

**PRINCE WILLIAM COUNTY PARK AUTHORITY**



A COMPONENT UNIT OF  
**PRINCE WILLIAM COUNTY, VIRGINIA**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2005**

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***Prepared by the Park Authority Finance Department***

## TABLE OF CONTENTS

### Introductory Section

Letter of Transmittal .....	1
Certificate of Achievement for Excellence in Financial Reporting.....	5
Organization of Prince William County Park Authority.....	6
Schedule of Appointed and Elected Officials.....	7

### Financial Section

Report of Independent Auditors .....	9
Management's Discussion and Analysis.....	11
Basic Financial Statements.....	
Park Authority Financial Statements:	
Exhibit 1 Statement of Net Assets .....	24
Exhibit 2 Statement of Activities .....	25
Fund Financial Statements:	
Governmental Funds Financial Statements	
Exhibit 3 Balance Sheet .....	26
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	27
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances.....	28
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	29
Proprietary Fund Financial Statements	
Exhibit 7 Statement of Net Assets .....	30
Exhibit 8 Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	31
Exhibit 9 Statement of Cash Flows.....	32

## TABLE OF CONTENTS (continued)

### Notes to the Financial Statements:

Note 1 – Summary of Significant Accounting Policies .....	33
Note 2 – Cash and Investments .....	38
Note 3 – Deferred Revenue.....	40
Note 4 – Interfund Receivables and Payables.....	40
Note 5 – Capital Assets .....	41
Note 6 – Long-Term Debt.....	43
Note 7 – Fund Balances/Net Assets.....	47
Note 8 – Defined Benefit Pension Plans.....	48
Note 9 – Risk Management.....	49
Note 10 – Subsequent Events.....	49

### Required Supplementary Information (Unaudited)

RSI 1 Virginia Retirement System Schedule of Funding Progress.....	51
RSI 2 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	52
Notes to Required Supplementary Information .....	53

### Statistical Section

Table I Schedule of Revenues.....	54
Table II Schedule of Operating Expenses by Classification .....	56
Table III Schedule of Capital Assets (Land, Structures & Equipment) .....	57
Table IV Schedule of Revenue Bond Debt Coverage.....	59
Table V Schedule of Series 1994 and 1999 Revenue Bond Debt Coverage.....	60
Table VI Schedule of Selected Per Capita Statistics .....	61
Table VII Schedule of Selected Demographic Statistics.....	63
Table VIII Schedule of Miscellaneous Statistical Data.....	64



**September 30, 2005**

**To the Board of Directors  
Prince William County Park Authority**

Members of the Board:

The Comprehensive Annual Financial Report of the Prince William County Park Authority ("the Park Authority") for the fiscal year ended June 30, 2005 is herewith submitted. Responsibility for the completeness and reliability of the data presented in this report is that of the Park Authority management. As such, this report has been prepared in conformance with accounting principles generally accepted in the United States (GAAP) and is designed to meet the requirements of the Government Finance Officers Association of the United States and Canada's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program to which this report will be submitted. Accordingly, we believe the information presented is accurate in all material respects and is presented in a manner which fairly reflects the financial position and changes in financial position of the Park Authority; and that all required disclosures that are necessary to enable the reader to gain an understanding of the Park Authority's financial activities have been included.

To provide a reasonable basis for making these representations, management of the Park Authority has established an internal control structure designed to ensure that the assets of the Park Authority are protected from loss, theft, misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. Internal control is designed to provide reasonable, but not absolute assurance that these objectives are met. 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 valuation of costs and benefits requires estimates and judgments by management. Certain of the Park Authority's internal controls are reviewed annually as part of the independent audit. The Park Authority's management believes that its internal controls adequately meet internal control objectives.

The Comprehensive Annual Financial Report (CAFR) is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, the Park Authority's background and organization and the Park Authority's program highlights. The Financial Section includes the basic financial statements including appropriate notes thereto, required supplementary information and the report of independent auditors on the financial statements. As part of the Financial Section GAAP requires 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 Park Authority's MD&A can be found immediately following the report of independent auditors. The Statistical Section includes selected historical and comparative financial and general information.

The Park Authority's financial statements have been audited by Ernst & Young LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable, not absolute, assurance that the financial statements of the Park Authority for the fiscal year ended June 30, 2005, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Park Authority's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditors' report is presented as the first component of the financial section of this CAFR.

## **Profile of the Park Authority**

The Park Authority was established in October 1977 by the Prince William County (County) Board of Supervisors as a separate legal entity, under the Code of Virginia, Section 15.2 et. seq. Park Authorities Act. The Board of County Supervisors appoints an eight-member Park Authority Board who serve a four-year term. The Park Authority Board, in turn, appoints an Executive Director to manage the operations of the Park Authority.

The Park Authority operates through an agreement with Prince William County. The operating agreement delineates the authority and responsibilities of the Park Authority and County with regard to the provision of park and recreation services to the citizens of Prince William County.

Prince William County is located approximately thirty-five miles southwest of Washington, D.C. in northeastern Virginia, and is included as part of the Washington-Baltimore Consolidated Metropolitan Statistical Area. Prince William County is one of the more rapidly growing jurisdictions in the Washington Metropolitan area. The population of Prince William County in June 2005 was estimated at 354,383, an increase of 5.2 percent from 336,820 in June 2004.

The Park Authority owns and leases 61 park sites totaling 3,238 acres. Approximately one-third of the total acreage owned is developed and maintained for active recreational and leisure use. Major recreational facilities owned and managed by the Park Authority include the Pfitzner Stadium, the Ben Lomond and Veterans' Park Community Centers, three outdoor community pools, Veterans' Park, the Chinn Aquatics and Fitness Center, Dale City Recreation Center, Waterworks Waterpark, Lake Ridge Park Golf Course, Forest Greens Golf Course, General's Ridge Golf Course, Prince William Golf Course, and Splash Down Waterpark. In addition, the Park Authority offers racquet sport, miniature golf, driving range, batting cage, marina, picnic, and other sports field facilities at various parks throughout the County.

Recreational and leisure programming includes instructional, fitness, aquatics, day camps and nature programs, concessions, facility rentals, sports events, and special events. These programs are designed to provide quality recreational and leisure experiences for all citizens ranging from toddlers through seniors, and special interest groups. Through an agreement with the Prince William County Schools, the Park Authority schedules and maintains various school recreational facilities throughout the County for programs and events sponsored by the Park Authority and community organizations.

The Park Authority is continually evaluating existing recreational and leisure programs and facilities through an annual comprehensive facility and strategic planning process to assure the provision of quality services to County residents. Based on demographic trends that suggest continued County growth and development, the Park Authority will remain challenged to provide quality park and recreation services. Based on the comprehensive plan for parks and recreation, the Park Authority will continue to develop basic level of service facilities such as neighborhood and community parks, ball fields, and playgrounds, in addition to revenue facilities such as indoor recreation centers, aquatics, golf and other special use facilities.

The Park Authority participates in the County's annual budget process, which determines the County's support to the Park Authority. The Park Authority Board of Directors adopts a fiscal year budget each May for the subsequent fiscal year after determination of the County support. The budget is prepared by operating cost center within division of the Park Authority organization. Budget to actual results are reviewed on a monthly basis by Park Authority management to assure budgetary control throughout the year.

### **Local Economy**

The local economic performance of Prince William County is directly linked to that of the regional Washington, D.C. metropolitan area, and the area's economy has performed extraordinarily well over the last year. The impact of the regional economic performance, including Prince William County centers on the housing market, population growth, and employment growth. All of these factors have shown steady growth during 2005. The County's steady fiscal management through its Principles of Sound Financial Management, along with the strength of the local housing sector, employment, and growing population, continue to allow the County to provide the services its citizens require and to generate substantial budget surpluses.

The Park Authority has benefited from a desire of an increased number of County residents to utilize local recreation and leisure programs and facilities, and they are taking advantage of the recreation and leisure opportunities provided by the Park Authority. This is evident by the favorable acceptance of the Park Authority's facilities and continued demand for program activities and special events. As such, the Park Authority continues to be a major recreation and leisure provider for County citizens.

### **Long-term Financial Planning**

The Park Authority's financial condition remains positive as a result of its relatively stable revenue sources, which include facility and program fees and charges (operating revenue), and operating and capital support from the County. The Park Authority utilizes its Strategic Plan and Comprehensive Facility Plan to drive the development of a Business Operations Plan, which drives the annual financial plan and budget. In addition, the Park Authority in 2002 completed a Comprehensive Recreation Needs Assessment Survey of County citizens to determine the recreational needs and desires of both Park Authority customers and non-customers. The Assessment Survey data continues to influence, not only the near-term operating plans and budgets, but also serves as a basis for future capital improvements and operating program development. The Park Authority also participates in the County's long-term financial and capital planning efforts.

The Park Authority, under the Operating Agreement with the County and its Principles of Sound Financial Management, continues to explore, with the County, the establishment of operating reserves to support potential variability of the Park Authority's operating revenues due to unfavorable weather patterns and/or customer participation trends.

More information regarding the Park Authority's financial outlook is provided in the MD&A section of the CAFR.

**Relevant Financial Policies**

During 2005 the Park Authority determined that reporting it's financial results of operations through it's Comprehensive Annual Financial Report on a July-June fiscal year basis to correspond with the County's financial reporting was more appropriate than the previous calendar year financial reporting. Accordingly, the Park Authority amended its by-laws to reflect this change and therefore this CAFR and its comparative data are presented on a July-June fiscal year reporting period basis.

**Major Initiatives**

During FY2005 the Park Authority began planning the next round of major capital improvements to be funded through a \$20,000,000 General Obligation Bond of Prince William County. This bond is scheduled to be on the November 2006 election ballot, and if approved by the voters will enable the Park Authority to begin construction of several new ball field complexes, acquire land for future use, and perform major renovation and additions to existing recreation center facilities. The projects to be funded through this effort were derived from a citizen needs assessment survey conducted in recent prior years.

**Certificate of Achievement**

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Park Authority for its comprehensive annual financial report for the calendar year ended December 31, 2003. 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 unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Park Authority has received a Certificate of Achievement for the last fourteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

**Acknowledgements**

The financial position of the Park Authority as a whole, evidenced by this comprehensive annual financial report, could not have been accomplished without the dedicated interest and support of the Park Authority staff. We express our appreciation to the staff for their contributions to the successful fulfillment of the Park Authority mission in a financially responsible manner, and to the Park Authority Board, County Executive and Board of County Supervisors for their recognition of the benefits of recreation and leisure on behalf of the citizens of Prince William County.

Respectfully submitted,

E. Jay Ellington  
Executive Director

Michael A. Liedel  
Finance Director



Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to  
Prince William County  
Park Authority,  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

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.



