

PRINCE WILLIAM COUNTY PARK AUTHORITY



A COMPONENT UNIT OF

PRINCE WILLIAM COUNTY, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2003

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Prepared by the Park Authority Finance Division

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April 9, 2004

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 calendar year ended December 31, 2003 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 December 31, 2003, 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 December 31, 2003, 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, Virginia.

The Park Authority reporting entity includes a separate non-profit, non-stock corporation, Park Concessions, Inc. (PCI). PCI operates the food, beverage, catering and other concession services at Park Authority facilities.

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 2003 was estimated at 321,570.

The Park Authority serves the recreational and leisure requirements of the citizens of Prince William County, Virginia. The Park Authority owns and leases 58 park sites totaling 3,164 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, the Prince William Golf Course, 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 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.

Local Economy

The local economic performance and outlook show steady growth. Prince William County has weathered very well the national economic slowdown without large job losses and has consistently adhered to its Principles of Sound Financial Management. The County's steady fiscal management along with the strength of the local housing and consumer sectors, and growing Federal government related employment in the region, continue to allow the County to provide the services its citizens require and to generate substantial budget surpluses.

The estimated population of the County as of June 2003 was 321,570, which is a 3.95% increase from 309,351 in June 2002. According to Census 2000, the population of Prince William County was 280,813 persons as of April 1, 2000. The County population grew by 30.2% between 1990 and 2000. Even though this represents relatively rapid growth, it is not as fast as in some previous decades.

The County population has grown by 18.4% since 2000 when the population was 280,813 persons. The average annual increase since 2000 is approximately 13,072 persons and the average annual growth rate is 4.27%. This rate is calculated using a formula that accounts for the continuous compounding of the population as it grows. The County is projected to grow to over 414,000 persons by 2020.

The Park Authority has benefited from a desire 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 will influence, not only the near-term operating plans and budgets, but also will serve 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, has begun to explore, with the County, the establishment of 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.

Cash Management and Investments

The Park Authority's cash management program seeks to ensure the safety of invested principal while minimizing investment risk, to provide average market return on invested cash, and to ensure liquidity to meet cash flow requirements. All available cash is invested in accordance with the Code of Virginia regarding investment of public funds.

Risk Management

The Park Authority is a member of the Prince William Self-Insurance Group Casualty Pool and the Prince William Self-Insurance Workers' Compensation Association for the purpose of addressing the liability and workers' compensation exposures of the Park Authority's operations.

The Park Authority is insured to \$10,000,000 through the Prince William Self-Insurance Group (PWSIG). Coverages include workers' compensation, employers' liability, comprehensive general and auto liability and public officials liability. The Park Authority purchases traditional property insurance coverage to protect fixed assets from physical damage and loss.

Pension Benefits

The Park Authority, as a participant with the County, contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer public employee retirement system. The VRS acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. All full-time, salaried employees must participate in the VRS. Benefit provisions and all other requirements are established by state statute.

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, 2002. 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 thirteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to 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,



Debra D. Andrew
Acting Executive Director



Michael A. Liedel
Finance and Administrative Services 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, 2002

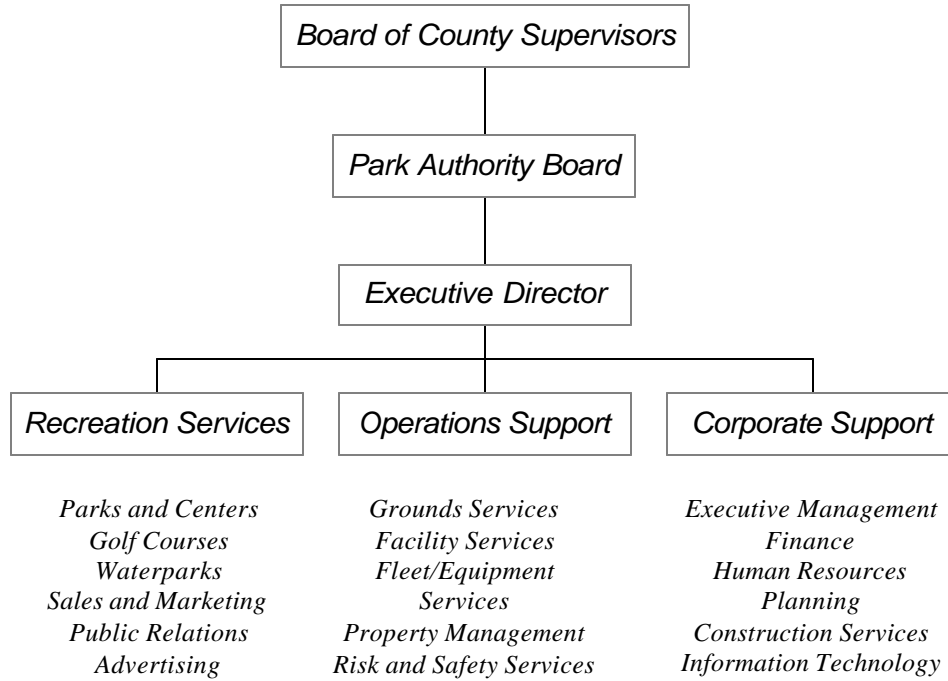
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**Prince William County Park Authority
Organizational Chart
December 31, 2003**



