2004</u>	<u>Contract Balance</u>
Fairview Beach WWTP	\$ 2,361,737	\$ 834,557	\$ 1,527,180
Dahlgen WWTP	5,188,676	4,835,350	353,326
King George Elementary School	11,737,681	11,719,450	18,231
Total	\$ 19,288,094	\$ 17,389,357	\$ 1,898,737

### **Note 20—Debt Refunding:**

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On March 29, 2005 the County of King George, Virginia issued \$2,476,000 in General Obligation Refunding Bonds, Series, 2005 with an effective interest rate of 3.61%. The Series 2005 bonds were issued to refund \$2,475,000 of General Obligation Bonds, Series of 1996. The 2005 bonds will be repaid in various installments beginning January 15, 2008 to 2017. As a result the 1996 bonds maturing annually on July 15, 2010 to January 15, 2016 are considered to be defeased in substance and the liability for those bonds had been removed from the financial statements. The reacquisition price exceeded the carrying amount of the old debt by \$166,288. The advance refunding was undertaken to reduce the total debt service payments over the next 11 years by \$727,664 and resulted in an economic gain of \$283,117. At June 30, 2005 the defeased bonds had balances outstanding of \$2,475,000.

### **Note 21—Subsequent Events:**

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On August 1, 2005 the County defeased \$855,000 Series 1995 bonds. On October 18, 2005 the County approved an appropriation of \$4,500,000 to the King George County YMCA for construction of a recreational facility for the County.

### **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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## COUNTY OF KING GEORGE, VIRGINIA

Exhibit 10  
Page 1 of 5

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2005

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
General property taxes	\$ 12,687,446	\$ 13,020,914	\$ 13,555,599	\$ 534,685
Other local taxes	3,899,500	3,899,500	4,717,346	817,846
Permits, privilege fees and regulatory licenses	576,800	576,800	782,593	205,793
Fines and forfeitures	185,600	185,600	292,217	106,617
Revenue from use of money and property	315,852	315,852	417,538	101,686
Charges for services	185,900	226,991	271,847	44,856
Miscellaneous	204,094	204,094	117,165	(86,929)
Recovered costs	171,000	171,000	159,314	(11,686)
Intergovernmental:				
School Board	142,496	142,496	141,685	(811)
Commonwealth	5,033,043	5,397,377	4,858,819	(538,558)
Federal	2,900	284,535	1,033,529	748,994
<b>Total revenues</b>	<b>\$ 23,404,631</b>	<b>\$ 24,425,159</b>	<b>\$ 26,347,652</b>	<b>\$ 1,922,493</b>
<b>Expenditures:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 97,895	\$ 150,645	\$ 138,252	\$ 12,393
General and financial administration:				
County administration	\$ 423,630	\$ 423,731	\$ 413,385	\$ 10,346
Legal services	106,937	106,937	105,817	1,120
Commissioner of the Revenue	322,614	322,614	303,715	18,899
Reassessment	150,000	165,300	102,600	62,700
Treasurer	269,698	269,698	261,235	8,463
Department of finance	664,262	973,043	869,467	103,576
<b>Total general and financial administration</b>	<b>\$ 1,937,141</b>	<b>\$ 2,261,323</b>	<b>\$ 2,056,219</b>	<b>\$ 205,104</b>
Board of Elections:				
Electoral board and officials	\$ 32,877	\$ 34,824	\$ 32,016	\$ 2,808
Registrar	100,545	102,098	98,928	3,170
<b>Total board of elections</b>	<b>\$ 133,422</b>	<b>\$ 136,922</b>	<b>\$ 130,944</b>	<b>\$ 5,978</b>
<b>Total general government administration</b>	<b>\$ 2,168,458</b>	<b>\$ 2,548,890</b>	<b>\$ 2,325,415</b>	<b>\$ 223,475</b>

## COUNTY OF KING GEORGE, VIRGINIA

Exhibit 10  
Page 2 of 5

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2005 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Expenditures: (continued)</b>				
Judicial administration:				
Courts:				
Circuit court	\$ 51,970	\$ 51,970	\$ 30,387	\$ 21,583
Combined courts	30,100	30,100	21,600	8,500
Magistrates	4,608	4,608	3,078	1,530
Clerk of the circuit court	304,697	304,697	299,891	4,806
Law library / library grant	7,700	10,296	5,099	5,197
Victim assistance program	22,565	22,565	22,477	88
Total courts	\$ 421,640	\$ 424,236	\$ 382,532	\$ 41,704
Commonwealth's attorney:				
Commonwealth's attorney	\$ 282,232	\$ 301,521	\$ 301,750	\$ (229)
Total judicial administration	\$ 703,872	\$ 725,757	\$ 684,282	\$ 41,475
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,252,713	\$ 2,289,362	\$ 2,288,689	\$ 673
VJCCA / CHINS	45,573	45,573	42,319	3,254
E-911	327,162	410,927	323,979	86,948
Law enforcement	22,200	22,200	3,690	18,510
Public safety grants	-	24,688	25,361	(673)
Total law enforcement and traffic control	\$ 2,647,648	\$ 2,792,750	\$ 2,684,038	\$ 108,712
Fire and rescue services:				
Emergency services	\$ 1,089,317	\$ 1,272,674	\$ 1,196,154	\$ 76,520
Fire and rescue grants	-	20,943	15,911	5,032
King George fire and rescue	166,500	164,045	114,004	50,041
King George Rescue - Dalhgren	203,000	205,455	204,955	500
Total fire and rescue services	\$ 1,458,817	\$ 1,663,117	\$ 1,531,024	\$ 132,093
Correction and detention:				
Juvenile detention	\$ 201,880	\$ 399,831	\$ 301,961	\$ 97,870
Regional jail	679,455	679,455	608,053	71,402
Court service unit - juvenile court	2,982	2,982	2,982	-
Juvenile justice planner	16,008	-	-	-
Total correction and detention	\$ 900,325	\$ 1,082,268	\$ 912,996	\$ 169,272

## COUNTY OF KING GEORGE, VIRGINIA

Exhibit 10  
Page 3 of 5

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2005 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Expenditures: (continued)</b>				
Other protection:				
Animal control	\$ 167,479	\$ 193,860	\$ 180,650	\$ 13,210
Medical examiner	-	-	250	(250)
Miscellaneous public safety grants	-	98,122	98,121	1
Total other protection	\$ 167,479	\$ 291,982	\$ 279,021	\$ 12,961
Total public safety	\$ 5,174,269	\$ 5,830,117	\$ 5,407,079	\$ 423,038
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Engineering	\$ 124,965	\$ 178,567	\$ 157,001	\$ 21,566
Sanitation and waste removal:				
Landfill	\$ 194,470	\$ 217,901	\$ 213,581	\$ 4,320
Maintenance of general buildings and grounds:				
General properties	\$ 331,449	\$ 397,536	\$ 397,073	\$ 463
Construction - engineering inspections	161,025	197,820	73,889	123,931
Miscellaneous	52,500	54,666	23,929	30,737
Citizen's center	69,094	76,652	65,955	10,697
Total maintenance of general buildings and grounds	\$ 614,068	\$ 726,674	\$ 560,846	\$ 165,828
Total public works	\$ 933,503	\$ 1,123,142	\$ 931,428	\$ 191,714
Health and welfare:				
Health:				
Local health department	\$ 210,223	\$ 210,223	\$ 210,223	\$ -
Mental health and mental retardation:				
Community services board	\$ 67,189	\$ 67,189	\$ 67,189	\$ -
Welfare:				
Administration and public assistance	\$ 1,399,242	\$ 1,549,242	\$ 1,551,952	\$ (2,710)
Comprehensive services	562,507	855,907	841,522	14,385
Total welfare	\$ 1,961,749	\$ 2,405,149	\$ 2,393,474	\$ 11,675
Total health and welfare	\$ 2,239,161	\$ 2,682,561	\$ 2,670,886	\$ 11,675