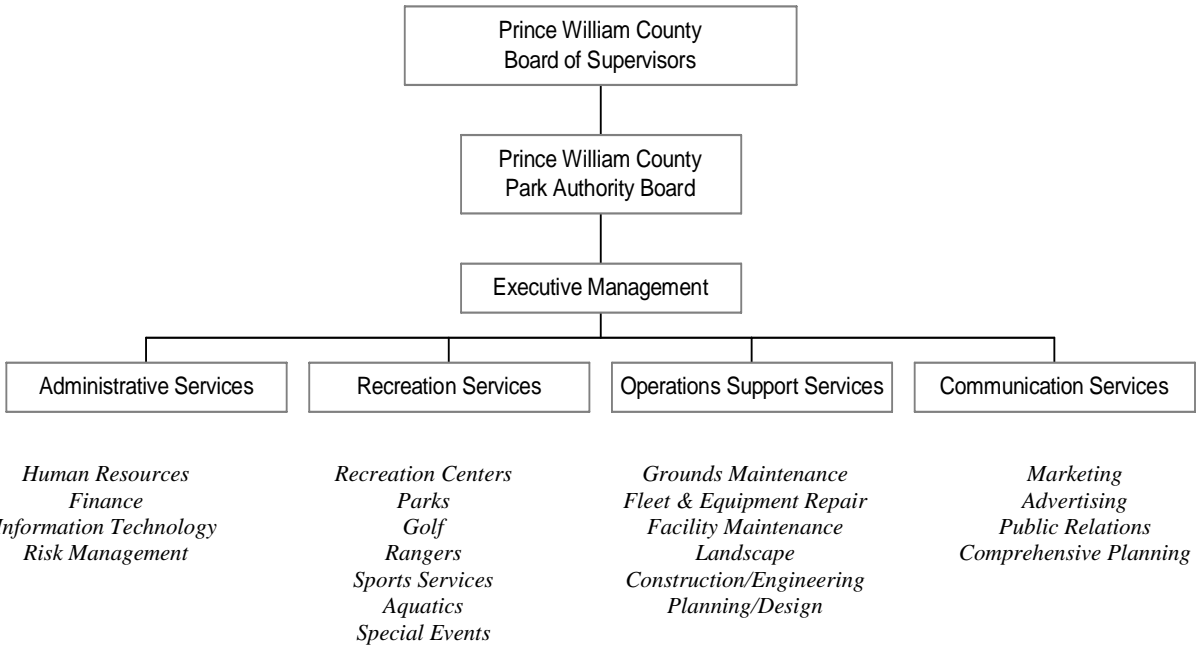
*Nancy L. Ziehl*

President

*Jeffrey R. Erwin*

Executive Director

**Prince William County Park Authority  
Organizational Chart  
June 30, 2005**



## SCHEDULE OF APPOINTED AND ELECTED OFFICIALS

### PARK AUTHORITY BOARD\*

Brenda Gardziel, Chairman

Brant Wickham, Vice Chairman

Stewart Christiano      R. B. Thomas Jr.      Lester Leonard

Duane York              Laura Gentile              Jean Smith

Betty Bolt, Board Secretary

E. Jay Ellington, Executive Director

### BOARD OF COUNTY SUPERVISORS\*\*

Sean T. Connaughton, Chairman

Maureen S. Caddigan, Vice Chairman

Hilda M. Barg              Wally Covington              John D. Jenkins

Martin E. Nohe              Corey A. Stewart              John T. Stirrup, Jr.

\*\* Elected

\* Appointed by the Board of County Supervisors



## Report of Independent Auditors

The Park Authority Board  
County of Prince William, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Prince William County, Virginia, Park Authority (the Park Authority), as of and for the year ended June 30, 2005, which collectively comprise the Park Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Park Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications of Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Park Authority's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Park Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Park Authority 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2005 on our consideration of the Park Authority'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.

Management's discussion and analysis on pages 11 through 21 and the Required Supplementary Information on pages 51 through 53 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Park Authority's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

*Ernst & Young LLP*

September 16, 2005, except for Note 10, for which the date is October 11, 2005



## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2005

This section of the Prince William County Park Authority's (Park Authority) annual financial report presents our discussion and analysis of the Park Authority's financial performance during the fiscal year ended June 30, 2005. Please read it in conjunction with the transmittal letter at the front of this report and the Park Authority's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The assets of the Park Authority exceeded its liabilities at June 30, 2005 by \$56,055,712 (net assets).
- The Park Authority's net assets increased by \$783,212 during fiscal year 2005, primarily a result of investment in capital assets during the year.
- As of June 30, 2005, the Park Authority's governmental funds reported combined fund balances of \$1,840,935, an increase of \$477,382 during the year.
- The assets of the enterprise funds exceeded liabilities by \$646,514, a slight decrease of \$95,568 during the year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Park Authority:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Park Authority's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Park Authority, reporting the Park Authority's operations in *more detail* than the government-wide statements.

The *governmental fund* statements tell how general government services, such as parks, recreation and cultural, were financed in the short-term as well as what is available for future spending.

The *proprietary fund* statements provide short-term and long-term financial information about the activities the government operates similar to business activities, such as golf courses and water parks.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Figure A-1 summarizes the major features of the Park Authority's financial statements, including the portion of the Park Authority they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1**  
**Major Features of the Park Authority's Government-wide and Fund Financial Statements**

	Government – wide	Fund Statements	
	Statements	Governmental Funds	Proprietary Funds
Scope	Entire Park Authority	The activities of the Park Authority that are not proprietary, such as parks, recreation and cultural activities.	Activities the Park Authority operates similar to private businesses: golf courses, waterparks
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-wide Statements**

The government-wide statements report information about the Park Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Park Authority's *net assets* and how they have changed. Net assets – the difference between the Park Authority's assets and liabilities – is one way to measure the Park Authority's financial health, or *position*.

- Over time, increases or decreases in the Park Authority's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. The total financial reporting entity information more accurately reflects the financial operations of the Park Authority.

To assess the overall health of the Park Authority, one needs to consider other factors, such as changes in the Park Authority's participant base. During the year, approximately 2.72 million participant visits were recorded, which is an increase from approximately 2.63 million in 2004.

The government-wide financial statements of the Park Authority are divided into two categories:

- *Governmental activities*—Most of the Park Authority's basic services are included here, such as the parks, recreation centers, and sports fields. Operational support from Prince William County and service charges are the primary funding sources of these activities.
- *Business-type activities*—The Park Authority charges fees to customers to cover the costs of certain facilities and services it provides. The Park Authority's golf courses and waterparks are included here.

### Fund Financial Statements

The fund financial statements provide more detailed information about the Park Authority's most significant *funds*—not the Park Authority as a whole. Funds are accounting devices that the Park Authority establishes to control and manage money for particular purposes (i.e., capital projects fund) or to show that it is properly using certain general revenues (i.e., general fund).

The Park Authority has two kinds of funds:

- *Governmental funds*—Most of the Park Authority's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide detailed *short-term* view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Park Authority's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a detailed reconciliation provides additional information that explains the relationship (or differences) between the statements.
- *Proprietary funds*—Services for which the Park Authority charges customers a fee are generally reported in proprietary funds. The Park Authority's *enterprise funds* are the same as its business-type activities, but provide more detail and additional information.

## FINANCIAL ANALYSIS OF THE PARK AUTHORITY AS A WHOLE

Table A-1 and Table A-2 summarize the Park Authority's net assets and changes in net assets, respectively. During 2005 the Park Authority changed its reporting period from January – December to July – June to correspond with the County's financial reporting period. Due to the change, the Park Authority did not issue a CAFR for the year ended June 30, 2004. Therefore, the 2004 data included herein is unaudited.

### Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Other assets	\$ 3,484,431	2,845,201	3,018,257	2,092,530	6,502,688	4,937,731
Capital assets	56,425,603	56,506,495	18,663,985	19,108,011	75,089,588	75,614,506
<b>Total assets</b>	<b>59,910,034</b>	<b>59,351,696</b>	<b>21,682,242</b>	<b>21,200,541</b>	<b>81,592,276</b>	<b>80,552,237</b>
Other liabilities	2,245,001	2,054,802	2,321,063	1,281,799	4,566,064	3,336,601
Long-term liabilities	2,255,835	2,766,476	18,714,665	19,176,659	20,970,500	21,943,135
<b>Total liabilities</b>	<b>4,500,836</b>	<b>4,821,278</b>	<b>21,035,728</b>	<b>20,458,458</b>	<b>25,536,564</b>	<b>25,279,736</b>
Net assets:						
Invested in capital assets,						
Net of related debt	54,450,790	54,050,914	(413,052)	(404,401)	54,037,738	53,646,513
Restricted	-	-	2,183,997	2,169,649	2,183,997	2,169,649
Unrestricted	958,408	479,504	(1,124,431)	(1,023,166)	(166,023)	(543,662)
<b>Total net assets</b>	<b>\$ 55,409,198</b>	<b>54,530,418</b>	<b>646,514</b>	<b>742,082</b>	<b>56,055,712</b>	<b>55,272,500</b>

By far the largest portion of the Park Authority's net assets (\$54,037,738) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Park Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Park Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Park Authority's net assets (\$2,183,997) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year the Park Authority is able to report a positive overall net asset balance in both its governmental activities and business-type activities funds.

### Changes in Net Assets

The total reporting entity net assets increased by \$783,212 in 2005 as total revenues of \$27,443,549 exceeded total expenses of \$26,660,337.

Fifty-one percent of the Park Authority's total revenue of \$27,443,549 is support from Prince William County. The remaining 49 percent is derived from fees charged for services and investment earnings.

The total cost of all programs and services was \$26,660,337. The Park Authority's expenses cover a range of services, with 74 percent related to general park and recreational activities and 26 percent related to golf and waterpark activities.

Table A-2, and the narrative that follows, consider the operations of governmental and business-type activities separately. See Figure A-3 for the revenue and net costs percentages for governmental activities.

**Table A-2**  
**Park Authority's Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 6,697,027	6,436,536	6,238,115	6,422,781	12,935,142	12,859,317
<b>General revenues:</b>						
Payment from Prince William County	13,884,039	15,929,873	-	-	13,884,039	15,929,873
Unrestricted Investment Earnings	85,403	34,159	99,697	98,786	185,100	132,945
Miscellaneous	-	136,506	439,268	-	439,268	136,506
<b>Total revenues</b>	<b>20,666,469</b>	<b>22,537,074</b>	<b>6,777,080</b>	<b>6,521,567</b>	<b>27,443,549</b>	<b>29,058,641</b>
<b>Expenses:</b>						
Parks, recreational and cultural	19,704,682	17,936,199	5,631,688	6,009,621	25,336,370	23,945,820
Interest on long-term debt	83,007	115,206	1,240,960	1,196,520	1,323,967	1,311,726
<b>Total expenses</b>	<b>19,787,689</b>	<b>18,051,405</b>	<b>6,872,648</b>	<b>7,206,141</b>	<b>26,660,337</b>	<b>25,257,546</b>
Increase in net assets before special items	878,780	4,485,669	(95,568)	(684,574)	783,212	3,801,095
Capital contributions from County	-	2,315,000	-	-	-	2,315,000
Special item - gain (loss) on sale of assets	-	(690,098)	-	-	-	(690,098)
Increase (Decrease) in Net assets	878,780	6,110,571	(95,568)	(684,574)	783,212	5,425,997
Net assets - beginning	54,530,418	48,419,847	742,082	1,426,656	55,272,500	49,846,503
Net assets - ending	\$ 55,409,198	54,530,418	646,514	742,082	56,055,712	55,272,500

**Governmental Activities**

The largest revenue source of the Park Authority is the support received from Prince William County. The County appropriates funds through its annual fiscal year budget process to meet various operating and capital requirements of the Park Authority. The County support of \$13,884,039 during 2005 constituted 67 percent of total governmental activity revenue.

The Park Authority has maintained a philosophy to strive for self-sufficiency in the areas dedicated to participant based recreation. As a result of this, charges for services related to general recreational activities were \$6,697,027, which is 32 percent of total revenue and an increase of \$260,491 from 2004.

The most substantial expenses were in the areas of parks, recreation and cultural (\$19,704,682), which accounts for 99 percent of total governmental activity expenses.

The net cost (total cost less fees generated by the activities and the support from Prince William County) of each of the Park Authority's functions reflects the financial burden that was placed on the Park Authority's general revenue sources by each function.