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, the aggregate discretely presented component unit, and each major fund of the Prince William County, Virginia, Park Authority (the Park Authority), as of and for the year ended December 31, 2003, 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. The prior year summarized comparative information has been derived from the Park Authority's 2002 financial statements and, in our report dated April 11, 2003, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund.

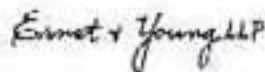
We conducted our audit in accordance with auditing standards generally accepted in the United States, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* (2003 Revision) issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, the discretely presented component unit and each major fund of the Prince William County, Virginia, Park Authority, as of December 31, 2003 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 April 9, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 17 through 21 and the Required Supplementary Information on pages 59 through 63, 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 by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.



April 6, 2004

A Member Firm of Ernst & Young Global



MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2003

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 December 31, 2003. 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. Throughout this section of the report, the primary government is referred to as the "Park Authority" and the "total reporting entity" is the total of the Park Authority and the Park Concessions, Inc. component unit information. Due to the material relationship between the Park Concessions Inc. component unit and the Park Authority, the total financial reporting entity information more accurately reflects the financial operations of the Park Authority.

FINANCIAL HIGHLIGHTS

- The assets of the Park Authority exceeded its liabilities at December 31, 2003 by \$58,904,603 (net assets). Of this amount, \$5,821,641 is unrestricted and may be used to meet the Park Authority's ongoing obligations.
- The Park Authority's net assets grew by \$3,080,096 during fiscal year 2003. This is primarily a result of \$16,018,806 of support received from Prince William County for general park operations and capital improvement projects to be initiated.
- As of December 31, 2003, the Park Authority's governmental funds reported combined ending fund balances of \$6,979,819, an increase of \$1,418,180 during the year. Of this amount, \$3,754,812 is designated for construction projects and \$3,225,007 is available for future spending.
- The Park Authority's General Fund balance at December 31, 2003 was \$3,225,007, an increase of \$87,485 during the year. The fund balance is approximately 19 percent of fiscal year 2003 expenditures.
- The assets of the enterprise funds exceeded liabilities by \$1,532,785, a decrease of \$1,328,697 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 funds* statements tell how *general government* services, like parks, recreation and cultural, were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates like *businesses*, such as the golf courses and waterparks.

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 shows how the required parts of this financial section are arranged and relate to one another.

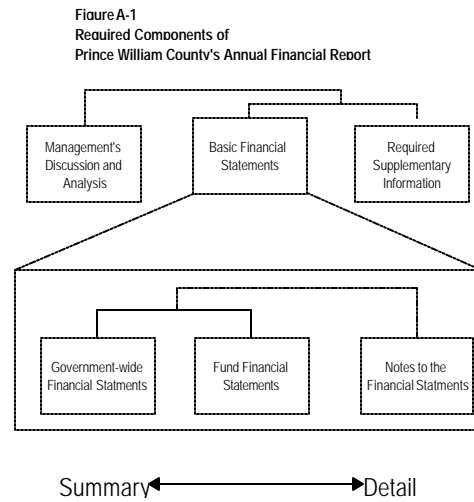


Figure A-2 summarizes the major features of the Park Authority's financial statements, including the portion of the Park Authority they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of the Park Authority's Government-wide and Fund Financial Statements

	Government – wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Park Authority including its component units	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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows
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 additional factors, such as changes in the Park Authority's participant base and the condition of the Park Authority's recreational facilities. During the year, 592,429 participants visited recreation facilities, which is an increase from 576,283 in 2002 and 568,006 visited golf courses and waterparks in 2003, which is a decrease from 606,619 in 2002 due to considerable inclement weather during 2003.