## COUNTY OF KING GEORGE, VIRGINIA

Exhibit 10  
Page 4 of 5

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2005 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Expenditures: (continued)</b>				
Education:				
Contributions to community colleges	\$ 4,285	\$ 4,285	\$ 4,285	\$ -
Contribution to School Board Component Unit	\$ 8,891,367	\$ 9,051,541	\$ 8,252,827	\$ (798,714)
Total education	\$ 8,895,652	\$ 9,055,826	\$ 8,257,112	\$ (798,714)
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 258,421	\$ 258,421	\$ 228,591	\$ 29,830
Parks operations	138,531	138,531	123,874	14,657
Recreation programs and events	187,672	225,522	223,749	1,773
Total parks and recreation	\$ 584,624	\$ 622,474	\$ 576,214	\$ 46,260
Library:				
Library	\$ 368,904	\$ 424,956	\$ 464,367	\$ (39,411)
Total parks, recreation and cultural	\$ 953,528	\$ 1,047,430	\$ 1,040,581	\$ 6,849
Community development:				
Planning and community development:				
Community development	\$ 582,877	\$ 583,109	\$ 572,374	\$ 10,735
Planning / community zoning boards	56,389	66,618	54,656	11,962
Sustained economic development	125,000	132,261	14,381	117,880
Welcome center	93,312	93,312	71,005	22,307
Public transportation grant	-	15,295	15,295	-
Community organizations	162,151	219,407	199,142	20,265
Total planning and community development	\$ 1,019,729	\$ 1,110,002	\$ 926,853	\$ 183,149
Environmental management:				
Litter control	\$ 5,593	\$ 5,593	\$ 564	\$ 5,029
Soil and water conservation district	20,000	20,000	20,000	-
Total environmental management	\$ 25,593	\$ 25,593	\$ 20,564	\$ 5,029

## COUNTY OF KING GEORGE, VIRGINIA

Exhibit 10  
Page 5 of 5

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended June 30, 2005 (Continued)

Fund, Function, Activity, Element	General Fund			Variance From Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Expenditures: (continued)</b>				
Cooperative extension program:				
VPI extension	\$ 69,500	\$ 74,088	\$ 74,088	\$ -
Total community development	\$ 1,114,822	\$ 1,209,683	\$ 1,021,505	\$ 188,178
Nondepartmental:				
Reimbursements and recoveries	\$ 45,000	\$ 45,000	\$ -	\$ 45,000
Refunds	6,200	6,200	-	6,200
County in and out	-	222,092	-	222,092
Contingency	1,632,597	697,852	-	697,852
Total nondepartmental	\$ 1,683,797	\$ 971,144	\$ -	\$ 971,144
Debt service:				
Principal retirement	\$ 1,259,800	\$ 2,204,326	\$ 1,119,800	\$ 1,084,526
Interest and fiscal charges	1,403,384	1,411,358	889,860	521,498
Total debt service	\$ 2,663,184	\$ 3,615,684	\$ 2,009,660	\$ 1,606,024
Total expenditures	\$ 26,530,246	\$ 28,810,234	\$ 24,347,948	\$ 2,864,858
Excess (deficiency) of revenues over expenditures	\$ (3,125,615)	\$ (4,385,075)	\$ 1,999,704	\$ 4,787,351
<b>Other financing sources (uses):</b>				
Transfers in	\$ 3,076,418	\$ 3,076,418	\$ 2,997,077	\$ (79,341)
Sale of property	8,100	8,100	145,561	
Transfers (out)	-	(103,648)	(91,170)	12,478
Total other financing sources (uses)	\$ 3,084,518	\$ 2,980,870	\$ 3,051,468	\$ (66,863)
Net changes in fund balance	\$ (41,097)	\$ (1,404,205)	\$ 5,051,172	\$ 6,455,377
Fund balance at beginning of year	41,097	1,404,205	15,458,623	14,054,418
Fund balance at end of year	\$ -	\$ -	\$ 20,509,795	\$ 20,509,795

## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 11

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

## County:

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2004	\$ 10,168,207	\$ 9,884,071	\$ (284,136)	102.87%	\$ 5,538,406	-5.13%
6/30/2003	9,713,527	9,010,536	(702,991)	107.80%	4,744,193	-14.82%
6/30/2002	9,333,815	8,293,849	(1,039,966)	112.54%	4,224,718	-24.62%

**Discretely Presented Component Unit - School Board**  
**School Board Non-Professionals:**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) Actuarial Accrued Liability	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2004	\$ 1,939,255	\$ 2,023,474	\$ 84,219	95.84%	\$ 1,562,876	5.39%
6/30/2003	1,752,482	1,714,049	(38,433)	102.24%	1,375,728	-2.79%
6/30/2002	1,570,855	1,402,708	(168,147)	111.99%	1,310,795	-12.83%

**OTHER SUPPLEMENTARY INFORMATION**

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## **Combining and Individual Fund Statements and Schedules**

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## COUNTY OF KING GEORGE, VIRGINIA

Exhibit 12  
Page 1 of 2

## Capital Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Revenues:</b>				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses	\$ 7,340,000	\$ 7,340,000	\$ 6,654,482	\$ (685,518)
Revenue from use of money and property	375,000	375,000	869,914	494,914
Miscellaneous	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Total revenues	<u>\$ 7,715,000</u>	<u>\$ 7,715,000</u>	<u>\$ 7,599,396</u>	<u>\$ (115,604)</u>
<b>Expenditures:</b>				
General government administration:				
Professional services - other	\$ -	\$ 50,469	\$ 42,641	\$ 7,828
Computer hardware/software	<u>-</u>	<u>15,383</u>	<u>15,805</u>	<u>(422)</u>
Access control system	<u>-</u>	<u>80,850</u>	<u>48,194</u>	<u>32,656</u>
Total general government administration	<u>\$ -</u>	<u>\$ 146,702</u>	<u>\$ 106,640</u>	<u>\$ 40,062</u>
Public safety:				
Vehicle acquisition - EMS rescue vehicles	\$ -	\$ 40,647	\$ 611	\$ 40,036
Vehicle acquisition - EMS fire vehicles	<u>-</u>	<u>221,801</u>	<u>34,114</u>	<u>187,687</u>
Total public safety	<u>\$ -</u>	<u>\$ 262,448</u>	<u>\$ 34,725</u>	<u>\$ 227,723</u>
Public works:				
Generators for HS and admin. Building	\$ 400,000	\$ 400,000	\$ -	\$ 400,000
Miscellaneous capital outlays	<u>39,357</u>	<u>33,761</u>	<u>16,261</u>	<u>17,500</u>
Total public works	<u>\$ 439,357</u>	<u>\$ 433,761</u>	<u>\$ 16,261</u>	<u>\$ 417,500</u>
<b>Capital projects:</b>				
Public safety:				
EMS training facility	\$ -	\$ 200,000	\$ -	\$ 200,000
Courthouse area fire and rescue project	2,900,000	3,301,715	221,694	3,080,021
Emergency communication upgrade	<u>-</u>	<u>2,274,272</u>	<u>2,034,357</u>	<u>239,915</u>
Animal pound	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total public safety	<u>\$ 3,200,000</u>	<u>\$ 6,075,987</u>	<u>\$ 2,256,051</u>	<u>\$ 3,819,936</u>

## COUNTY OF KING GEORGE, VIRGINIA

Exhibit 12  
Page 2 of 2

## Capital Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual  
Year Ended June 30, 2005 (Continued)

	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Expenditures: (Continued)</b>				
Education:				
School construction - elementary school	\$ -	\$ 715,533	\$ 145,333	\$ 570,200
School construction - high school		- 3,500,000	1,432,486	2,067,514
Sealston elementary school	300,000	300,000	248,724	51,276
Bond issuance costs - high school / other		-	1,021,954	(1,021,954)
School HVAC project		- 1,778,053	1,358,722	419,331
<b>Total education</b>	<b>\$ 300,000</b>	<b>\$ 6,293,586</b>	<b>\$ 4,207,219</b>	<b>\$ 2,086,367</b>
Parks and recreation:				
Parks and recreation - sealston park	\$ -	\$ 66,040	\$ 12,672	\$ 53,368
Ralph Bunche preservation project	150,000	150,000	-	150,000
<b>Total parks and recreation</b>	<b>\$ 150,000</b>	<b>\$ 216,040</b>	<b>\$ 12,672</b>	<b>\$ 203,368</b>
<b>Total expenditures</b>	<b>\$ 4,089,357</b>	<b>\$ 13,428,524</b>	<b>\$ 6,633,568</b>	<b>\$ 6,794,956</b>
Excess (deficiency) of revenues over expenditures				
	<b>\$ 3,625,643</b>	<b>\$ (5,713,524)</b>	<b>\$ 965,828</b>	<b>\$ 6,679,352</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ 103,648	\$ 80,850	\$ (22,798)
Transfers (out)	(3,625,643)	(4,664,715)	(4,665,055)	(340)
Premium on bonds issued	-	-	444,067	444,067
Payment to refunded bond escrow agent	-	-	(2,641,444)	(2,641,444)
Long-term debt issued	-	2,725,000	42,491,000	39,766,000
<b>Total other financing sources (uses):</b>	<b>\$ (3,625,643)</b>	<b>\$ (1,836,067)</b>	<b>\$ 35,709,418</b>	<b>\$ 37,545,485</b>
Net changes in fund balance				
	<b>\$ -</b>	<b>\$ (7,549,591)</b>	<b>\$ 36,675,246</b>	<b>\$ 44,224,837</b>
Fund balance at beginning of the year				
	<b>-</b>	<b>7,549,591</b>	<b>17,196,042</b>	<b>9,646,451</b>
Fund balance at end of the year				
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,871,288</b>	<b>\$ 53,871,288</b>

## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 13

Combining Schedule of Fiduciary Net Assets -  
 Agency Funds  
 At June 30, 2005

	Special Welfare Fund	Payroll Taxes Fund	Landfill Escrow Fund	IDA Fund	Totals
<b>Assets:</b>					
Cash and cash equivalents	\$ 5,008	\$ (69,682)	\$ 3,555,591	\$ 1,688,670	\$ 5,179,587
Total assets	\$ 5,008	\$ (69,682)	\$ 3,555,591	\$ 1,688,670	\$ 5,179,587
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 35,938	\$ 35,938
Amounts held for others	-	(69,682)	-	1,652,732	1,583,050
Amounts held for landfill closure	-	-	3,555,591	-	3,555,591
Amounts held for social service clients	5,008	-	-	-	5,008
Total liabilities	\$ 5,008	\$ (69,682)	\$ 3,555,591	\$ 1,688,670	\$ 5,179,587

## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 14

## Agency Funds

Combining Schedule of Changes in Assets and Liabilities  
Year Ended June 30, 2005

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Special Welfare Fund:</b>				
Assets:				
Cash	\$ 7,244	\$ 9,901	\$ 12,137	\$ 5,008
Liabilities:				
Amounts held for social service clients	\$ 7,244	\$ 9,901	\$ 12,137	\$ 5,008
<b>Payroll Taxes Fund:</b>				
Assets:				
Cash	\$ 68,467	\$ 1,715,272	\$ 1,853,421	\$ (69,682)
Liabilities:				
Amounts held for others	\$ 68,467	\$ 1,715,272	\$ 1,853,421	\$ (69,682)
<b>Landfill Escrow Fund:</b>				
Assets:				
Cash	\$ 3,509,055	\$ 46,536	\$ -	\$ 3,555,591
Liabilities:				
Amounts held for landfill closure	\$ 3,509,055	\$ 46,536	\$ -	\$ 3,555,591
<b>IDA Fund:</b>				
Assets:				
Cash	\$ 1,293,052	\$ 824,364	\$ 428,746	\$ 1,688,670
Total assets	\$ 1,293,052	\$ 824,364	\$ 428,746	\$ 1,688,670
Liabilities:				
Accounts payable	\$ 109,453	\$ 35,938	\$ 109,453	\$ 35,938
Amounts held for others	\$ 1,183,599	\$ 788,426	\$ 319,293	\$ 1,652,732
Total liabilities	\$ 1,293,052	\$ 824,364	\$ 428,746	\$ 1,688,670
<b>Totals – All agency funds</b>				
Assets:				
Cash	\$ 4,877,818	\$ 2,596,073	\$ 2,294,304	\$ 5,179,587
Liabilities:				
Accounts payable	\$ 109,453	\$ 35,938	\$ 109,453	\$ 35,938
Amounts held for social service clients	\$ 7,244	\$ 9,901	\$ 12,137	\$ 5,008
Amounts held for landfill closure	\$ 3,509,055	\$ 46,536	\$ -	\$ 3,555,591
Amounts held for others	\$ 1,252,066	\$ 2,503,698	\$ 2,172,714	\$ 1,583,050
Total liabilities	\$ 4,877,818	\$ 2,596,073	\$ 2,294,304	\$ 5,179,587

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

## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 15

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

	School Operating	School Cafeteria	School Construction	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 42,357	\$ 59,144	\$ 610,097	\$ 711,598
Receivables (Net of allowances for uncollectibles):				
Accounts	112,144	1,826	-	113,970
Due from primary government	1,882,294	-	-	1,882,294
Due from other governmental units	804,618	10,810	-	815,428
<b>Total assets</b>	<b>\$ 2,841,413</b>	<b>\$ 71,780</b>	<b>\$ 610,097</b>	<b>\$ 3,523,290</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 664,976	\$ 3,316	\$ 301,796	\$ 970,088
Accrued liabilities	2,174,437	68,464	-	2,242,901
<b>Total liabilities</b>	<b>\$ 2,839,413</b>	<b>\$ 71,780</b>	<b>\$ 301,796</b>	<b>\$ 3,212,989</b>
<b>FUND BALANCES</b>				
Reserved for:				
Capital projects	\$ -	\$ -	\$ 308,301	\$ 308,301
Unreserved:				
Undesignated	2,000	-	-	2,000
<b>Total fund balances</b>	<b>\$ 2,000</b>	<b>\$ -</b>	<b>\$ 308,301</b>	<b>\$ 310,301</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,841,413</b>	<b>\$ 71,780</b>	<b>\$ 610,097</b>	

Detailed explanation of adjustments from fund statements to government-wide statement of net assets:

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality as a whole.

14,736,000

Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities—both current and long-term—are reported in the statement of net assets. This amount is accrued leave.

(235,180)

Net assets of General Government Activities \$ 14,811,121

## COUNTY OF KING GEORGE, VIRGINIA

## Exhibit 16

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Discretely Presented Component Unit - School Board  
Year Ended June 30, 2005

	School Operating	School Cafeteria	School Construction	Total
<b>Revenues:</b>				
Revenue from use of money and property	\$ 14,330	\$ -	\$ -	\$ 14,330
Charges for services	36,388	532,811	-	569,199
Miscellaneous	56,810	6,545	-	63,355
<b>Intergovernmental:</b>				
County contribution to School Board	8,252,827	-	-	8,252,827
Commonwealth	14,136,404	12,854	141,685	14,290,943
Federal	1,082,257	278,500	-	1,360,757
<b>Total revenues</b>	<b>\$ 23,579,016</b>	<b>\$ 830,710</b>	<b>\$ 141,685</b>	<b>\$ 24,551,411</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Education	\$ 23,458,642	\$ 920,872	\$ -	\$ 24,379,514
Contribution to primary government	-	-	141,685	141,685
Capital projects	-	-	1,299,541	1,299,541
<b>Debt service:</b>				
Interest and fiscal charges	79,771	-	-	79,771
<b>Total expenditures</b>	<b>\$ 23,538,413</b>	<b>\$ 920,872</b>	<b>\$ 1,441,226</b>	<b>\$ 25,900,511</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 40,603</b>	<b>\$ (90,162)</b>	<b>\$ (1,299,541)</b>	<b>\$ (1,349,100)</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ 40,603	\$ -	\$ 40,603
Transfers (out)	(40,603)	-	-	(40,603)
<b>Total other financing sources (uses)</b>	<b>\$ (40,603)</b>	<b>\$ 40,603</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net changes in fund balances</b>	<b>\$ -</b>	<b>\$ (49,559)</b>	<b>\$ (1,299,541)</b>	<b>\$ (1,349,100)</b>
<b>Fund balances at beginning of year</b>	<b>2,000</b>	<b>49,559</b>	<b>1,607,842</b>	<b>1,659,401</b>
<b>Fund balances at end of year</b>	<b>\$ 2,000</b>	<b>\$ -</b>	<b>\$ 308,301</b>	<b>\$ 310,301</b>