- The cost of all governmental activities this year was \$19,787,689.
- Some of the costs were paid by:
  - Those who directly benefited from the programs (\$6,697,027) through charges for services.
  - The balance of expenses, (\$13,090,662) were partially paid for with other revenues such as support from Prince William County and investment earnings. Revenues exceeded governmental costs by \$878,780.

**Business-type Activities**

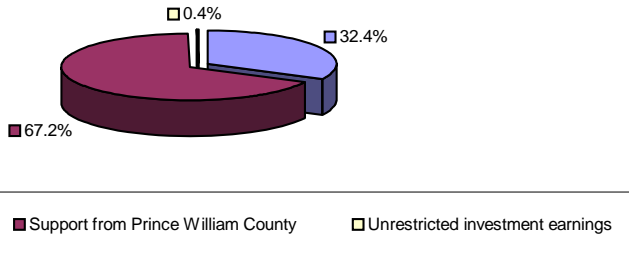
Revenues of the Park Authority's business-type activities were \$6,777,080, while expenses were \$6,872,648 (refer to Table A-2). Factors contributing to these results included:

- Charges for services amounted to \$6,238,115 (\$3,717,583 from golf courses and \$2,520,532 from waterparks) which is a decrease from \$6,422,781 in 2004.
- Investment earnings were \$99,697 (\$73,776 for golf courses and \$25,921 for waterparks) which is an increase of \$911 from 2004.
- Expenses were \$4,358,735 for golf courses, an increase from \$4,351,424 in 2004 and \$2,513,913 for waterparks, a decrease from \$2,854,717 in 2004.
- Business-type activities expenses (including depreciation expense) were less than total revenues by \$95,568, compared to \$684,574 in 2004.

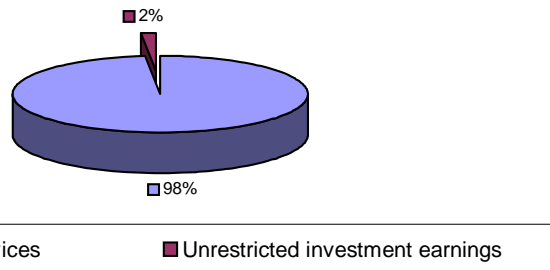
Figure A-3 presents the Revenues by Source for both the governmental and business-type activities exclusively. Support from Prince William County is the largest source of revenue for governmental activities (67.2 percent), while charges for services is the largest source of revenue for business-type activities (98.0 percent).

**Figure A-3**  
**Revenues by Source**

**Governmental Activities**



**Business-Type Activities**



## FINANCIAL ANALYSIS OF THE PARK AUTHORITY'S FUNDS

As the Park Authority completed the year, its governmental funds reported a *combined* fund balance of \$1,840,935. As noted earlier, the Park Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

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

- As of the end of the current fiscal year, the Park Authority's governmental funds reported combined ending fund balances of \$1,840,935, an increase of \$477,382 from 2004. The general fund is the primary operating fund of the Park Authority. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$(1,005,140) and designated for construction projects fund balance of the capital projects fund was \$2,846,075. Unreserved and undesignated fund balance represents 10.1 percent of the total general fund expenditures.
- The Park Authority expended \$2,172,294 this year for the construction of various park facilities, reducing the fund balance in the capital projects fund.

### Proprietary Funds

The Park Authority's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the golf courses at the end of the year amounted to \$(1,358,950) and those for the waterparks amounted to \$234,519. Other factors concerning the finances of these two funds mirror those highlighted in the analysis of the Park Authority's business-type activities.

### General Fund Budgetary Highlights

The Park Authority submits an annual (July – June) operating and capital projects budget to Prince William County for purposes of determining the County's general fund appropriation to the Park Authority. The budget is submitted in accordance with the operating agreement between the Park Authority and the County, which details that the Park Authority will receive payment of the appropriation on a quarterly basis. The amount of the quarterly payments is based on the payment schedule determined at the time of the appropriation.

Budgetary control for operating activities is maintained at the division and program levels and for capital projects at the project level. Encumbrance accounting is utilized to maintain detailed budgetary control over individual expenses.

During FY2005 the Park Authority's revenue was \$821,369 more than the adopted budget, primarily a result of better than expected fee revenue (\$418,530) and additional County support (\$402,839) for capital improvement projects. FY2005 expenditures compared to budget were \$343,987 less, primarily due to less than expected spending for capital improvement projects. Overall, the Park Authority's excess of revenues over expenditures was \$477,382, which increased the Park Authority's general fund balance by the same amount.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2005, the total reporting entity had invested \$75,089,588 in a broad range of capital assets, including land, buildings, improvements, equipment, and construction in progress (Table A-4). This amount represents a net decrease (including additions and deductions) of \$524,918 as a result of the transfer of several properties back to Prince William County for use in the County's historical facilities programs.

Table A-4  
Park Authority's Capital Assets

	2005	2004
Land, Land Improvements & Construction in Progress	\$ 52,611,634	54,116,010
Buildings and other capital assets, net of depreciation	22,477,954	21,498,496
Total	\$ 75,089,588	75,614,506

During 2005 the Park Authority completed and transferred to fixed assets a number of major projects including various sports field improvements, various playground replacements, Veterans Park pool and center renovation, Valley View Park sports building, Dale City Recreation Center building renovations, Ben Lomond Community Center building renovations, and General's Ridge Golf course cart path renovations.

A number of park construction and renovation projects continue in progress, with construction in progress as of the end of the current year of \$1,654,997.

Additional capital asset and construction in progress data is included in Note 5 of the Financial Statements.

### Long-term Debt and Other Obligations

At year-end the Park Authority had total debt and other obligations of \$22,042,742 of which bonded debt outstanding represented \$18,795,581. The Park Authority's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenue bonds	\$ -	-	18,795,581	19,111,932	18,795,581	19,111,932
Total bonded debt	-	-	18,795,581	19,111,932	18,795,581	19,111,932
Capital leases	1,071,196	1,432,911	281,456	400,120	1,352,652	1,833,031
Notes payable	903,617	1,022,671	-	-	903,617	1,022,671
Compensated absences	878,897	869,673	111,995	109,438	990,892	979,111
Total long-term debt and other obligations	\$ 2,853,710	3,325,255	19,189,032	19,621,490	22,042,742	22,946,745

The Park Authority's total debt and obligations decreased by \$904,003 during the current fiscal year. The key factor in this decrease was the scheduled repayment of principal during 2005. More detailed information about the Park Authority's long-term debt is presented in Note 6 to the financial statements.

### Bond Ratings

The Park Authority maintains an "A3" rating from Moody's Investor's Services for revenue bond debt.

### Limitations on Debt

The Park Authority has no legal limitations on the amount of debt it can issue. The Park Authority, however, has adopted a debt policy, which establishes a maximum debt to asset ratio of 50 percent, including current liabilities and amounts due to related entities. The calculated debt ratio at June 30, 2005 is 31.3 percent. Additional detail on outstanding debt is included in the notes to the financial statements.

In connection with the Series 1999 Revenue Bonds issued for the construction of Splashdown Waterpark, Forest Greens Golf Course, and General's Ridge Golf Course, the Park Authority is required to achieve a debt coverage ratio of 1.10. The calculated revenue bond debt coverage ratio for 2005 is 1.23, which exceeds the required debt coverage ratio of 1.10. Further information regarding the debt coverage ratio in connection with the Series 1999 Revenue Bonds is included in Note 6 to the financial statements.

## **ECONOMIC FACTORS**

The key economic factors of Prince William County affecting the Park Authority included the following:

- The County's real estate tax base has increased from \$34.1 billion in 2005 to \$43.6 billion for 2006, which is a 28 percent increase.
- The County's fiscal year 2006 general fund budget, including support to the Park Authority, is \$765.2 million, which is an increase of 12.4 percent over fiscal year 2005
- The population in the County has grown at an average annual rate of 3.8 percent over the past decade and the vast majority of those residents are employed.
- The Virginia Employment Commission estimated the County's at-place employment (jobs located in the County) was 98,000 during the fourth quarter of 2004.
- The County had an unemployment rate of 2.6 percent and a civilian labor force of 188,000 as of July 2005, according to the Virginia Employment Commission. This represents no change in the employment rate from 2.6 percent in July 2004 and an increase in civilian labor force from 174,000 in July 2004.
- The Census Bureau's 2004 American Community Survey indicates that the County's Median Household Income rose from \$49,000 in 1989 to \$78,000 in 2004.

These factors were considered in preparing the Park Authority's budget for the fiscal year. The Park Authority will use the increases in revenues and County support through the budget process to finance programs currently offered and the expected impact of inflation on program costs.

## **CONTACTING THE PARK AUTHORITY**

This financial report is designed to provide citizens, customers, investors, and creditors with a general overview of the Park Authority's finances and to demonstrate the Park Authority's accountability for its resources.

Any questions regarding this report or for additional financial information, contact the Finance Director, Prince William County Park Authority, 14420 Bristow Road, Manassas, Virginia 20112-3932.



## **BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements include all funds and notes to provide an overview of the financial position and changes in financial position for the Park Authority as a whole.

PRINCE WILLIAM COUNTY PARK AUTHORITY  
 STATEMENT OF NET ASSETS  
 As of June 30, 2005

Exhibit 1

	Governmental Activities	Business-type Activities	Total 2005
<b>ASSETS</b>			
Cash and pooled investments (Note 2)	\$ 2,063,178	490,326	2,553,504
Accounts receivable, net	203,023	63,059	266,082
Interest receivable	-	20,163	20,163
Due from Golf Fund	946,683	-	946,683
Due from Prince William County	255,000	-	255,000
Deferred charge	-	248,662	248,662
Prepaid items	16,547	12,050	28,597
Restricted cash (Note 2)	-	622,997	622,997
Restricted investments (Note 2)	-	1,561,000	1,561,000
Capital assets: (Note 5)			
Land, improvements and construction in progress	37,850,808	14,760,826	52,611,634
Buildings and other capital assets, net of depreciation	18,574,795	3,903,159	22,477,954
<b>Total assets</b>	<b>59,910,034</b>	<b>21,682,242</b>	<b>81,592,276</b>
<b>LIABILITIES</b>			
Accounts payable	467,245	228,592	695,837
Wages and benefits payable	542,146	179,667	721,813
Accrued interest	3,630	239,668	243,298
Deferred revenue	634,105	252,086	886,191
Due to Capital Projects Fund	-	946,683	946,683
Compensated Absences:			
Due within one year	96,854	12,342	109,196
Due in more than one year	782,043	99,653	881,696
Capital Leases:			
Due within one year	377,036	125,315	502,351
Due in more than one year	694,160	156,141	850,301
Bonds and Notes Payable:			
Due within one year	123,985	336,710	460,695
Due in more than one year	779,632	18,458,871	19,238,503
<b>Total liabilities</b>	<b>4,500,836</b>	<b>21,035,728</b>	<b>25,536,564</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	54,450,790	(413,052)	54,037,738
Restricted (Note 2)	-	2,183,997	2,183,997
Unrestricted	958,408	(1,124,431)	(166,023)
<b>Total net assets</b>	<b>\$ 55,409,198</b>	<b>646,514</b>	<b>56,055,712</b>

The accompanying notes are an integral part of these financial statements.