The government-wide financial statements of the Park Authority are divided into three 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 services it provides. Ninety-eight percent (98%) of the total revenues came from the charges for services in 2003. The Park Authority's golf courses and waterparks are included here.
- *Component units*—The Park Authority includes Park Concessions, Inc. in its report. Although legally separate, Park Concessions, Inc. is considered a "component unit" because the Park Authority is financially accountable for it.

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

Net Assets

Table A-1 and Table A-2 show the Park Authority's statement of net assets and statement of activities, respectively.

Table A-1
Park Authority Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)	
	2003	2002	2003	2002	2003	2002	2003	2002
Other assets	\$ 8,087,651	6,787,267	2,125,937	3,258,755	10,213,588	10,046,022	10,279,158	10,122,557
Capital assets	53,889,537	51,927,431	19,456,467	19,952,402	73,346,004	71,879,833	73,346,004	71,879,833
Total assets	61,977,188	58,714,698	21,582,404	23,211,157	83,559,592	81,925,855	83,625,162	82,002,390
Other liabilities	1,122,207	1,250,196	404,919	498,352	1,527,126	1,748,548	1,559,368	1,814,789
Long-term liabilities	3,483,163	4,501,477	19,644,700	19,851,323	23,127,863	24,352,800	23,127,863	24,352,800
Total liabilities	4,605,370	5,751,673	20,049,619	20,349,675	24,654,989	26,101,348	24,687,231	26,167,589
Net assets:								
Invested in capital assets, net of related debt	51,184,295	48,205,871	(76,248)	190,811	51,108,047	48,396,682	51,108,047	48,396,682
Restricted	-	695,476	1,974,915	1,976,050	1,974,915	2,671,526	1,974,915	2,671,526
Unrestricted	6,187,523	4,061,678	(365,882)	694,621	5,821,641	4,756,299	5,854,969	4,766,593
Total net assets	\$ 57,371,818	52,963,025	1,532,785	2,861,482	58,904,603	55,824,507	58,937,931	55,834,801

By far the largest portion of the Park Authority's net assets (\$51,108,047) 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 (\$1,974,915) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,821,641 of net assets is unrestricted and may be used to meet the Park Authority's ongoing obligations to citizens and creditors.

At the end of the current fiscal year the Park Authority is able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental activities except business-type activities. The decrease in total net assets in business-type activities primarily is a result of increases in operating expense which decreased cash and depreciation expense.

Changes in Net Assets

The total reporting entity net assets increased by \$3,103,130 in 2003 as total revenues of \$28,048,428 exceeded total expenses of \$24,945,298.

Over half of the Park Authority's revenue comes from support from Prince William County. Another 43 percent comes from fees charged for services and investment earnings.

The total cost of all programs and services was \$24,945,298. The Park Authority's expenses cover a range of services, with 71 percent related to general park and recreational activities and 23 percent related to golf and waterpark activities (see Table A-2).

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.

Governmental Activities

The largest revenue source of the Park Authority is the support that is received from Prince William County. Prince William 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 \$16,018,806 during 2003 constituted 57 percent of gross 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 \$5,944,310, which is 27 percent of gross revenue and a decrease from \$6,303,550 which is 29 percent in 2002.

The most substantial expenses were in the areas of parks, recreation and cultural (\$17,477,904), which accounts for 70 percent of total expenses. Maintenance of the recreation facilities and parks represent a significant part of this expense.

The net cost (total cost less fees generated by the activities and intergovernmental aid) 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 \$17,594,767.
- Some of the costs were paid by:
 - Those who directly benefited from the programs (\$5,944,310) by paying charges for services.
 - The balance of the expenses (\$11,650,457) was partially paid for with other revenues such as support from Prince William County and investment earnings. Revenues exceeded governmental costs by \$4,408,793.

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 (73 percent), while charges for services is the largest source of revenue for business-type activities (98 percent).