COUNTY OF KING GEORGE, VIRGINIA

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

Discretely Presented Component Unit - School Board

Governmental Funds

Year Ended June 30, 2005

<b>School Operating Fund</b>						<b>Variance From Final Budget Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>			
<b>Revenues:</b>						
Revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 14,330	\$	(10,670)	
Charges for services	60,700	60,700	36,388	\$	(24,312)	
Miscellaneous	203,300	203,300	56,810	\$	(146,490)	
<b>Intergovernmental:</b>						
County contribution to School Board	8,891,367	9,051,541	8,252,827	\$	(798,714)	
Commonwealth	13,929,397	14,231,718	14,136,404	\$	(95,314)	
Federal	11,000	1,119,374	1,082,257	\$	(37,117)	
<b>Total revenues</b>	<b>\$ 23,120,764</b>	<b>\$ 24,691,633</b>	<b>\$ 23,579,016</b>	<b>\$</b>	<b>(1,112,617)</b>	
<b>Expenditures:</b>						
<b>Current:</b>						
Instruction	\$ 16,841,700	\$ 18,486,088	\$ 17,391,994	\$	1,094,094	
Administration, attendance and health	967,128	736,052	708,998	\$	27,054	
Pupil transportation	1,796,693	1,819,013	1,657,791	\$	161,222	
Operation and maintenance	2,401,614	2,450,779	2,380,546	\$	70,233	
School food service costs	-	-	-	\$	-	
Facilities	172,123	255,967	255,626	\$	341	
Technology	811,735	812,331	1,063,687	\$	(251,356)	
<b>Total education</b>	<b>\$ 22,990,993</b>	<b>\$ 24,560,230</b>	<b>\$ 23,458,642</b>	<b>\$</b>	<b>1,101,588</b>	
Capital projects	-	-	-	\$	-	
Contribution to primary government	-	-	-	\$	-	
<b>Debt service:</b>						
Principal retirement	72,319	73,363	-	\$	73,363	
Interest and fiscal charges	7,452	7,452	79,771	\$	(72,319)	
<b>Total expenditures</b>	<b>\$ 23,070,764</b>	<b>\$ 24,641,045</b>	<b>\$ 23,538,413</b>	<b>\$</b>	<b>1,102,632</b>	
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 50,000</b>	<b>\$ 50,588</b>	<b>\$ 40,603</b>	<b>\$</b>	<b>(9,985)</b>	
<b>Other financing sources (uses):</b>						
Transfers in	\$ -	\$ -	\$ -	\$	-	
Transfers (out)	(50,000)	(50,588)	(40,603)	\$	9,985	
<b>Total other financing sources (uses)</b>	<b>\$ (50,000)</b>	<b>\$ (50,588)</b>	<b>\$ (40,603)</b>	<b>\$</b>	<b>9,985</b>	
<b>Net changes in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$</b>	<b>-</b>	
<b>Fund balances at beginning of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,000</b>	<b>\$</b>	<b>2,000</b>	
<b>Fund balances at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,000</b>	<b>\$</b>	<b>2,000</b>	

School Cafeteria Fund				School Construction Fund					
Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)		
\$ 1,000	\$ 1,000	-	\$ (1,000)	-	-	-	-	\$ -	\$ -
512,657	512,657	532,811	20,154	-	-	-	-	-	-
7,500	7,500	6,545	(955)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
11,156	11,156	12,854	1,698	142,496	142,496	141,685	(811)	-	-
270,000	270,000	278,500	8,500	-	-	-	-	-	-
<b>\$ 802,313</b>	<b>\$ 802,313</b>	<b>\$ 830,710</b>	<b>\$ 28,397</b>	<b>\$ 142,496</b>	<b>\$ 142,496</b>	<b>\$ 141,685</b>	<b>\$ (811)</b>		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
802,313	805,101	920,872	(115,771)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<b>\$ 802,313</b>	<b>\$ 805,101</b>	<b>\$ 920,872</b>	<b>\$ (115,771)</b>	<b>\$ 142,496</b>	<b>\$ 1,742,393</b>	<b>\$ 1,441,226</b>	<b>\$ 301,167</b>		
\$ -	\$ (2,788)	\$ (90,162)	\$ (87,374)	\$ -	\$ (1,599,897)	\$ (1,299,541)	\$ 300,356		
\$ -	\$ -	\$ 40,603	\$ 40,603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 40,603	\$ 40,603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (2,788)	\$ (49,559)	\$ (46,771)	\$ -	\$ (1,599,897)	\$ (1,299,541)	\$ 300,356		
\$ -	2,788	49,559	46,771	\$ -	\$ 1,599,897	\$ 1,607,842	\$ 7,945		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308,301	\$ 308,301		

Reconciliation of Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 to the Statement of Activities - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2005

Component Unit
School Board

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

Net changes in fund balances - total governmental funds \$ (1,349,100)

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 computed as follows:

Net change in fund balances - total governmental funds	
Capital asset additions	\$ 2,848,786
Depreciation expense	<u>(499,264)</u>
	2,349,522

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. This amount reflects the change in accrued leave.	(25,029)
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Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>628,636</u>
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Change in net assets of governmental activities	\$ <u>1,604,029</u>
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## **Supporting Schedule**

## COUNTY OF KING GEORGE, VIRGINIA

Schedule 1  
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Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues – Budget and Actual  
 Year Ended June 30, 2005

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,831,700	\$ 9,165,168	\$ 9,301,540	\$ 136,372
Public service taxes	1,909,646	1,909,646	1,969,280	59,634
Personal property taxes	1,553,200	1,553,200	1,908,694	355,494
Mobile home taxes	35,400	35,400	38,236	2,836
Machinery and tools taxes	129,900	129,900	75,459	(54,441)
Penalties	141,300	141,300	168,702	27,402
Interest	86,300	86,300	93,688	7,388
<b>Total general property taxes</b>	<b>\$ 12,687,446</b>	<b>\$ 13,020,914</b>	<b>\$ 13,555,599</b>	<b>\$ 534,685</b>
Other local taxes:				
Local sales and use taxes	\$ 1,075,400	\$ 1,075,400	\$ 1,103,560	\$ 28,160
Consumer utility taxes	336,100	336,100	334,509	(1,591)
Local consumption tax	64,800	64,800	66,454	1,654
Business license taxes	939,200	939,200	1,052,792	113,592
Cable TV franchise license taxes	43,400	43,400	35,450	(7,950)
Motor vehicle licenses	404,400	404,400	456,906	52,506
Bank franchise taxes	40,400	40,400	79,191	38,791
Recordation taxes	177,600	177,600	485,706	308,106
Local tax from clerk	48,300	48,300	122,972	74,672
Transient occupancy tax	77,000	77,000	112,113	35,113
Meals tax	468,100	468,100	640,118	172,018
E-911 taxes	224,800	224,800	227,575	2,775
<b>Total other local taxes</b>	<b>\$ 3,899,500</b>	<b>\$ 3,899,500</b>	<b>\$ 4,717,346</b>	<b>\$ 817,846</b>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 7,600	\$ 7,600	\$ 5,832	\$ (1,768)
Building and related permits	358,500	358,500	430,585	72,085
Landfill inspection fees	167,000	167,000	169,443	2,443
Other permits and licenses	43,700	43,700	176,733	133,033
<b>Total permits, privilege fees and regulatory licenses</b>	<b>\$ 576,800</b>	<b>\$ 576,800</b>	<b>\$ 782,593</b>	<b>\$ 205,793</b>
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 185,600	\$ 185,600	\$ 292,217	\$ 106,617