PRINCE WILLIAM COUNTY PARK AUTHORITY  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2005

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total 2005
<b>Primary Government:</b>							
Governmental activities:							
Parks, recreations and cultural	\$ 19,704,682	6,697,027	-	-	(13,007,655)	-	(13,007,655)
Interest on long-term debt	83,007	-	-	-	(83,007)	-	(83,007)
Total governmental activities	19,787,689	6,697,027	-	-	(13,090,662)	-	(13,090,662)
Business-type activities:							
Golf courses	4,358,735	3,717,583	-	-	-	(641,152)	(641,152)
Water Parks	2,513,913	2,520,532	-	-	-	6,619	6,619
Total business-type activities	6,872,648	6,238,115	-	-	-	(634,533)	(634,533)
Total primary government	\$ 26,660,337	12,935,142	-	-	(13,090,662)	(634,533)	(13,725,195)
General revenues:							
Payment from Prince William County					\$ 13,884,039	-	13,884,039
Unrestricted investment earnings					85,403	99,697	185,100
Miscellaneous					-	439,268	439,268
Total general revenues					13,969,442	538,965	14,508,407
Change in net assets					878,780	(95,568)	783,212
Net assets - beginning					54,530,418	742,082	55,272,500
Net assets -ending					\$ 55,409,198	646,514	56,055,712

The accompanying notes are an integral part of these financial statements.

**PRINCE WILLIAM COUNTY PARK AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**Balance Sheet**  
As of June 30, 2005

Exhibit 3

	Governmental Funds		
	General Fund	Capital Projects Fund	Total 2005
<b>ASSETS</b>			
Cash and pooled investments (Note 2)	\$ 212,723	1,850,455	2,063,178
Accounts receivable, net	203,023	-	203,023
Due from Golf Course Fund	-	946,683	946,683
Due from Prince William County	55,000	200,000	255,000
Prepaid items	16,547	-	16,547
<b>Total assets</b>	<b>\$ 487,293</b>	<b>2,997,138</b>	<b>3,484,431</b>
<b>LIABILITIES AND FUND BALANCES:</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 316,182	151,063	467,245
Wages and benefits payable	542,146	-	542,146
Deferred revenue	634,105	-	634,105
<b>Total liabilities</b>	<b>1,492,433</b>	<b>151,063</b>	<b>1,643,496</b>
<b>FUND BALANCES:</b>			
Unreserved reported in:			
General Fund:			
Undesignated	(1,021,687)	-	(1,021,687)
Reserved for prepaid items	16,547	-	16,547
Capital Projects Fund:			
Designated for construction projects	-	2,846,075	2,846,075
<b>Total fund balances</b>	<b>(1,005,140)</b>	<b>2,846,075</b>	<b>1,840,935</b>
<b>Total liabilities and fund balances</b>	<b>\$ 487,293</b>	<b>2,997,138</b>	<b>3,484,431</b>

The accompanying notes are an integral part of these financial statements.

PRINCE WILLIAM COUNTY PARK AUTHORITY  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS

As of June 30, 2005

Exhibit 4

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Fund balances--total governmental funds	\$	1,840,935
Amounts reported for governmental activities in the statement of net assets (Exhibit 3) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		56,425,603
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(3,630)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes payable	\$	903,617
Capital lease obligations		1,071,196
Compensated absences		878,897
Total long-term liabilities		<u>(2,853,710)</u>
Net assets of governmental activities	\$	<u><u>55,409,198</u></u>

**PRINCE WILLIAM COUNTY PARK AUTHORITY**  
**GOVERNMENTAL FUNDS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
For the Year Ended June 30, 2005

Exhibit 5

	Governmental Funds		
	General Fund	Capital Projects Fund	Total 2005
<b>REVENUES:</b>			
Charges for services	\$ 6,697,027	-	6,697,027
From use of money and property	85,403	-	85,403
Intergovernmental revenue:			
Support from Prince William County	12,288,200	1,595,839	13,884,039
<b>Total revenues</b>	<b>19,070,630</b>	<b>1,595,839</b>	<b>20,666,469</b>
<b>EXPENDITURES:</b>			
Current:			
Parks, recreational and cultural:			
Compensation and benefits	11,615,290	-	11,615,290
Contractual services	2,883,221	-	2,883,221
Materials, supplies, and utilities	2,823,964	-	2,823,964
Debt service:			
Principal retirement	480,769	-	480,769
Interest and other debt costs	93,752	-	93,752
Capital outlays	119,797	2,172,294	2,292,091
<b>Total expenditures</b>	<b>18,016,793</b>	<b>2,172,294</b>	<b>20,189,087</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,053,837</b>	<b>(576,455)</b>	<b>477,382</b>
Net change in fund balances	1,053,837	(576,455)	477,382
<b>FUND BALANCES, beginning of year</b>	<b>(2,058,977)</b>	<b>3,422,530</b>	<b>1,363,553</b>
<b>FUND BALANCES, end of year</b>	<b>\$ (1,005,140)</b>	<b>2,846,075</b>	<b>1,840,935</b>

The accompanying notes are an integral part of these financial statements.

PRINCE WILLIAM COUNTY PARK AUTHORITY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2005

Exhibit 6

Net change in fund balances--total governmental funds	\$	477,382
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Add capital acquisitions	\$	1,851,900
Subtract depreciation		<u>(1,932,792)</u>
		(80,892)
Loss on disposition of fixed assets (transfer of assets to County)		
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Add debt principle repayment		480,769
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.		
Add prior year's compensated absences liability		869,673
Subtract current year's compensated absences liability		<u>(878,897)</u>
		(9,224)
Add prior year's accrued interest liability		14,375
Subtract current year's accrued interest liability		<u>(3,630)</u>
		10,745
Change in net assets of governmental activities	\$	<u><u>878,780</u></u>

**PRINCE WILLIAM COUNTY PARK AUTHORITY**

**PROPRIETARY FUNDS**

**Statement of Net Assets**

As of June 30, 2005

Exhibit 7

	Enterprise Funds		
	Golf Courses	Water Parks	Total 2005
<b>ASSETS</b>			
Current assets:			
Cash and pooled investments (Note2)	\$ -	490,326	490,326
Accounts Receivable	-	63,059	63,059
Interest receivable	14,921	5,242	20,163
Deferred charge	184,010	64,652	248,662
Prepaid items	9,050	3,000	12,050
Restricted assets:			
Restricted cash (Note 2)	461,018	161,979	622,997
<b>Total Current Assets</b>	<b>668,999</b>	<b>788,258</b>	<b>1,457,257</b>
Noncurrent assets:			
Restricted investments (Note 2)	1,155,140	405,860	1,561,000
Capital assets: (Note 5)			
Land, improvements and construction in progress	12,065,867	2,694,959	14,760,826
Buildings and other capital assets, net of depreciation	1,805,659	2,097,500	3,903,159
<b>Total Noncurrent Assets</b>	<b>15,026,666</b>	<b>5,198,319</b>	<b>20,224,985</b>
<b>Total assets</b>	<b>15,695,665</b>	<b>5,986,577</b>	<b>21,682,242</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	80,312	148,280	228,592
Due to Capital Projects Fund	946,683	-	946,683
Wages and benefits payable	82,835	96,832	179,667
Accrued interest	177,354	62,314	239,668
Deferred revenue	198,786	53,300	252,086
Compensated Absences	8,922	3,420	12,342
Current Portion of Revenue Bonds Payable	249,165	87,545	336,710
Current Portion of Capital Leases Payable	125,315	-	125,315
<b>Total current liabilities</b>	<b>1,869,372</b>	<b>451,691</b>	<b>2,321,063</b>
Noncurrent liabilities (Note 6):			
Revenue Bonds Payable	13,659,565	4,799,306	18,458,871
Capital Leases Payable	156,141	-	156,141
Compensated Absences	72,039	27,614	99,653
<b>Total noncurrent liabilities</b>	<b>13,887,745</b>	<b>4,826,920</b>	<b>18,714,665</b>
<b>Total liabilities</b>	<b>15,757,117</b>	<b>5,278,611</b>	<b>21,035,728</b>
<b>NET ASSETS:</b>			
Invested in Capital Assets, net of related debt	(318,660)	(94,392)	(413,052)
Restricted	1,616,158	567,839	2,183,997
Unrestricted	(1,358,950)	234,519	(1,124,431)
<b>Total net assets</b>	<b>\$ (61,452)</b>	<b>707,966</b>	<b>646,514</b>

The accompanying notes are an integral part of these financial statements.

PRINCE WILLIAM COUNTY PARK AUTHORITY  
 PROPRIETARY FUNDS  
 Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 For the Year Ended June 30, 2005

Exhibit 8

	Enterprise Funds		
	Golf Courses	Water Parks	Total 2005
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 3,717,583	2,520,532	6,238,115
<b>Total operating revenue</b>	<b>3,717,583</b>	<b>2,520,532</b>	<b>6,238,115</b>
<b>OPERATING EXPENSES:</b>			
Compensation and benefits	1,757,316	936,273	2,693,589
Contractual services	212,385	268,527	480,912
Materials, supplies and utilities	1,089,118	525,711	1,614,829
Depreciation	376,643	465,715	842,358
<b>Total operating expenses</b>	<b>3,435,462</b>	<b>2,196,226</b>	<b>5,631,688</b>
Operating income	282,121	324,306	606,427
<b>NON OPERATING REVENUES (EXPENSES):</b>			
Interest income	73,776	25,921	99,697
Interest expense	(923,273)	(317,687)	(1,240,960)
Other revenue	424,600	14,668	439,268
<b>Total non operating revenue (expenses)</b>	<b>(424,897)</b>	<b>(277,098)</b>	<b>(701,995)</b>
<b>Net Income (loss)</b>	<b>(142,776)</b>	<b>47,208</b>	<b>(95,568)</b>
Change in Net Assets	(142,776)	47,208	(95,568)
NET ASSETS, beginning of year	81,324	660,758	742,082
<b>NET ASSETS, end of year</b>	<b>\$ (61,452)</b>	<b>707,966</b>	<b>646,514</b>

The accompanying notes are an integral part of these financial statements.

PRINCE WILLIAM COUNTY PARK AUTHORITY  
 PROPRIETARY FUNDS  
 Statement of Cash Flows  
 For the Year Ended June 30, 2005

Exhibit 9

	Enterprise Funds		
	Golf Courses	Water Parks	Total 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 3,789,451	2,426,605	6,216,056
Payments to supplies for goods and services	(1,285,595)	(793,837)	(2,079,432)
Payments to employees for services	(1,436,586)	(800,255)	(2,236,841)
Payments on behalf of employees	(309,454)	(110,810)	(420,264)
Net cash provided by operating activities	757,816	721,703	1,479,519
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Due to Other Fund	946,683	-	946,683
Net cash provided by non-capital financing activities	946,683	-	946,683
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(490,728)	-	(490,728)
Principal paid on bonds, leases and other debt	(407,264)	(101,400)	(508,664)
Interest paid on bonds, leases and other debt	(872,546)	(298,557)	(1,171,103)
Net cash used by capital and related financing activities	(1,770,538)	(399,957)	(2,170,495)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and dividends received on investments	76,657	25,582	102,239
Net cash provided by investing activities	76,657	25,582	102,239
Net increase in cash and cash equivalents	10,618	347,328	357,946
CASH AND CASH EQUIVALENTS, beginning of year	450,400	304,977	755,377
CASH AND CASH EQUIVALENTS, end of year	\$ 461,018	652,305	1,113,323
<b>RECONCILIATION OF OPERATING INCOME TO</b>			
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating Income	\$ 282,121	324,306	606,427
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	376,643	465,715	842,358
Amortization of Deferred Charge	7,748	2,722	10,470
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	-	(63,059)	(63,059)
Increase (decrease) in:			
Accounts payable and accrued liabilities, net of accrued interest	5,743	4,467	10,210
Salaries and benefits payable	13,693	18,420	32,113
Deferred revenue	71,868	(30,868)	41,000
Total adjustments	475,695	397,397	873,092
Net cash provided by operating activities	\$ 757,816	721,703	1,479,519

The accompanying notes are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

### June 30, 2005

#### NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Prince William County Park Authority (the Park Authority) prepares its financial statements in conformity with accounting principles generally accepted in the United States (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Park Authority applies all applicable GASB pronouncements and has elected to apply only those Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements to its proprietary funds. The GASB periodically updates its codification of the existing governmental accounting and financial reporting standards which, along with subsequent GASB pronouncements (statements and interpretations), constitutes GAAP for governmental units. The accounting and reporting framework and significant accounting principles and practices utilized by the Park Authority are discussed in subsequent sections of these notes to the financial statements. The remainder of the notes is organized to provide explanations, including required disclosures, of the Park Authority's financial activities for the year ended June 30, 2005.