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)	
	2003	2002	2003	2002	2003	2002	2003	2002
Revenues:								
Program revenues:								
Charges for services	\$ 5,944,310	6,303,550	4,337,854	4,050,403	10,282,164	10,353,953	11,890,698	11,921,944
General revenues:								
Payment from Prince William County	16,018,806	14,223,974	-	-	16,018,806	14,223,974	16,018,806	14,223,974
Payment from Park Concessions, Inc.	-	-	-	150,000	-	150,000	-	150,000
Unrestricted Investment Earnings	40,444	77,969	98,480	101,948	138,924	179,917	138,924	179,917
Miscellaneous	-	1,092,917	-	-	-	1,092,917	-	1,092,917
Total revenues	22,003,560	21,698,410	4,436,334	4,302,351	26,439,894	26,000,761	28,048,428	27,568,752
Expenses:								
Parks, recreational and cultural	17,477,904	16,422,248	-	-	17,477,904	16,422,248	17,477,904	16,422,248
Interest on long-term debt	116,863	146,670	-	-	116,863	146,670	116,863	146,670
Enterprise	-	-	5,765,031	4,969,342	5,765,031	4,969,342	5,765,031	4,969,342
Component Units	-	-	-	-	-	-	1,585,500	1,561,118
Total expenses	17,594,767	16,568,918	5,765,031	4,969,342	23,359,798	21,538,260	24,945,298	23,099,378
Increase in net assets before special items	4,408,793	5,129,492	(1,328,697)	(666,991)	3,080,096	4,462,501	3,103,130	4,469,374
Transfers	-	(827,819)	-	827,819	-	-	-	-
Special item - gain (loss) on sale of assets	-	10,062	-	-	-	10,062	-	10,062
Increase (Decrease) in Net assets	4,408,793	4,311,735	(1,328,697)	160,828	3,080,096	4,472,563	3,103,130	4,479,436
Net assets - beginning	52,963,025	48,651,290	2,861,482	2,700,654	55,824,507	51,351,944	55,834,801	51,355,365
Net assets - ending	\$ 57,371,818	52,963,025	1,532,785	2,861,482	58,904,603	55,824,507	58,937,931	55,834,801

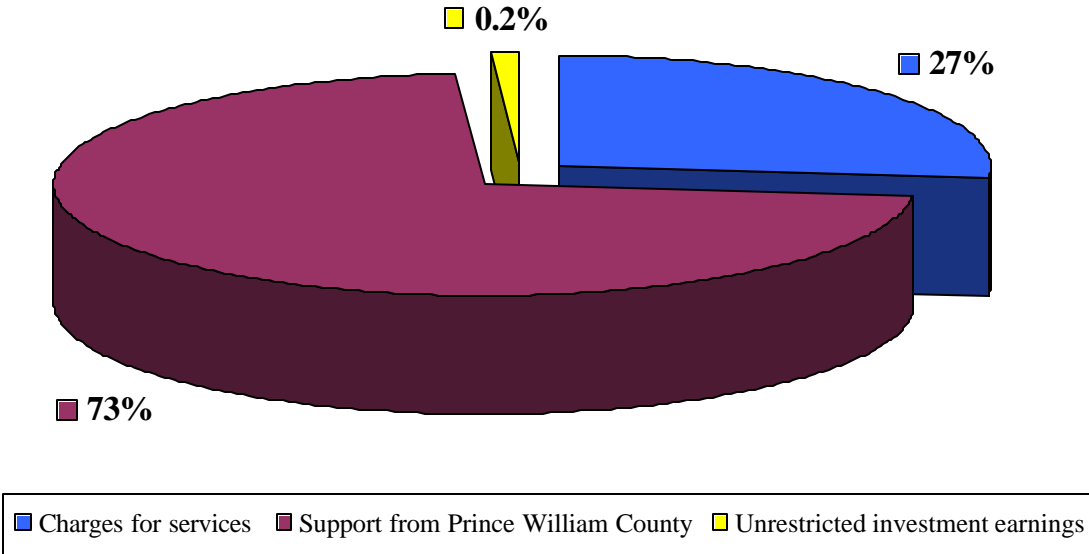
Business-type Activities

Revenues of the Park Authority's business-type activities were \$4,436,334, while expenses were \$5,765,031 (refer to Table A-2). Factors contributing to these results included:

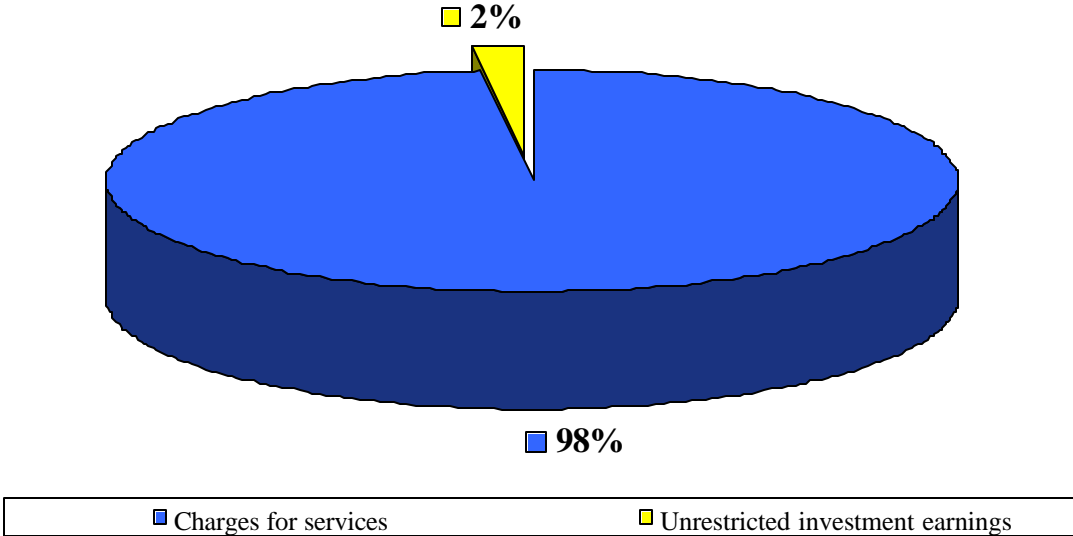
- Charges for services amounted to \$4,337,854 (\$2,893,287 from golf courses and \$1,444,567 from the waterparks) which is an increase from \$4,050,403 in 2002.
- Investment earnings were \$98,480 (\$72,875 for golf courses and \$25,605 for waterparks) for business-type activities which is a decrease from 2002 because of the decrease in interest rates.
- Expenses were \$3,854,723 for golf courses, which was an increase from \$3,018,114 in 2002 and \$1,910,308 for waterparks, which was a decrease from \$1,951,228 in 2002.
- Business-type activities expenses (including depreciation expense) exceeded revenues by \$1,328,697 (\$888,561 for golf courses and \$440,136 for waterparks) compared to revenues exceeding expenses by \$160,828 in 2002.

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 \$6,979,819. 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 \$6,979,819, an increase of \$1,418,180, in comparison with the prior year. 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 \$3,225,007 and designated for construction projects fund balance of the capital projects fund was \$3,754,812. Unreserved and undesignated fund balance represents 19 percent of the total general fund expenditures.
- The Park Authority spent \$3,221,167 this year for the construction of various park facilities, reducing the fund balance in the capital projects fund. (Other capital expenditures of \$277,508 were spent for various park and recreational projects).

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 (\$457,058) and those for the waterparks amounted to \$91,176. 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 are based on the payment schedule determined at the time of the appropriation. The budget is based on the County's fiscal year which ends on June 30 while the Park Authority's financial statements are presented on a calendar year ending on December 31. RSI 3 of the financial statements presents a reconciliation of the timing difference of the budget and the financial statement presentation.

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.

CAPITAL ASSET AND DEBT ADMINISTRATION**Capital Assets**

At the end of 2003, the total reporting entity had invested \$73,346,004 in a broad range of capital assets, including land, buildings, improvements, machinery and equipment, and construction in progress (see Table A-4). This amount represents a net increase (including additions and deductions) of \$1,466,171, or 2 percent, over 2002.

Table A-4
Park Authority's Capital Assets

	2003	2002
Land & Construction in Progress	\$ 50,460,875	47,190,839
Buildings and other capital assets, net of depreciation	22,885,129	24,688,994
Total	\$ 73,346,004	71,879,833

This year's capital asset additions included the following:

- The following capital projects were completed this year at the noted costs:
 - \$ 54,325 Splashdown Waterpark Lazy River improvements
 - \$ 48,869 Marumsco Acre Park capital maintenance improvements
- A variety of park construction and renovations continue, with construction in progress as of the end of the current year of \$4,238,934.

Additional capital asset and construction in progress data is included in Note 6 of the Financial Statements.

Long-term Debt and Other Obligations

At year-end the Park Authority had total debt and other obligations of \$23,127,863 of which bonded debt outstanding represented \$19,075,646. The Park Authority's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Table A-5
Park Authority's Long-term Debt and Other Obligations

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Revenue bonds	\$ -	-	19,075,646	19,377,356	19,075,646	19,377,356
Total bonded debt	-	-	19,075,646	19,377,356	19,075,646	19,377,356
Capital leases	1,608,219	2,002,509	457,069	384,235	2,065,288	2,386,744
Notes payable	1,080,410	1,719,051	-	-	1,080,410	1,719,051
Compensated absences	794,534	779,917	111,985	89,732	906,519	869,649
Total long-term debt and other obligations	\$ 3,483,163	4,501,477	19,644,700	19,851,323	23,127,863	24,352,800

The Park Authority's total debt and obligations decreased by \$1,224,937 (5 percent) during the current fiscal year. The key factor in this decrease was the scheduled repayment of principal during 2003. More detailed information about the Park Authority's long-term debt is presented in Note 7 to the financial statements.