## COUNTY OF KING GEORGE, VIRGINIA

Schedule 1  
Page 2 of 7

Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 289,352	\$ 289,352	\$ 370,616	\$ 81,264
Revenue from use of property	26,500	26,500	46,922	20,422
Total revenue from use of money and property	\$ 315,852	\$ 315,852	\$ 417,538	\$ 101,686
Charges for services:				
Sheriff's fees	\$ 1,300	\$ 1,300	\$ 921	\$ (379)
Law library fees	3,400	3,400	2,820	(580)
Local court appointed attorney fees	3,800	3,800	3,289	(511)
Courthouse maintenance fees	6,100	6,100	13,342	7,242
Commonwealth attorney fees	600	600	1,023	423
Concealed weapon fees	4,100	4,100	4,213	113
Courthouse security personnel fee	18,500	21,741	34,952	13,211
Jail admission fee	100	100	2,730	2,630
Charges for parks and recreation	145,500	183,350	206,766	23,416
Charges for maps / publications	2,500	2,500	855	(1,645)
Other charges for services	-	-	936	936
Total charges for services	\$ 185,900	\$ 226,991	\$ 271,847	\$ 44,856
Miscellaneous revenue:				
Miscellaneous	\$ 130,194	\$ 130,194	\$ 62,877	\$ (67,317)
Contributions to Welcome Center	44,200	44,200	29,748	(14,452)
Insurance recoveries	29,700	29,700	24,540	(5,160)
Total miscellaneous revenue	\$ 204,094	\$ 204,094	\$ 117,165	\$ (86,929)
Recovered costs:				
Service authority cost allocation	\$ 171,000	\$ 171,000	\$ 159,314	\$ (11,686)
Total revenue from local sources	\$ 18,226,192	\$ 18,600,751	\$ 20,313,619	\$ 1,712,868

## COUNTY OF KING GEORGE, VIRGINIA

Schedule 1  
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## Governmental Funds and Discretely Presented Component Unit - School Board

## Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget			
				Positive (Negative)			
Primary Government: (Continued)							
Intergovernmental revenue:							
School Board contribution to Primary Government	\$ 142,496	\$ 142,496	\$ 141,685	\$ (811)			
Revenue from the Commonwealth:							
Noncategorical aid:							
ABC profits	\$ 26,700	\$ 26,700	\$ 9,851	\$ (16,849)			
Wine taxes	18,300	18,300	10,325	(7,975)			
Rolling stock tax	3,500	3,500	2,869	(631)			
Mobile home titling taxes	40,800	40,800	22,130	(18,670)			
Recordation tax	73,700	73,700	143,484	69,784			
Auto rental tax	34,700	34,700	33,424	(1,276)			
PPTRA	1,859,700	1,859,700	2,143,765	284,065			
Total noncategorical aid	\$ 2,057,400	\$ 2,057,400	\$ 2,365,848	\$ 308,448			
Categorical aid:							
Shared expenses:							
Commonwealth's attorney	\$ 169,824	\$ 169,824	\$ 169,485	\$ (339)			
Sheriff	809,082	820,715	823,621	2,906			
Commissioner of the Revenue	86,884	86,884	87,609	725			
Treasurer	85,596	85,596	85,488	(108)			
Medical examiner	200	200	270	70			
Registrar/electoral board	38,400	38,400	48,825	10,425			
Clerk of the Circuit Court	142,916	142,916	243,666	100,750			
Total shared expenses	\$ 1,332,902	\$ 1,344,535	\$ 1,458,964	\$ 114,429			
Other categorical aid:							
Welfare administration and assistance	\$ 1,060,000	\$ 1,210,000	\$ 332,337	\$ (877,663)			
Litter control	1,900	1,900	4,375	2,475			
Two for life funds	3,700	3,700	9,615	5,915			
Health department	-	-	22,154	22,154			
Comprehensive services	358,500	545,483	485,820	(59,663)			
VJCCA grant	22,984	22,984	21,324	(1,660)			
Va. Commission of the arts	4,000	4,000	4,000	-			
DCJS - Victim witness assistance grant	24,200	24,200	32,322	8,122			
Rural access emergency development grant	-	9,065	9,065	-			
LEMPG grant	-	-	6,410	6,410			
Wireless bd grant	66,765	66,765	33,591	(33,174)			

## COUNTY OF KING GEORGE, VIRGINIA

Schedule 1  
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## Governmental Funds and Discretely Presented Component Unit - School Board

## Schedule of Revenues -- Budget and Actual

Year Ended June 30, 2005 (Continued)

<b>Fund, Major and Minor Revenue Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance From Final Budget</b>			
				<b>Positive (Negative)</b>			
<b>Primary Government: (Continued)</b>							
Revenue from the Commonwealth: (Continued)							
Other categorical aid: (Continued)							
Drug asset seizure forfeiture	\$ -	\$ -	\$ 7,874	\$ 7,874			
Library grant	65,192	65,048	65,120	72			
Other categorical aid	35,500	42,297	-	(42,297)			
Total other categorical aid	\$ 1,642,741	\$ 1,995,442	\$ 1,034,007	\$ (961,435)			
Total categorical aid	\$ 2,975,643	\$ 3,339,977	\$ 2,492,971	\$ (847,006)			
Total revenue from the Commonwealth	\$ 5,033,043	\$ 5,397,377	\$ 4,858,819	\$ (538,558)			
Revenue from the federal government:							
Categorical aid:							
Welfare administration and assistance	\$ -	\$ -	\$ 914,211	\$ 914,211			
US Fish and wildlife service	2,900	2,900	5,221	2,321			
Law enforcement block grant	-	-	4,533	4,533			
Highway safety mini grant	-	-	4,335	4,335			
Homeland security	-	279,635	83,333	(196,302)			
Emergency management grant	-	-	8,410	8,410			
Citizen corps grant	-	-	6,000	6,000			
Other categorical aid	-	2,000	7,486	5,486			
Total revenue from the federal government	\$ 2,900	\$ 284,535	\$ 1,033,529	\$ 748,994			
Total General Fund	\$ 23,404,631	\$ 24,425,159	\$ 26,347,652	\$ 1,922,493			
Capital Improvements Fund:							
Revenue from local sources:							
Permits, privilege fees and regulatory licenses:							
Landfill host fees	\$ 6,930,000	\$ 6,930,000	\$ 6,204,940	\$ (725,060)			
Landfill fees - beneficial use	410,000	410,000	449,542	39,542			
Total permits, privilege fees and regulatory licenses	\$ 7,340,000	\$ 7,340,000	\$ 6,654,482	\$ (685,518)			

## COUNTY OF KING GEORGE, VIRGINIA

Schedule 1  
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Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues - Budget and Actual  
 Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Primary Government: (Continued)				
Capital Improvements Fund: (Continued)				
Revenue from use of money and property:				
Revenue from use of money	\$ 375,000	\$ 375,000	\$ 869,914	\$ 494,914
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 75,000	\$ 75,000
Total revenue from local sources	\$ 7,715,000	\$ 7,715,000	\$ 7,599,396	\$ (190,604)
Total Capital Improvements Fund	\$ 7,715,000	\$ 7,715,000	\$ 7,599,396	\$ (190,604)
Grand Total Revenues -- Primary Government	\$ 31,119,631	\$ 32,140,159	\$ 33,947,048	\$ 1,731,889
Component Unit -- School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 25,000	\$ 25,000	\$ 14,330	\$ (10,670)
Total revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 14,330	\$ (10,670)
Charges for services:				
Charges for tuition	\$ 60,700	\$ 60,700	\$ 36,388	\$ (24,312)
Total charges for services	\$ 60,700	\$ 60,700	\$ 36,388	\$ (24,312)
Miscellaneous revenue:				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 10,953	\$ 953
Other reimbursements and recoveries	\$ 193,300	\$ 193,300	\$ 45,857	\$ (147,443)
Total miscellaneous revenue	\$ 203,300	\$ 203,300	\$ 56,810	\$ (146,490)
Total revenue from local sources	\$ 289,000	\$ 289,000	\$ 107,528	\$ (181,472)
Intergovernmental revenue:				
County contribution to School Board	\$ 8,891,367	\$ 9,051,541	\$ 8,252,827	\$ (798,714)

## COUNTY OF KING GEORGE, VIRGINIA

Schedule 1  
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Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,411,088	\$ 2,411,088	\$ 2,426,798	\$ 15,710
Basic school aid	8,105,779	8,408,100	8,303,397	(104,703)
Remedial education	149,198	149,198	152,393	3,195
Textbook	130,789	130,789	133,598	2,809
Vocational education SOQ	171,992	171,992	175,675	3,683
Special education SOQ	961,499	961,499	982,089	20,590
Fringe benefits	736,719	736,719	768,315	31,596
K-3	162,026	162,026	176,417	14,391
Lottery	453,141	453,141	501,521	48,380
Technology grant	154,000	154,000	180,000	26,000
Other state funds	493,166	493,166	336,201	(156,965)
Total categorical aid	\$ 13,929,397	\$ 14,231,718	\$ 14,136,404	\$ (95,314)
Total revenue from the Commonwealth	\$ 13,929,397	\$ 14,231,718	\$ 14,136,404	\$ (95,314)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ -	\$ 299,224	\$ 307,039	\$ 7,815
Title VI - B	-	520,128	495,904	(24,224)
Title II - EESA	-	112,858	102,454	(10,404)
Other federal assistance	11,000	187,164	176,860	(10,304)
Total categorical aid	\$ 11,000	\$ 1,119,374	\$ 1,082,257	\$ (37,117)
Total revenue from the federal government	\$ 11,000	\$ 1,119,374	\$ 1,082,257	\$ (37,117)
Total School Operating Fund	\$ 23,120,764	\$ 24,691,633	\$ 23,579,016	\$ (1,112,617)