#### A. Reporting Entity

The Park Authority's reporting entity includes general park operations, reported under the entity heading of primary government.

For financial reporting purposes, the Park Authority reporting entity is considered a component unit of Prince William County, Virginia (the County) under the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. Accordingly, the financial position, changes in financial position, and cash flows of the Park Authority are discretely presented in the County's basic financial statements. The inclusion criteria which define the Park Authority as a component unit are:

- All of the Park Authority Board is appointed by the County.
- A financial benefit/burden relationship exists.

#### B. Basis of Presentation

The basic financial statements include both government-wide financial statements, which are based on the Park Authority as a whole, and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), the new reporting model focuses on either the Park Authority as a whole or on major individual funds (within the fund financial statements).

##### *Government-wide Financial Statements*

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The focus of the government-wide financial statements is more on sustainability of the Park Authority as an entity and the change in aggregate financial position resulting from activities of the fiscal period. As a general rule, the effect of inter-fund activity has been eliminated from these statements. Governmental activities, which are normally supported by general revenue received from the County, are reported separately from business type activities, which rely, to a significant extent, on fees and other charges for support.

In the government-wide statement of net assets, the governmental and business type activities columns are presented on a consolidated basis by column and are presented using the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets as well as long-term debt and obligations. Inter-fund balances between governmental funds and inter-fund balances between proprietary funds are not included in the government-wide statement of net assets.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category (park operations) or business type activity (golf courses and water parks) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category or business type activity. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category or business type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category or business type activity. Support payments from the County and other items that are not properly included among program revenues are reported instead as general revenues.

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

#### *Fund Financial Statements*

The financial transactions of the Park Authority are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund financial statements are very similar to the financial statements presented in the previous reporting model. Emphasis under the new reporting model is on major funds in the governmental or business type categories. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds. The Park Authority has elected to present additional funds as major due to specific community focus.

The governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted and is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid financial resources, and (c) demonstrate how the Park Authority's actual experience conforms to the budget fiscal plan. As the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliations are presented which briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide financial statements.

The Park Authority's enterprise funds, presented in the proprietary fund financial statements, are presented using the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Golf Courses Fund and the Waterparks Fund are charges to customers for services. Operating expenses of the enterprise funds include the costs of providing services, such as staff, contract services and supplies, as well as depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following major funds are used by the Park Authority:

*Governmental Funds:*

The focus of governmental fund measurement in the fund financial statements is upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the Park Authority:

- General Fund – The General Fund accounts for numerous primary Park Authority recreational and leisure programs and facilities, such as open parks, recreation centers, community pools, various recreation and special events programs, and is the primary operating unit of the Park Authority. It accounts for all financial resources of the general government, except those required to be accounted for by another fund.
- Capital Project Fund – The Capital Project Fund is used to account for the resources and expenditures related to new facility construction and major capital maintenance projects.

*Proprietary Funds:*

The focus of proprietary fund measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows, which is similar to a business enterprise. The following is a description of the major proprietary funds of the Park Authority:

- Golf Course Fund – The Golf Course Fund accounts for the recreational golf facilities operated by the Park Authority, and include Prince William Golf Course, Forest Greens Golf Course, and General's Ridge Golf Course.
- Waterpark Fund – The Waterpark Fund accounts for the major aquatics facilities operated by the Park Authority and include Splashdown Waterpark and Waterworks Waterpark.

**C. Basis of Accounting**

The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The government-wide financial statements and the proprietary fund financial statements are presented on an accrual basis of accounting. The governmental fund financial statements are presented on a modified accrual basis of accounting.

*Accrual Basis of Accounting*

Revenues are recognized when earned and expenses are recognized when incurred.

*Modified Accrual Basis of Accounting*

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Park Authority considers the availability period for all significant revenue sources to be 60 days after the end of the current fiscal period. Support payments from the County are appropriated to the Park Authority based on the County's fiscal year (July 1 – June 30). The Park Authority recognizes such revenue on the first day of the fiscal year. Payments are received quarterly over the fiscal year. Interest earnings are recorded as earned.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

#### **E. Cash and Investments**

Cash and pooled investments consist of cash deposits, money market accounts, and repurchase agreements with original maturities of three months or less. Investments are recorded at amortized cost, which approximates fair value. Investment interest is recorded when earned. The Park Authority includes restricted cash and investments in its statement of cash flows.

#### **F. Compensated Absences**

In governmental fund types, the cost of vacation and sick pay benefits (compensated absences) is recognized when payments are made to employees. A liability for all governmental fund type vested accrued vacation and sick pay benefits is recorded as non-current liabilities in the government-wide statement of net assets. Proprietary fund types accrue vacation and sick leave benefits in the period they are earned.

#### **G. Risk Management**

The Park Authority participates in the Prince William Self-Insurance Group Casualty Pool and Workers' Compensation Association, which provide casualty insurance and workers' compensation protection for the members.

#### **H. Operating Revenue**

Charges for the use of recreation facilities are recognized as revenue when the facilities are used. Fees for recreation programs are recognized as revenue at the time the program is held. Recreation fees and charges collected in advance are recorded as deferred revenue. Accounts receivable are recorded for fees and charges earned but not yet received.

#### **I. Support from the County**

The Park Authority receives an unrestricted annual support payment from the County. This payment partially supports the Park Authority's Park General Fund and Capital Project Fund operating requirements and is authorized and appropriated through the County's annual fiscal year budget under the operating agreement between the Park Authority and the County. The Park Authority recognizes this support as revenue at the beginning of the fiscal year. The Park Authority is economically dependent on the County and the receipt of this annual support.

#### **J. Capital Assets**

The cost of capital assets acquired for general government purposes are recorded as an expenditure in the governmental funds and as an asset in the government-wide financial statements to the extent the Park Authority's capitalization threshold has been met. Capital assets acquired by proprietary funds are recorded as assets in both the government-wide financial statement and in the proprietary fund financial statements to the extent the Park Authority's capitalization threshold has been met. The Park Authority capitalizes assets valued over \$5,000 with a useful life of one year or greater.

Park and recreation real properties, facilities and equipment are recorded at cost. Donated capital assets are recorded at estimated fair value as of the date of donation. Capital asset transfers between the County and the Park Authority are recorded at original cost less related accumulated depreciation as of the date of transfer. Recurring normal maintenance and repair costs are charged to operations, and major repairs, improvements, and replacements are capitalized. Upon sale or retirement, the cost and related accumulated depreciation/amortization of park and recreation facilities and equipment are eliminated from the respective accounts and any resulting gain or loss is shown as other income or expense, respectively. Depreciation expense is computed using the straight-line method over the following estimated useful lives of purchased and donated assets:

Buildings	10-40 years
Recreational structures	10-15 years
Equipment and vehicles	5-10 years

#### **K. Deferred Charge**

In connection with the issuance of the Series 1999 Revenue Bonds, the related costs of issuance are reported as a deferred charge and are amortized over the life of the bond issue.

#### **L. Fund Equity**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent the Park Authority's managerial plans for future use of financial resources.

#### **M. Leases**

For capital leases in the governmental fund types, acquisition costs are recorded as expenditures with an offsetting entry to other financing sources. Proprietary fund types and the government-wide financial statements record the assets acquired under capital lease arrangements at the lesser of the fair value of the asset or the present value of the lease payments and the assets are then amortized over the shorter of the lease period or the estimated life of the asset.

#### **N. Deferred Loss on Debt Refundings**

Losses resulting from advance or current refundings of debt in proprietary funds are deferred and amortized over the shorter of the life of the new debt or the remaining life of the old debt. The amount is deferred and reported as a reduction of the debt and is amortized and reported as a component of interest expense.

#### **O. Deferred Revenue**

Deferred revenue represents amounts for which asset recognition criteria were met, but for which revenue recognition were not met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

**NOTE (2) - CASH AND INVESTMENTS****A. Cash Deposits**

At year-end the carrying value (book balance) of Park Authority deposits with banks was \$(56,845); the balance carried by the bank was \$103,057. Of the bank balances, 100 percent was covered by federal depository related insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral were inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Collateral is not specifically identified as security for any one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. With the ability to make additional assessments, the multiple bank collateral pool functions similar to depository insurance. Funds deposited in accordance with the requirements of the Act are considered fully secured and are not subject to custodial credit risk.

**B. Investments**

Code of Virginia Sec. 2.2-4501 through 2.2-4513 authorize the Park Authority to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth or political subdivisions thereof; obligations of other states not in default; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; "prime quality" commercial paper; negotiable certificates of deposits, negotiable bank notes and corporate notes rated AA or better by Standard & Poor's, Inc. and Aa or better by Moody's Investors Service, Inc.; banker's acceptances; overnight, term and open repurchase agreements; money market mutual funds; the State Treasurer's Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP).

The Park Authority investments are subject to interest rate, credit, custodial and concentration of credit risks as described below:

**Interest Rate Risk** – The Park Authority limits its investments to overnight repurchase agreements and money market mutual funds, with the exception of the debt service reserve fund, thus limiting its interest rate risk exposure.

Illustration 2-1 reflects the fair value and the weighted average maturity (WAM) of the Park Authority's investments as of June 30, 2005. WAM expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of the WAM calculation, the Park Authority assumes that all of its investments will be held to maturity.

**Illustration 2-1**  
**Fair Value and Weighted Average Maturity of Investments at June 30, 2005**

	Fair Value	Weighted Average Maturity (Years)
Money Market Mutual Funds	\$ 2,628,817	.003
Overnight Repurchase Agreements	590,000	.003
Long-term Repurchase Agreements	<u>1,561,000</u>	23.29
Total Reporting Entity Investments	\$ <u>4,779,817</u>	7.62

**Credit Risk** – State statutes authorize the Park Authority to invest in various instruments as described above. The Park Authority will only invest in money market or mutual funds with a rating of AAA by at least two nationally recognized statistical rating organizations. During the year, the Park Authority made investments in repurchase agreements and money market mutual funds, including the Commonwealth Cash Reserve Fund (CCRF).

The Park Authority's investments' ratings as of June 30, 2005 are presented in Illustration 2-2.

**Illustration 2-2**  
**Park Authority Investment Credit Risk at June 30, 2005**

	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Money Market Mutual Funds	AAA	54.9%
Repurchase Agreements	AAA	45.1%
		<u>100%</u>

**Custodial Credit Risk** – Custodial risk is the risk that in the event of the failure of the counter party, the Park Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Park Authority requires that all securities purchased be properly and clearly labeled as an asset of Prince William County Park Authority and held in safekeeping by a third party custodial bank or institution in compliance with Section 2.2-4515 of the *Code of Virginia*. Therefore, the Park Authority has no custodial credit risk.

**Concentration of Credit Risk** – The Park Authority does not have an investment policy for concentration of credit risk.

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2005 is shown in Illustration 2-3.

**Illustration 2-3**  
**Reconciliation of Cash and Investments to Entity-Wide Financial Statements at June 30, 2005**

Total Park Authority Investments	\$ 4,779,817
Add: Cash On Hand	14,530
Deposits	(56,844)
Total Cash and Investments	<u>4,737,501</u>
Total Reporting Entity Cash and Investments	<u>\$ 4,737,501</u>

	Governmental Activities	Business Type Activities	Total Reporting Entry
Primary Government:	\$	\$	
Cash and Pooled Investments	2,063,178	490,326	2,553,504
Restricted Cash and Temporary Investments	-	622,997	622,997
Restricted Investments	-	1,561,000	1,561,000
	<u>\$ 2,063,178</u>	<u>2,674,323</u>	<u>\$ 4,737,501</u>

Restricted cash and investments consist of amounts required by revenue bond financing terms to be segregated in a debt service reserve account, a principal account, and an interest account required to be used for debt service as depicted in Illustration 2-4. These accounts and investments therein are held by Wachovia Bank, as Trustee, for the Park Authority's Revenue Bonds Series 1999.

**Illustration 2-4**  
**Restricted Cash and Investments at June 30, 2005**

	Restricted Investments
Park Authority Revenue Bond Funds	\$ 2,183,997

**NOTE (3) - DEFERRED REVENUE**

Illustration 3-1 details the amounts of deferred revenue at June 30, 2005.

**Illustration 3-1**  
**Deferred Revenue at June 30, 2005**

<b>GENERAL FUND:</b>		
Deferred Revenue - Prepaid recreation fees and charges	\$	634,105
<b>ENTERPRISE FUNDS:</b>		
Deferred Revenue - Prepaid recreation fees and charges		252,086
Total Reporting Entity	\$	886,191

**NOTE (4) – INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances are generally made for the purpose of providing operational support for the receiving fund. Illustration 4-1 details the amounts due from and due to other funds at June 30, 2005.

**Illustration 4-1**  
**Interfund Receivables and Payables at June 30, 2005**

	Due from Other Funds	Due to Other Funds
General Fund	\$ 946,683	-
Enterprise Fund - Golf Courses	-	946,683
Total	\$ 946,683	946,683

**NOTE (5) - CAPITAL ASSETS**

Illustration 5-1 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2005.

<b>Illustration 5-1</b>				
<b>Governmental Activities - Changes in Capital Assets</b>				
	June 30, 2004	Additions	Deletions/Transfers	June 30, 2005
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 34,020,508	2,175,303	-	36,195,811
Construction in Progress	5,718,339	2,172,292	6,235,634	1,654,997
<b>Total capital assets not being depreciated</b>	<b>39,738,847</b>	<b>4,347,595</b>	<b>6,235,634</b>	<b>37,850,808</b>
Buildings and other capital assets, being depreciated:				
Buildings and recreation structures	33,892,360	3,431,210	-	37,323,570
Equipment	2,865,039	209,306	-	3,074,345
Vehicles	1,721,897	99,423	-	1,821,320
<b>Total buildings and other capital assets being depreciated</b>	<b>38,479,296</b>	<b>3,739,939</b>	<b>-</b>	<b>42,219,235</b>
Less accumulated depreciation for:				
Buildings and recreation structures	18,697,201	1,451,992	-	20,149,193
Equipment	1,865,044	318,962	-	2,184,006
Vehicles	1,149,403	161,838	-	1,311,241
<b>Total accumulated depreciation</b>	<b>21,711,648</b>	<b>1,932,792</b>	<b>-</b>	<b>23,644,440</b>
<b>Buildings and other capital assets, net</b>	<b>16,767,648</b>	<b>1,807,147</b>	<b>-</b>	<b>18,574,795</b>
<b>Governmental activities capital assets (net)</b>	<b>\$ 56,506,495</b>	<b>6,154,742</b>	<b>6,235,634</b>	<b>56,425,603</b>

Depreciation expense was charged to parks, recreational and cultural functions of governmental activities.

Illustration 5-2 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2005.

**Illustration 5-2**  
**Business-Type Activities - Changes in Capital Assets**

	June 30, 2004	Additions	Deletions/Transfers	June 30, 2005
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 14,377,163	383,663	-	14,760,826
Total capital assets not being depreciated	14,377,163	383,663	-	14,760,826
Buildings and other capital assets, being depreciated:				
Buildings and recreation structures	8,796,885	-	-	8,796,885
Equipment	2,346,443	21,461	6,792	2,361,112
Vehicles	65,092	-	-	65,092
Total buildings and other capital assets being depreciated	11,208,420	21,461	6,792	11,223,089
Less accumulated depreciation for:				
Buildings and recreation structures	5,227,753	525,180	-	5,752,933
Equipment	1,190,697	311,462	-	1,502,159
Vehicles	59,122	5,716	-	64,838
Total accumulated depreciation	6,477,572	842,358	-	7,319,930
Buildings and other capital assets, net	4,730,848	(820,897)	6,792	3,903,159
<b>Business-type activities capital assets (net)</b>	<b>\$ 19,108,011</b>	<b>(437,234)</b>	<b>6,792</b>	<b>18,663,985</b>

Depreciation expense was charged to the following business-type activities:

Golf Courses	\$ 376,643
Water Parks	465,715
Total	<u>\$ 842,358</u>

Illustration 5-3 summarizes the construction in progress at June 30, 2005. Sources of funding for various capital improvements include Prince William County general obligation bonds and the County's General Fund budget appropriation. Funds from County general obligation bonds are reimbursed to the Park Authority as project expenditures are incurred.

**Illustration 5-3**  
**Construction in Progress at June 30, 2005**

Location	Amount Authorized	Expended to Date	Project Balance
<b>PRIMARY GOVERNMENT</b>			
Ridgefield Park	\$ 489,706	389,371	100,335
Veterans Park and Center	117,986	48,926	69,060
Various Field Improvements	176,822	8,379	168,443
Pfizer Stadium	400,000	173,171	226,829
Valley View Park	566,749	75,441	491,308
Sudley Park	674,700	400,387	274,313
Hammill Mill Park	500,000	443,167	56,833
Prince William Golf	5,000	8,631	(3,631)
Dale City Rec Center	104,000	50,772	53,228
Ben Lomond Center	195,000	6,713	188,287
Neabsco Park	16,000	2,584	13,416
Nokesville Park	60,000	47,455	12,545
Total	\$ 3,305,963	1,654,997	1,650,966

#### **NOTE (6) - LONG-TERM DEBT**

##### **A. Revenue Bonds Payable**

Revenue bonds payable consist of amounts owed by the Park Authority for the construction of facilities and acquisition of related equipment. These liabilities bear interest from 4.9 percent to 6 percent and mature from 2006 to 2028.

The Park Authority is subject to arbitrage rebate provisions pursuant to tax law with respect to its Revenue Bonds. Based upon calculation of rebateable arbitrage, the Authority records any material liabilities due to the federal government and reduces interest income, when appropriate. No such arbitrage rebate liability was due as of June 30, 2005.

All commitments under revenue bonds are the sole responsibility of the Park Authority and are not considered debt of the County. The debt service requirements for outstanding commitments are summarized below:

- On October 5, 1999 the Park Authority issued \$21,415,000 of revenue bonds, the proceeds from which were partially used together with reserve funds established in connection with the Series 1994 Revenue bonds to purchase U. S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the Series 1994 bonds. The Series 1994 bonds are considered to be defeased. Accordingly, the liability for the Series 1994 bonds has been removed from the Park Authority's balance sheet.

- Included in the Series 1999 bonds were additional funds of \$750,000 beyond that required to defease the Series 1994 bonds and establish the required reserves. The additional funds were provided to implement improvements at the golf course and waterpark facilities originally funded by the Series 1994 bonds. These improvements were completed during 2001.
- In connection with the Series 1999 bonds the Park Authority is required to achieve a debt coverage ratio of 1.10 from operations. For 2005 the debt coverage ratio achieved was 1.23. As required under the revenue bond covenant, and as a result of not meeting debt coverage requirement in 2004, the Park Authority, in early 2005, engaged a consultant to review the golf course operations with the objective of improving the operating results toward achieving the required debt coverage ratio. The consultants' recommendations include revised marketing efforts, staffing structure adjustments, and additional physical improvements.
- The sources of repayment for the Series 1999 bonds are the net revenues of the facilities, as well as other revenues of the Park Authority. The County has provided a debt service reserve fund reimbursement provision for the Series 1999 bonds, subject to annual appropriation, in the event the debt service reserve fund is drawn upon and the Park Authority cannot provide funds to reimburse the debt service reserve fund. The bonds are currently rated A3 by Moody's Investors Service.

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2005, including interest payments, are shown in Illustration 6-1.

Illustration 6-1

## Business-type Activities - Debt Service Requirements - Revenue Bonds

	Principal	Interest	Total
<b>Year Ending June 30:</b>			
2006	\$ 410,000	1,133,076	1,543,076
2007	430,000	1,112,282	1,542,282
2008	450,000	1,090,057	1,540,057
2009	475,000	1,066,231	1,541,231
2010	500,000	1,040,757	1,540,757
2011 - 2015	2,925,000	4,835,856	7,760,856
2016 - 2020	3,870,000	3,887,645	7,757,645
2021 - 2025	5,200,000	2,192,300	7,392,300
2026 - 2029	5,400,000	833,400	6,233,400
Subtotal	19,660,000	17,191,604	36,851,604
Less: unamortized discount on issuance of revenue bonds	169,106		
Less: unamortized deferred loss on refunding	695,313		
<b>Total</b>	<b>\$ 18,795,581</b>		

**B. Capital Leases**

The Park Authority leases equipment under capital leases expiring at various dates through 2009. All leases are non-cancelable except they are contingent upon the Park Authority Board appropriating funds for each year's payments. Total lease payments under capital leases of the primary government for the year ended June 30, 2005, was \$599,433.

- On March 29, 2001, the Park Authority entered into a tax-exempt loan agreement in the amount of \$750,000 with SunTrust Bank for the acquisition of equipment. Repayment terms provide for ten equal semi-annual payments of \$84,437, including interest, beginning September 29, 2001.
- On May 23, 2002, the Park Authority entered into a tax-exempt loan agreement in the amount of \$1,500,000 with Sun Trust Bank for the acquisition of equipment. Repayment terms provide for fourteen equal semi-annual payments of \$123,947, including interest, beginning November 23, 2002.
- On June 14, 2002, the Park Authority entered into a tax-exempt loan agreement in the amount of \$184,800 with Patriot Public Finance for the acquisition of equipment. Repayment terms provide for twenty equal quarterly payments of \$10,349, including interest, beginning June 14, 2002.
- On October 20, 2002, the Park Authority entered into a tax-exempt loan agreement in the amount of \$240,000 with Patriot Public Finance for the acquisition of equipment. Repayment terms provide for twenty equal quarterly payments of \$13,697, including interest, beginning October 20, 2002.
- On March 18, 2003, the Park Authority entered into a tax-exempt loan agreement in the amount of \$184,800 with Patriot Public Finance for the acquisition of equipment. Repayment terms provide for twenty quarterly payments of \$10,547, including interest, beginning March 21, 2003.

Illustration 6-2 presents the assets that were acquired through capital lease obligations:

<b>Illustration 6-2</b>	
<b>Assets acquired through Capital Lease Obligations</b>	
	<b>Primary Government</b>
<b>Depreciable assets</b>	
Machinery and Equipment	\$ 3,109,600
Less: Accumulated Depreciation	1,699,566
<b>Total assets acquired through capital lease obligations</b>	<b>\$ 1,410,034</b>

Illustration 6-3 presents a summary of minimum lease commitments on all capital leases, which are subject to escalation clauses, exclusive of taxes, insurance, maintenance and repairs.