## COUNTY OF KING GEORGE, VIRGINIA

Schedule 1  
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Governmental Funds and Discretely Presented Component Unit - School Board  
 Schedule of Revenues -- Budget and Actual  
 Year Ended June 30, 2005 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance From Final Budget Positive (Negative)
Component Unit – School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Charges for services:				
Cafeteria sales	\$ 512,657	\$ 512,657	\$ 532,811	\$ 20,154
Miscellaneous revenue:				
Miscellaneous	\$ 7,500	\$ 7,500	\$ 6,545	\$ (955)
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 11,156	\$ 11,156	\$ 12,854	\$ 1,698
Revenue from the federal government:				
Categorical aid:				
School food	\$ 270,000	\$ 270,000	\$ 278,500	\$ 8,500
Total School Cafeteria Fund	\$ 802,313	\$ 802,313	\$ 830,710	\$ 28,397
School Construction Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Construction grant	\$ 142,496	\$ 142,496	\$ 141,685	\$ (811)
Total School Construction Fund	\$ 142,496	\$ 142,496	\$ 141,685	\$ (811)
Grand Total Revenues–Component Unit-School Board	\$ 24,065,573	\$ 25,636,442	\$ 24,551,411	\$ (1,085,031)

## **Statistical Tables**

**COUNTY OF KING GEORGE, VIRGINIA****Government-Wide Expenses by Function**  
**Last Four Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>		<b>Judicial Administration</b>		<b>Public Safety</b>		<b>Public Works</b>		<b>Health and Welfare</b>
2001-02	\$ 1,664,322		\$ 573,647		\$ 3,444,046		\$ 1,269,716		\$ 1,658,895
2002-03	1,670,290		525,825		3,915,821		1,686,464		2,081,684
2003-04	1,849,874		677,795		4,630,197		829,157		2,452,852
2004-05	2,416,186		690,419		5,510,533		829,157		2,674,443

Table 1

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<b>Education</b>	<b>Recreation and Cultural</b>	<b>Community Development</b>	<b>Capital Outlays</b>	<b>Interest on Debt</b>	<b>Water &amp; Sewer</b>	<b>Total</b>
\$ 9,390,953	\$ 813,369	\$ 786,177	\$ 594,523	\$ 1,128,152	\$ 1,974,251	\$ 23,298,051
22,783,569	954,301	865,855	150,747	753,898	2,282,953	37,671,407
4,585,292	973,255	899,621	-	1,178,484	2,687,122	20,763,649
9,378,083	1,021,219	1,022,069	-	1,991,875	2,741,913	28,275,897

**COUNTY OF KING GEORGE, VIRGINIA**

Government-Wide Revenues  
Last Four Fiscal Years

<b>Fiscal Year</b>	<b>Program Revenues</b>		
	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
2001-02	\$ 8,950,216	\$ 1,927,844	\$ 248,040
2002-03	9,970,998	4,555,205	351,400
2003-04	10,537,667	3,492,995	1,328,038
2004-05	9,951,582	3,526,500	903,290

Table 2

General Revenues						
General Property Taxes	Other Local Taxes	Commonwealth of Virginia Non-Categorical Aid	Revenues from the Use of Money & Property			
			Miscellaneous	Total		
\$ 9,427,227	\$ 5,317,697	\$ 1,924,469	\$ 621,796	\$ 166,487	\$ 28,583,776	
11,685,962	3,629,219	1,957,494	626,202	126,611	32,903,091	
12,621,512	4,149,001	2,184,442	498,446	1,222,050	36,034,151	
13,568,389	4,717,346	2,365,848	1,508,158	964,812	37,505,925	

**COUNTY OF KING GEORGE, VIRGINIA**

**General Government Expenditures by Function (1) (2)**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>		<b>General Government Administration</b>	<b>Judicial Administration</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Health and Welfare</b>
1995-96	\$	988,390	\$ 152,911	\$ 1,824,669	\$ 555,700	\$ 1,191,929
1996-97		871,054	155,440	2,007,588	406,448	1,259,984
1997-98		931,045	222,693	2,378,295	429,177	1,543,156
1998-99		951,221	239,736	2,552,622	458,990	1,581,736
1999-00		1,049,670	392,397	2,722,162	423,181	1,731,808
2000-01		1,180,897	527,313	3,379,592	535,156	1,908,407
2001-02		1,393,480	571,430	3,563,653	599,590	1,654,251
2002-03		1,520,212	523,670	3,826,071	761,308	2,077,203
2003-04		2,325,415	631,215	4,431,564	724,495	2,462,346
2004-05		2,325,415	684,282	5,407,079	931,428	2,670,886

(1) Includes current expenditures of the General Fund and Special Revenue Funds of the Primary Government and its Discretely Presented Component Unit - School Board.

(2) The General Fund contributions to the Discretely Presented Component Unit - School Board in the amount of \$8,838,239 are not included.

Table 3

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	Recreation and Cultural	Community Development	Non- Departmental	Debt Service	Total
Education					
\$ 14,790,093	\$ 639,588	\$ 354,149	\$ 31,617	\$ 1,590,435	\$ 22,119,481
15,675,467	690,316	585,984	35,006	2,176,808	23,864,095
16,663,276	727,682	547,314	214,992	2,136,750	25,794,380
18,124,630	761,802	474,326	64,713	7,058,230	32,268,006
19,328,910	840,622	525,126	119,507	2,291,211	29,424,594
20,523,204	603,876	524,325	41,068	2,363,266	31,587,104
21,316,907	637,030	748,464	-	2,351,946	32,836,751
22,012,203	928,529	864,064	-	2,012,877	34,526,137
22,878,525	1,238,568	1,021,505	-	2,044,571	37,758,204
24,383,799	1,040,581	1,021,505	-	2,089,431	40,554,406

COUNTY OF KING GEORGE, VIRGINIA

General Government Revenues by Source (1) (2)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
1995-96	\$ 7,912,674	\$ 2,488,415	\$ 1,688,706	\$ 130,744	\$ 321,716
1996-97	8,833,212	2,358,402	1,141,609	90,014	578,899
1997-98	9,124,099	2,467,075	2,985,231	102,842	455,755
1998-99	9,403,414	2,504,457	6,673,064	90,521	476,524
1999-00	9,510,284	2,851,057	6,751,718	780,083	447,856
2000-01	9,484,387	3,112,812	6,565,384	125,082	591,608
2001-02	9,561,119	3,393,229	2,724,644	131,065	202,442
2002-03	11,644,240	3,629,219	2,647,507	187,635	253,788
2003-04	12,391,790	4,149,001	2,568,689	193,299	293,163
2004-05	13,555,599	4,717,346	782,593	292,217	431,868

(1) Includes revenues of the General Fund and Special Revenue Funds of the Primary Government and its Discretely Presented Component Unit - School Board.

(2) The General Fund contributions to the Discretely Presented Component Unit - School Board in the amount of \$8,838,239 are not included.