**Illustration 6-3**  
**Minimum Lease Commitments - Capital Lease Obligations**

	Primary Government
<b>Year Ending June 30:</b>	
2006	\$ 555,141
2007	375,916
2008	282,684
2009	247,893
Total minimum payments	1,461,634
Less: Interest	(108,982)
<b>Present value of future minimum payments</b>	<b>\$ 1,352,652</b>

### C. Notes Payable

The annual debt service requirements of notes payable in governmental funds as of June 30, 2005, including interest payments, are shown in Illustration 6-4.

- On November 19, 2001, the Park Authority entered into a tax-exempt loan agreement in the amount of \$1,300,000 with SunTrust Bank for the development of Valley View Park. Repayment terms provide for twenty equal semi-annual payments of \$79,888, including interest, beginning May 19, 2002.

**Illustration 6-4**  
**Governmental Activities - Debt Service Requirements - Notes Payable**

	Principal	Interest	Total
<b>Year Ending June 30:</b>			
2006	\$ 123,985	35,790	159,775
2007	129,121	30,655	159,776
2008	134,469	25,307	159,776
2009	140,039	22,550	162,589
2010	145,839	13,936	159,775
2011 - 2015	230,164	9,501	239,665
<b>Total</b>	<b>\$ 903,617</b>	<b>137,739</b>	<b>1,041,356</b>

**D. Changes in Long-Term Liabilities:**

Changes in long-term liabilities of governmental activities for the year ended June 30, 2005 are shown in Illustration 6-5.

**Illustration 6-5**  
**Governmental Activities - Changes in Long-Term Liabilities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due in	
					More Than One Year	Due Within One Year
Capital leases obligations	\$ 1,432,911	-	(361,715)	1,071,196	694,160	377,036
Notes payable	1,022,671	-	(119,054)	903,617	779,632	123,985
Compensated absences	869,673	798,730	(789,506)	878,897	782,043	96,854
<b>Total</b>	<b>\$ 3,325,255</b>	<b>798,730</b>	<b>(1,270,275)</b>	<b>2,853,710</b>	<b>2,255,835</b>	<b>597,875</b>

Long-term liabilities of governmental activities are generally liquidated by the General Fund.

Changes in long-term liabilities of business-type activities for the year ended June 30, 2005 are shown in Illustration 6-6.

**Illustration 6-6**  
**Business-Type Activities - Changes in Long-Term Liabilities**

	Beginning Balance	Additions	Reductions	Ending Balance	More Than	
					One Year	Due Within One Year
Revenue bonds	\$ 20,050,000	-	(390,000)	19,660,000	19,250,000	410,000
Unamortized discount on issuance of revenue bonds	(176,176)	-	7,070	(169,106)	(162,036)	(7,070)
Unamortized deferred loss on refunding	(761,533)	-	66,220	(695,313)	(629,093)	(66,220)
Revenue bonds, net	19,112,291	-	(316,710)	18,795,581	18,458,871	336,710
Capital leases payable	400,120	-	(118,664)	281,456	156,141	125,315
Compensated absences	109,438	99,977	(97,420)	111,995	99,653	12,342
<b>Total</b>	<b>\$ 19,621,849</b>	<b>99,977</b>	<b>(532,794)</b>	<b>19,189,032</b>	<b>18,714,665</b>	<b>474,367</b>

**NOTE (7) - FUND BALANCES/NET ASSETS**

Illustration 7-1 details the designated fund balances at June 30, 2005.

**Illustration 7-1**  
**Designated Fund Balances at June 30, 2005**

	Primary Government	
	Capital Projects Fund	Total Primary Government
<b>Designated for:</b>		
Construction projects	\$ 2,846,075	2,846,075
<b>Total</b>	<b>\$ 2,846,075</b>	<b>2,846,075</b>

**NOTE (8) - DEFINED BENEFIT PENSION PLANS****A. Virginia Retirement System****Plan Description**

The Park Authority, as a participant with the County, contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS. The Park Authority's payroll for employees covered by the VRS for the year ended June 30, 2005 was \$6,537,241 (total payroll was \$11,536,583).

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 and at age 50 with 30 years of service for participating employers payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) 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 adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5 percent per year. AFC is defined as the highest consecutive 36 months of reported compensation. 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 VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the VRS. A copy of that report may be obtained by writing VRS at P.O. Box 2500, Richmond, Virginia 23218-2500.

**Funding Policy and Annual Pension Cost**

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5 percent of their annual reported compensation to the VRS. The Park Authority has assumed this 5 percent member contribution. In addition, the Park Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Park Authority contribution rate for the fiscal year ended June 30, 2005 was 7.5 percent of annual covered payroll. The total contributions for 2005, 2004, and 2003 by the Park Authority were \$817,155, \$379,563, and \$360,940, respectively.

The required contributions for the County, including the Park Authority, were determined as part of an actuarial valuation performed as of June 30, 2003 using the entry age normal actuarial cost method. The actuarial assumptions included (a) an 8 percent investment rate of return, (b) projected salary increases that range between 4.25 percent and 6.10 percent depending on the member's service and classification, and (c) 3.0 percent per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3 percent. The actuarial value of the County's assets is equal to the modified market value of the assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2004, was twelve years for the County.

**Trend information**

Illustration 8-1 summarizes the required three-year trend information for the County, including the Park Authority. Separate data for the Park Authority is not available, as the Park Authority is a participant combined with the County in the VRS.

**Illustration 8-1**  
**Virginia Retirement System**  
**Three Year Trend Information for the County (including the Park Authority) in thousands**

Fiscal Year Ending:	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation (NPO)
	Employer Portion	Employee Portion paid by Employer		
June 30, 2003	\$ 1,304	6,520	100%	-
June 30, 2004	\$ 1,418	7,089	100%	-
June 30, 2005	\$ 11,340	7,560	100%	-

**NOTE (9) - RISK MANAGEMENT**

The Park Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; the health of and injuries to its employees; and natural disasters.

The Park Authority participates in the Prince William Self-Insurance Group Casualty Pool (the Pool) and the Prince William Self-Insurance Workers' Compensation Association (the Association) for purposes of addressing the liability and workers' compensation exposures of its operations. The Pool and the Association are operated by Prince William County for the benefit of various related governmental entities located in the County. The Park Authority paid an annual premium of \$240,253 in 2005 to the Pool and Association for this insurance coverage, which includes workers' compensation, employers' liability, comprehensive general and auto liability, and public officials liability.

The Pool has a \$750,000 per occurrence retention for all lines of coverage and it purchases commercial excess insurance with a \$10,000,000 per occurrence and a \$20,000,000 annual aggregate limit, except for automobile liability coverage, which has no annual aggregate limit, and public officials liability, which has a \$10,000,000 aggregate limit. The Association has a \$400,000 per occurrence retention, and it purchases commercial excess coverage, which provides statutory limits for workers' compensation claims and a \$2,000,000 per occurrence and annual aggregate limit for employee liability coverage.

The Park Authority purchases commercial property insurance coverage from independent third parties to protect fixed assets from physical damage and loss. There have been no significant reductions in insurance coverage from the prior year. Insurance settlements have not exceeded insurance coverage over the previous three fiscal years.

**NOTE (10) – SUBSEQUENT EVENTS**

On October 11, 2005, the Park Authority entered into a tax-exempt loan agreement in the amount of \$1,500,000 with Sun Trust Bank for the acquisition of equipment. Repayment terms provide for fourteen equal semi-annual payments of \$121,310, including interest, beginning March 1, 2006.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):

Virginia Retirement System Schedule of Funding Progress  
 (Financial data is presented in thousands)

Virginia Retirement System Schedule of Funding Progress for the County (including the Park Authority)						
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 1999	\$ 298,039	271,789	(26,250)	109.7%	108,380	-24.22%
June 30, 2000	350,252	297,709	(52,543)	117.6%	115,505	-45.49%
June 30, 2001	391,317	335,353	(55,964)	116.7%	125,261	-44.68%
June 30, 2002	409,236	379,122	(30,114)	107.9%	138,361	-21.76%
June 30, 2003	418,600	428,567	9,967	97.7%	151,303	6.59%
June 30, 2004	\$ 429,575	479,643	50,068	89.7%	\$ 163,078	30.7%

**PRINCE WILLIAM COUNTY PARK AUTHORITY**  
**GENERAL FUND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual 2005	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Park Authority Revenue	\$ 6,363,900	6,363,900	6,782,430	418,530
Intergovernmental Revenue:				
Support from Prince William County	13,481,200	13,481,200	13,884,039	402,839
<b>Total revenues</b>	<b>19,845,100</b>	<b>19,845,100</b>	<b>20,666,469</b>	<b>821,369</b>
<b>EXPENDITURES:</b>				
Current:				
Parks, recreational, and cultural	18,018,500	18,018,500	17,322,475	696,025
Capital and Debt Service	1,826,600	1,826,600	2,866,612	(1,040,012)
<b>Total expenditures</b>	<b>19,845,100</b>	<b>19,845,100</b>	<b>20,189,087</b>	<b>(343,987)</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>477,382</b>	<b>477,382</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>477,382</b>	<b>477,382</b>

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

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

### **June 30, 2005**

#### ***Budgets and Budgetary Accounting***

Formal budgetary integration is employed as a management control device during the year. The Park Authority submits an annual operating and capital projects budget to Prince William County for purposes of determining the County's general fund support to the Park Authority in accordance with the operating agreement between the Park Authority and the County. Each February, the Park Authority submits to the County Executive for consideration of the Board of County Supervisors (the Board), a proposed operating and capital projects budget for the annual fiscal year (*July – June*) commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Prior to submission of the budget to the County, the Park Authority Board holds work sessions to review the proposed budget. Subsequent to the Board of County Supervisors adoption and appropriation of the annual County support to the Park Authority, the Park Authority Board adopts and appropriates the budget for the fiscal period beginning July 1.

Budgetary control for general operations is maintained at the division and program levels and for capital projects at the project level. All budgets and appropriations lapse at the end of the year. The Park Authority does not adopt an annualized capital projects budget, and therefore a budget to actual comparison is not included as required supplementary information.

Expenditures in the general fund of the Park Authority were less than authorized budget limitations for the park, recreation and cultural functions by \$696,025 and exceeded authorized budget limitations for the capital and debt service functions by \$1,040,012. These amounts were offset by additional fees and charges revenue and County support of \$418,530 and \$402,839, respectively.



PRINCE WILLIAM COUNTY PARK AUTHORITY  
 Schedule of Revenues  
 Last Ten Years  
 (unaudited)

Table I

	<u>Operating Revenue</u>	<u>Percent of Total</u>	<u>Investment Revenue</u>	<u>Percent of Total</u>	<u>County Transfer</u>	<u>Percent of Total</u>	<u>Total</u>
2005	\$13,374,410	48.7%	\$185,100	0.7%	\$13,884,039	50.6%	\$27,443,549
2004	12,995,823	44.7	132,945	0.5	15,929,873	54.8	29,085,641
2003	11,890,698	42.4	138,924	0.5	16,018,806	57.1	28,048,428
2002	12,071,944	45.6	179,917	0.7	14,223,974	53.7	26,475,835
2001	10,620,064	43.2	227,909	1.0	13,725,035	55.8	24,573,008
2000	10,078,519	48.9	220,437	1.1	10,317,774	50.0	20,616,730
1999	10,162,911	54.0	223,543	1.2	8,430,744	44.8	18,817,198
1998	9,885,274	52.1	258,657	1.3	8,838,581	46.6	18,982,512
1997	8,831,245	58.0	243,624	1.6	6,146,647	40.4	15,221,516
1996	5,955,974	48.0	462,804	3.8	5,981,844	48.2	12,400,622

*Data for 2005 and 2004 are presented on a July-June fiscal years basis.  
 Prior years are presented on a calendar year basis.*

*Source: Prince William County Park Authority Finance Department*



PRINCE WILLIAM COUNTY PARK AUTHORITY  
 Schedule of Operating Expenses by Classification  
 Last Ten Years  
 (unaudited)

Table II

	<u>Compensation &amp; Benefits</u>	<u>Percent of Total</u>	<u>Contractual Services</u>	<u>Percent of Total</u>	<u>Materials Supplies &amp; Utilities</u>	<u>Percent of Total</u>	<u>Total</u>
2005	\$14,308,879	64.7%	\$3,364,133	15.2%	\$4,438,793	20.1%	\$22,111,805
2004	13,626,748	63.0	3,734,140	17.3	4,252,886	19.7	21,613,774
2003	12,703,118	59.8	4,458,004	21.0	4,085,453	19.2	21,246,575
2002	11,544,219	58.7	4,268,940	21.7	3,837,135	19.6	19,650,294
2001	10,502,588	58.1	3,937,036	21.8	3,624,226	20.1	18,063,850
2000	10,303,641	56.8	4,733,029	26.1	3,098,300	17.1	18,134,970
1999	9,675,397	58.5	3,731,489	22.6	3,136,756	18.9	16,543,642
1998	8,749,297	58.8	3,265,649	22.0	2,857,347	19.2	14,872,293
1997	8,440,963	61.4	2,436,622	17.7	2,873,873	20.9	13,751,458
1996	7,058,710	62.0	2,027,984	17.8	2,303,544	20.2	11,390,238

*Data for 2005 and 2004 are presented on a July-June fiscal years basis.  
 Prior years are presented on a calendar year basis.*

*Source: Prince William County Park Authority Finance Department*

PRINCE WILLIAM COUNTY PARK AUTHORITY      Table III  
Schedule of Capital Assets (Land, Structures & Equipment)      Page 1 of 2  
Last Ten Years  
(unaudited)

	<u>Land &amp; Improvements</u>	<u>Buildings</u>	<u>Recreation Structures</u>	<u>Equipment &amp; Vehicles</u>
2005	\$50,956,636	\$27,010,957	\$19,109,498	\$7,321,869
2004	48,397,672	24,639,082	18,050,161	6,998,473
2003	46,221,941	25,439,129	18,050,160	6,848,923
2002	46,173,072	25,439,129	17,995,835	6,662,375
2001	42,547,118	25,168,142	14,153,090	5,036,870
2000	41,948,543	25,116,031	13,774,081	4,456,112
1999	41,352,884	24,783,099	13,350,421	5,800,164
1998	40,463,170	24,436,421	12,525,243	5,196,191
1997	40,044,216	24,436,421	12,190,850	4,900,772
1996	39,606,630	19,384,957	12,133,756	4,490,900

*Data for 2005 and 2004 are presented on a July-June fiscal years basis.  
Prior years are presented on a calendar year basis.*

*Source: Prince William County Park Authority Finance Department*

Table III  
Page 2 of 2

<u>TOTAL</u>	<u>Accumulated Depreciation</u>	<u>Construction in Progress</u>	<u>Total Capital Assets</u>
\$104,398,960	\$ (30,964,369)	\$1,654,997	\$75,089,588
98,085,388	(28,189,221)	5,781,339	75,614,506
96,560,153	(27,453,083)	4,238,934	73,346,004
96,270,411	(25,408,345)	1,017,767	71,879,833
86,905,220	(23,916,559)	4,049,249	67,037,910
85,294,767	(22,099,396)	912,561	64,107,932
85,286,568	(21,306,470)	510,948	64,491,046
82,621,025	(19,027,582)	732,557	64,326,000
81,572,259	(16,829,045)	244,436	64,987,650
75,616,243	(11,818,734)	66,815	63,864,324

PRINCE WILLIAM COUNTY PARK AUTHORITY  
 Schedule of Revenue Bond Debt Coverage  
 Last Ten Years  
 (unaudited)

Table IV

	Total Revenue and Transfers	Total Expense*	Net Income Available for Debt Service	Revenue Bond Principal	Revenue Bond Interest	Total Revenue Bond Debt Service	Debt Service Coverage Ratio
2005	\$27,443,549	\$22,111,805	\$5,331,744	\$390,000	\$1,221,872	\$1,611,872	3.31
2004	29,058,641	21,613,774	7,444,867	375,000	1,248,863	1,623,863	4.58
2003	28,048,428	21,246,575	6,851,853	375,000	1,249,147	1,624,147	4.22
2002	26,475,835	19,650,294	6,825,541	355,000	1,265,404	1,620,404	4.21
2001	24,573,008	18,063,850	6,509,158	340,000	1,280,550	1,620,550	4.02
2000	20,616,730	18,134,970	2,481,760	295,000	1,282,375	1,577,375	1.57
1999	18,817,198	16,543,642	2,273,556	-	1,321,619	1,321,619	1.72
1998	18,982,512	14,872,293	4,110,219	605,000	1,348,287	1,953,287	2.10
1997	15,221,516	13,751,458	1,470,058	575,000	1,377,727	1,952,727	0.75
1996	12,400,622	11,390,238	1,010,384	-	1,383,717	1,383,717	0.73

\* Excluding depreciation and interest expense

Data for 2005 and 2004 are presented on a July-June fiscal years basis.  
 Prior years are presented on a calendar year basis.

Source: Prince William County Park Authority Finance Department

PRINCE WILLIAM COUNTY PARK AUTHORITY  
 Schedule of Series 1994 and 1999 Revenue Bond Debt Coverage  
 Last Ten Years  
 (unaudited)

Table V

	Total Revenue and Transfers	Total Expense*	Net Income Available for Debt Service	Revenue Bond Principal	Revenue Bond Interest	Total Revenue Bond Debt Service	Debt Service Coverage Ratio**
2005	\$6,777,080	\$4,789,330	\$1,987,750	\$390,000	\$1,221,872	\$1,611,872	1.23
2004	6,521,567	5,217,771	1,303,796	375,000	1,248,863	1,623,863	0.80
2003	4,436,334	3,719,740	716,594	375,000	1,249,147	1,624,147	0.44
2002	4,302,351	3,053,779	1,248,572	355,000	1,265,404	1,620,404	0.77
2001	3,801,671	2,654,544	1,147,127	340,000	1,280,550	1,620,550	0.71
2000	3,578,766	2,427,720	1,151,046	295,000	1,282,375	1,577,375	0.73
1999	3,767,682	2,553,041	1,214,641	-	1,321,619	1,321,619	0.92
1998	3,622,357	1,938,845	1,683,512	605,000	1,348,287	1,953,287	0.86
1997	3,558,213	2,251,699	1,306,514	575,000	1,377,727	1,952,727	N/A
1996	2,560,112	1,901,443	658,669	-	1,383,717	1,383,717	N/A

\* Excluding depreciation expense

\*\* Required debt coverage ratio of 1.10

Data for 2005 and 2004 are presented on a July-June fiscal years basis.  
 Prior years are presented on a calendar year basis.

Source: Prince William County Park Authority Finance Department

PRINCE WILLIAM COUNTY PARK AUTHORITY  
Schedule of Selected Per Capita Statistics  
Last Ten Years  
(unaudited)

Table VI  
Page 1 of 2

	<u>County Population</u>	<u>Operating Revenue</u>	<u>Operating Expense</u>	<u>Outstanding Debt</u>
2005	354,383	\$13,374,410	\$22,111,805	\$21,916,269
\$ Per Capita		37.74	62.40	61.84
2004	336,820	12,995,823	21,613,774	22,905,792
\$ Per Capita		38.58	64.17	68.01
2003	321,570	11,890,698	21,246,575	23,195,698
\$ Per Capita		36.98	66.07	72.13
2002	309,351	12,071,944	19,650,294	24,530,795
\$ Per Capita		39.02	63.52	79.30
2001	298,797	10,620,064	18,063,850	23,477,610
\$ Per Capita		35.54	60.46	78.57
2000	280,813	10,078,519	18,134,970	22,017,365
\$ Per Capita		35.89	64.58	78.41
1999	277,359	10,162,911	16,543,642	22,595,768
\$ Per Capita		36.64	59.65	81.47
1998	268,894	9,885,274	14,872,293	20,666,315
\$ Per Capita		36.76	55.31	76.86
1997	260,313	8,831,245	13,751,458	21,457,429
\$ Per Capita		33.93	52.83	82.43
1996	253,487	5,955,974	11,390,238	21,889,679
\$ Per Capita		23.50	44.93	86.35

*Data for 2005 and 2004 are presented on a July-June fiscal years basis.  
Prior years are presented on a calendar year basis.*

*Sources: Center for Public Service, Estimates of the Population of Virginia Counties and Cities.  
Prince William County Park Authority Finance Department*

Table VI  
Page 2 of 2

<u>Annual Debt Service</u>	<u>Fixed Asset Investment (Net of depreciation)</u>	<u>Transfer from Prince William County</u>
\$2,324,145	\$75,089,588	\$13,884,039
6.56	211.89	39.18
2,260,430	75,614,506	15,929,873
6.71	224.50	47.29
2,266,757	73,346,004	16,018,806
7.05	228.09	49.87
2,290,634	71,879,833	14,223,974
7.40	232.36	45.98
1,939,420	67,037,910	13,725,035
6.49	224.36	45.93
1,970,270	64,107,932	10,317,774
7.02	228.29	36.74
1,620,058	64,491,046	8,430,744
5.84	232.52	30.40
2,182,809	64,326,000	8,838,581
8.12	239.22	32.87
2,293,414	64,987,650	6,146,647
8.81	249.65	23.61
1,604,635	63,864,324	5,981,844
6.33	251.94	23.60

PRINCE WILLIAM COUNTY PARK AUTHORITY  
 Schedule of Selected Demographic Statistics  
 Prince William County, Virginia  
 Last Ten Years  
 (unaudited)

Table VII

	<u>Average Population</u>	<u>Per Capita Income</u>	<u>Unemployment Rate (%)</u>	<u>School Enrollment</u>
2005	354,383	*	2.7%	66,298
2004	336,820	*	2.6	63,404
2003	321,570	32,849	3.6	60,541
2002	309,351	32,198	3.3	57,831
2001	298,797	31,896	2.4	54,646
2000	280,813	31,031	1.5	53,210
1999	277,359	28,145	2.0	52,551
1998	268,894	26,928	2.0	51,111
1997	260,313	26,193	2.7	49,905
1996	253,487	24,588	2.8	48,333

\* Not Available

PRINCE WILLIAM COUNTY PARK AUTHORITY  
 Schedule of Miscellaneous Statistical Data  
 June 30, 2005 (unaudited)

Table VIII

Date of Authority Organization:	October 11, 1977
Form of Government:	Appointed Board of Directors
Total Park Acreage	3,238
Neighborhood park acreage	278
Community park acreage	625
Regional park acreage	1,261
Special use park acreage	804
Leased park acreage	270
Recreation Facilities	
Aquatics & fitness centers	2
Baseball stadium	1
Community centers	3
Picnic shelters	63
Playgrounds	30
Regulation golf courses	4
Hiking and fitness trails (miles)	10
Outdoor swimming pools	6
Tennis and racquetball courts	53
Nature areas	3
Athletic fields*	304
Indoor gymnasiums*	59
Outdoor basketball courts	25
Outdoor volleyball courts	11
Marinas	2
Miniature golf courses	2
Skateboard/BMX courses	2
Indoor Ice rinks	2
Employees - Full-time equivalent	380

\* Including Prince William County Public School facilities programmed by the Park Authority

Source: Prince William County Demographic Fact Sheet