Table 4

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<b>Charges for Services</b>	<b>Miscellaneous</b>	<b>Recovered Costs</b>	<b>Inter- governmental</b>	<b>Total</b>
\$ 562,356	\$ 879,837	- \$	\$ 10,313,317	\$ 24,297,765
451,968	391,637	-	11,343,583	25,189,324
503,865	1,852,259	-	12,223,524	29,714,650
564,561	1,889,062	-	13,783,551	35,385,154
569,106	372,693	20,612	15,046,337	36,349,746
573,331	500,307	5,786	17,289,340	38,248,037
693,404	222,090	-	17,755,591	34,683,584
715,087	231,493	-	17,832,027	37,140,996
741,019	236,216	129,953	19,051,750	39,754,880
841,046	180,520	159,314	21,544,048	42,504,551

COUNTY OF KING GEORGE, VIRGINIA

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1)(4) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections
1995-96	\$ 7,576,638	\$ 7,461,292	98.48%	\$ 179,173
1996-97	8,718,188	8,220,143	94.29%	194,503
1997-98	9,170,023	8,585,689	93.63%	174,028
1998-99	9,212,486	8,747,471	94.95%	186,577
1999-00	10,110,205	8,984,689	88.87%	202,086
2000-01	10,718,961	10,654,566	99.40%	210,639
2001-02	11,054,691	10,752,105	97.26%	287,271
2002-03	13,414,768	12,932,809	96.41%	231,346
2003-04	14,431,070	13,909,897	96.39%	266,915
2004-05	15,673,264	15,195,623	96.95%	457,637

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes three years taxes.

(4) Includes revenue from the Commonwealth for Personal Property Tax Relief Act.

Table 5

Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1)(3)	Percent of Delinquent Taxes to Tax Levy
\$ 7,640,465	100.84%	\$	999,641	13.19%
8,414,646	96.52%		1,105,421	12.68%
8,759,717	95.53%		1,119,532	12.21%
8,934,048	96.98%		1,103,033	11.97%
9,186,775	90.87%		1,148,562	11.36%
10,865,205	101.36%		1,408,757	13.14%
11,039,376	99.86%		905,910	8.19%
13,164,155	98.13%		918,312	6.85%
14,176,812	98.24%		1,014,078	7.03%
15,653,260	99.87%		1,103,844	7.04%

## COUNTY OF KING GEORGE, VIRGINIA

## Table 6

## Assessed Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year(1)	Real Estate	Personal Property	Machinery and Tools		Public Service	Total
1995-96	\$ 678,512,125	\$ 67,289,010	\$ 26,554,700	\$ 32,051,207	\$ 804,407,042	
1996-97	707,670,471	78,389,081	36,541,580	39,034,075	861,635,207	
1997-98	733,506,212	77,811,970	37,241,285	38,687,375	887,246,842	
1998-99	757,419,756	84,604,161	37,673,230	41,261,954	920,959,101	
1999-00	821,184,338	86,319,427	37,925,570	44,297,238	989,726,573	
2000-01	850,101,794	99,346,814	38,328,941	41,744,517	1,029,522,066	
2001-02	855,894,803	104,253,943	37,680,535	44,177,050	1,042,006,331	
2002-03	1,041,571,270	112,915,457	4,020,860	304,800,899	1,463,308,486	
2003-04	1,120,896,350	118,008,072	3,753,075	288,954,628	1,531,612,125	
2004-05	1,198,174,927	134,469,239	3,595,430	253,830,593	1,590,070,189	

(1) 100% fair market value.

## COUNTY OF KING GEORGE, VIRGINIA

## Table 7

Property Tax Rates (1)

Last Ten Fiscal Years

Fiscal Years	Real Estate		Real Estate		Personal Property		Farm		Machinery and Tools		Machinery and Tools		Mobile Homes		Mobile Homes	
	First Half		Second Half											First Half		Second Half
1995-96	\$ 0.91		\$ 0.75		\$ 3.10		\$ 2.00		\$ 2.50		\$ 0.75		\$ 0.75		\$ 0.75	
1996-97		0.75		0.75		3.10		2.00		2.50		0.75		0.75		0.75
1997-98		0.75		0.75		3.10		2.00		2.50		0.75		0.75		0.75
1998-99		0.75		0.75		3.10		2.00		2.50		0.75		0.75		0.75
1999-00		0.75		0.75		3.10		2.00		2.50		0.75		0.75		0.75
2000-01		0.75		0.75		3.10		1.00		2.50		0.75		0.75		0.75
2001-02		0.75		0.75		3.10		1.00		2.50		0.75		0.75		0.72
2002-03		0.72		0.72		3.10		1.00		2.50		0.72		0.72		0.77
2003-04		0.77		0.72		3.10		-		2.50		0.77		0.72		0.77
2004-05		0.77		0.77		3.10		-		2.50		0.77		0.77		0.77

(1) Per \$100 of assessed value

## COUNTY OF KING GEORGE, VIRGINIA

## Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt	Less: Debt Payable From Enterprise Fund		Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value	
				From Enter-prise Fund	Net Bonded Debt (3)		Obligation Debt to Assessed Value	
1995-96	15,800	\$ 804,407,042	\$ 10,576,295	\$ 5,837,395	\$ 4,738,900	0.59%	\$ 300	
1996-97	16,100	861,635,207	14,439,880	5,222,880	9,217,000	1.07%	572	
1997-98	16,300	887,246,842	14,085,480	5,866,546	8,218,934	0.93%	504	
1998-99	16,600	920,959,101	14,209,746	5,772,274	8,437,472	0.92%	508	
1999-00	16,803	989,726,573	18,570,801	5,942,601	12,628,200	1.28%	752	
2000-01	16,887	1,029,522,066	17,501,731	5,663,131	11,838,600	1.15%	701	
2001-02	17,088	1,042,006,331	31,176,131	16,097,331	15,078,800	1.45%	882	
2002-03	17,657	1,463,308,486	34,536,825	20,597,825	13,939,000	0.95%	789	
2003-04	18,213	1,531,612,125	34,136,643	21,262,443	12,874,200	0.84%	707	
2004-05	19,355	1,590,070,189	64,999,843	20,729,443	44,270,400	2.78%	2,287	

(1) Census Bureau's

(2) From Table 6

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

## COUNTY OF KING GEORGE, VIRGINIA

## Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures (3)	Ratio of Debt Service to General Governmental Expenditures	
1995-96	\$ 773,660	\$ 816,775	\$ 1,590,435	\$ 22,119,481		7.19%
1996-97	983,063	1,193,745	2,176,808	23,864,095		9.12%
1997-98	981,365	1,155,385	2,136,750	25,794,380		8.28%
1998-99	1,004,027	1,054,203	2,058,230	32,268,006		6.38%
1999-00	1,272,015	1,019,196	2,291,211	29,424,594		7.79%
2000-01	1,350,221	1,013,045	2,363,266	31,587,104		7.48%
2001-02	1,245,520	1,106,426	2,351,946	32,836,751		7.16%
2002-03	1,230,829	782,048	2,012,877	34,526,137		5.83%
2003-04	1,161,983	882,588	2,044,571	37,758,204		5.41%
2004-05	1,119,800	889,860	2,009,660	40,554,406		4.96%

## Notes:

(1) General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.

(2) Excludes bond issuance and other costs.

(3) Includes current expenditures of the General Fund and Special Revenue Funds of the Primary Government and its Discretely Presented Component Unit - School Board.

**COUNTY OF KING GEORGE, VIRGINIA**

**Table 10**

Computation of Direct and Overlapping Bonded Debt  
At June 30, 2005

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Direct:(1)

County of King George	\$	44,270,400	100%	\$	44,270,400
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The County of King George has no overlapping debt.

## COUNTY OF KING GEORGE, VIRGINIA

## Table 11

Construction and Bank Deposits  
Last Ten Fiscal Years

Fiscal Year	Number of Residential Permits (1)	Value of Residential Permits (1)	Number of Financial Institutions	Bank Deposits
1995-96	93	\$ 11,917,280	3	\$ 75,830,000
1996-97	129	15,033,375	3	78,631,000
1997-98	129	16,885,496	3	85,496,000
1998-99	194	27,849,432	3	90,303,000
1999-00	139	23,056,434	3	106,451,000
2000-01	154	26,631,512	4	90,935,000
2001-02	226	31,507,166	4	100,276,000
2002-03	350	61,876,783	4	N/A
2003-04	441	87,192,799	4	N/A
2004-05	443	96,347,000	4	N/A

(1) Source - Building Inspector

N/A - Not available at time of publication

## COUNTY OF KING GEORGE, VIRGINIA

## Table 12

Demographic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Unemployment Rate (2)	Per Capita Personal Income (3)	Student Enrollment (4)
1995-96	15,800	4.10	\$ 22,511	2,880
1996-97	16,100	3.40	23,319	2,909
1997-98	16,300	2.50	25,759	3,018
1998-99	16,600	1.90	27,176	2,995
1999-00	16,803	1.50	27,842	2,980
2000-01	16,887	1.80	30,074	3,101
2001-02	17,088	2.10	31,196	3,107
2002-03	17,657	2.60	N/A	3,235
2003-04	18,213	2.20	N/A	3,356
2004-05	19,355	2.90	30,425	3,372

NA - Not available

## Sources:

- (1) US Census Bureau
- (2) Bureau of Labor Statistics
- (3) Bureau of Economic Analysis
- (4) King George Schools

## COUNTY OF KING GEORGE, VIRGINIA

## Table 13

Principal Taxpayers  
At June 30, 2005

Taxpayer	Assessed Valuation	Taxes Paid	% of Total Assessed Valuation
Birchwood Power Partners LP	\$ 249,497,054	\$ 1,796,379	15.69%
Virginia Dominion Power	20,886,167	150,380	1.31%
Verizon South, Inc.	19,775,650	142,385	1.24%
Birchwood Power Partners LLC	16,317,500	117,486	1.03%
Monmouth Woods Associates	7,997,600	57,583	0.50%
Dahlgren Office Bldg IV, LLC	4,713,700	33,939	0.30%
Hilliard & Bartko	4,628,000	33,322	0.29%
Eqstein, Ben & Associates	4,290,278	30,890	0.27%
Level 3 Communications, LLC	4,051,352	29,170	0.25%
Dahlgren Office Bldg 1, LP	3,995,400	28,767	0.25%
	<u>\$ 336,152,701</u>	<u>\$ 2,420,301</u>	<u>21.14%</u>

Source - Commissioner of the Revenue

**COUNTY OF KING GEORGE, VIRGINIA****Table 14****Miscellaneous Statistics**  
**At June 30, 2005**

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Date of Incorporation	1720	
Form of Government		
Board of Supervisors/	5	
County Administrator	1	
Area in square miles	183	
Public Safety:		
Fire and rescue companies	5	
Volunteer firefighters	125	
Sheriff's employees	38	
Education:	Number of Schools:	
	Elementary Schools	3
	Middle School	1
	High Schools	1
Employees - full time:	Job Categories:	
	County	162
	Schools	457

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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To The Honorable Members of Board of Supervisors  
County of King George  
King George, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of King George, Virginia, as of and for the year ended June 30, 2005, which collectively comprise the County of King George, Virginia's basic financial statements and have issued our report thereon dated November 10, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *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 King George, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of King George, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have 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*.

However, we noted other matters that we have reported to management in a separate letter dated November 10, 2005.

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

*Robinson, Fawver, Cox Associates*

Charlottesville, Virginia

November 10, 2005

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### **Compliance**

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

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

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

### **Internal Control Over Compliance**

The management of the County of King George, 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 the County of King George, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information of the Board of Supervisors management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*R. Robinson, Esquire, Lee Associates*  
Charlottesville, Virginia  
November 10, 2005

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
 Discretely Presented Component Unit  
 Year Ended June 30, 2005

<b>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</b>	<b>Federal Catalog Number</b>	<b>Expenditures</b>
<b>PRIMARY GOVERNMENT:</b>		
<b><u>DEPARTMENT OF THE INTERIOR:</u></b>		
<b>Direct payments:</b>		
US Fish & Wildlife Service	15.000	\$ 5,221
<b><u>DEPARTMENT OF CRIMINAL JUSTICE:</u></b>		
<b>Direct payments:</b>		
Drug enforcement grant	16.000	\$ 7,486
<b>Pass through payments:</b>		
Local law enforcement block grant	16.592	\$ 4,533
Total Department of Criminal Justice		\$ 12,019
<b><u>DEPARTMENT OF TRANSPORTATION:</u></b>		
<b>Pass through payments:</b>		
Open Container/Alcohol Impaired Driving	20.000	\$ 4,335
Total Department of Transportation		\$ 4,335
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u></b>		
<b>Pass through payments:</b>		
Emergency management preparedness grant	97.042	\$ 8,410
State homeland security grant program	97.004	\$ 83,333
Citizen Corps	97.054	\$ 6,000
Total Federal Emergency Management Agency		\$ 97,743
<b><u>DEPARTMENT OF AGRICULTURE:</u></b>		
<b>Pass Through Payments:</b>		
Department of Social Services:		
State administration matching grants for food stamp program	10.561	\$ 116,340
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>		
<b>Pass Through Payments:</b>		
Department of Social Services:		
Family preservation and support	93.556	\$ 14,760
Temporary assistance to needy families	93.558	\$ 89,663
Refugee and entrant assistance	93.566	\$ 473
Low-income energy assistance	93.568	\$ 3,218
Payments to states for child care assistance	93.575	\$ 187,996
Child care and development fund	93.596	\$ 129,688
Adoption incentive	93.603	\$ 2,180
Foster care-title IV-E	93.658	\$ 175,640
Adoption assistance	93.659	\$ 11,214
Social services block grant	93.667	\$ 82,007
Independent living	93.674	\$ 1,120
Medical assistance program	93.778	\$ 99,913
Total Department of Health and Human Services		\$ 797,872
<b>Total Primary Government</b>		\$ 1,033,530

COUNTY OF KING GEORGE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and  
 Discretely Presented Component Units  
Year Ended June 30, 2005 (Continued)

<u>Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)</u>	<u>Federal Catalog Number</u>	<u>Expenditures</u>
<b>COMPONENT UNIT-SCHOOL BOARD:</b>		
<b>DEPARTMENT OF AGRICULTURE:</b>		
<u>Pass through payments:</u>		
Department of Agriculture and Consumer Services:		
Food distribution	10.555	\$ 43,359
Department of Education:		
National school breakfast program	10.553	52,188
National school lunch program	10.555	<u>226,312</u>
Total Department of Agriculture		\$ <u>321,859</u>
<b>DEPARTMENT OF LABOR:</b>		
<u>Direct payments:</u>		
ROTC Instruction	17.000	\$ <u>72,670</u>
Total Department of Labor		\$ <u>72,670</u>
<b>DEPARTMENT OF EDUCATION:</b>		
<u>Direct payments:</u>		
Safe and drug free schools and communities national programs	84.184	\$ 5,930
<u>Pass through payments:</u>		
Education Consolidation and Improvement Act of 1981:		
Title 1:		
Financial assistance to meet special educational needs of disadvantaged children - program operated by local education agencies (2E004500, 2E004511, 3E005820)	84.010	307,039
Title VI-B:		
Assistance to states for education of handicapped children - preschool and school programs (1E002570, 3E001110)	84.027	495,904
Vocational Education:		
Basic grants to states (3E001311)	84.048	41,343
Special Projects:		
Preschool	84.173	13,559
Drug-free schools and communities (2E004617)	84.186	11,751
State assessments and related activities	84.369	16,981
Innovative education	84.298	3,083
Technology literacy challenge grant	84.318	11,542
Title II - Part A	84.367	<u>102,454</u>
Total Department of Education		\$ <u>1,009,586</u>
<b>Total Component Unit School Board</b>		\$ <u>1,404,115</u>
<b>Total Reporting Entity</b>		\$ <u>2,437,645</u>

**COUNTY OF KING GEORGE, VIRGINIA**

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

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**Note 1 - General**

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

**Note 2 - Basis of Accounting**

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

**Note 3 - Relationship to Financial Statements**

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ <u>1,033,529</u>
Total primary government	\$ <u>1,033,529</u>

Component Unit Public Schools:

School Operating Fund	\$ <u>1,082,257</u>
School Cafeteria Fund	<u>278,500</u>
Total component unit public schools	\$ <u>1,360,757</u>
Total federal expenditures per basic financial statements	\$ <u>2,394,286</u>

Non-cash expenditures - value of donated commodities	\$ <u>43,359</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u>2,437,645</u>
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COUNTY OF KING GEORGE, VIRGINIA

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

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

**Financial Statements**

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

**Federal Awards**

Internal control over major programs: Material weaknesses identified?	No
Reportable conditions identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified

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

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
93.575	Payments to states for child care assistance - Child Care Cluster
93.596	Child care and development fund - Child Care Cluster
84.027	Title VI-B - Special Education Cluster (IDEA)
84.173	Special education preschool grant - Special Education Cluster (IDEA)

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**