Bond Ratings

The Park Authority maintains a "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 December 31, 2003 was 29.5 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 beginning with the calendar year ended December 31, 1998. The debt coverage ratio calculated was .44 for 2003, which indicates less than expected debt coverage results of golf course and waterpark activities. Further information regarding the debt coverage ratio in connection with the Series 1999 Revenue Bonds is included in Note 7 to the financial statements.

ECONOMIC FACTORS

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

- Employment remains well diversified with estimated in-County employment of 90,000 in third quarter of 2003. According to the Virginia Employment Commission, the unemployment rate as of December 2003 was 2.4%, well below state and national averages of 3.3% and 5.4% respectively.
- The Park Authority has benefited from a desire of County residents and others to utilize local recreation and leisure programs and facilities who 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.
- The Park Authority expects to continue to be a major recreation and leisure provider for County citizens through proactive planning and development of successful community oriented and market driven programs and facilities.

These factors were considered in preparing the Park Authority's budget for the 2004 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 the funding it receives.

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



BASIC FINANCIAL STATEMENTS

The Basic Financial Statements include all funds, discretely presented component unit 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 December 31, 2003

With Comparative Totals for December 31, 2002

Exhibit 1

	Primary Government				Component Unit		Total Reporting Entity	
	Governmental	Business-type	Total		Park Concessions		2003	2002
	Activities	Activities	2003	2002	2003	2002		
ASSETS								
Cash and pooled investments (Note 2)	\$ 1,214,258	129,291	1,343,549	3,526,941	46,709	41,057	1,390,258	3,567,998
Accounts receivable, net	171,025	-	171,025	134,815	8,811	9,718	179,836	144,533
Interest receivable	-	22,705	22,705	22,705	-	-	22,705	22,705
Internal balances	285,131	(285,131)	-	-	-	-	-	-
Due from Park Concessions	-	26,248	26,248	47,497	-	-	26,248	47,497
Due from Prince William County	6,240,635	-	6,240,635	3,239,347	-	-	6,240,635	3,239,347
Deferred charge	-	257,909	257,909	268,225	-	-	257,909	268,225
Prepaid items	176,602	-	176,602	134,966	10,050	25,760	186,652	160,726
Restricted cash (Note 2)	-	413,915	413,915	1,110,526	-	-	413,915	1,110,526
Restricted investments (Note 2)	-	1,561,000	1,561,000	1,561,000	-	-	1,561,000	1,561,000
Capital assets: (Note 6)								
Land, improvements and construction in progress	36,083,712	14,377,163	50,460,875	47,190,839	-	-	50,460,875	47,190,839
Buildings and other capital assets, net of depreciation	17,805,825	5,079,304	22,885,129	24,688,994	-	-	22,885,129	24,688,994
Total assets	61,977,188	21,582,404	83,559,592	81,925,855	65,570	76,535	83,625,162	82,002,390
LIABILITIES								
Accounts payable	332,361	35,405	367,766	637,614	5,994	17,718	373,760	655,332
Wages and benefits payable	356,645	68,447	425,092	349,817	-	-	425,092	349,817
Accrued interest	14,375	248,100	262,475	276,326	-	-	262,475	276,326
Due to Park Authority	-	-	-	-	26,248	47,497	26,248	47,497
Deferred revenue	418,826	52,967	471,793	484,791	-	1,026	471,793	485,817
Noncurrent liabilities (Note 7):								
Due within one year	516,637	438,621	955,258	901,130	-	-	955,258	901,130
Due in more than one year	2,966,526	19,206,079	22,172,605	23,451,670	-	-	22,172,605	23,451,670
Total liabilities	4,605,370	20,049,619	24,654,989	26,101,348	32,242	66,241	24,687,231	26,167,589
NET ASSETS								
Invested in Capital Assets, net of related debt	51,184,295	(76,248)	51,108,047	48,396,682	-	-	51,108,047	48,396,682
Restricted (Note 2)	-	1,974,915	1,974,915	2,671,526	-	-	1,974,915	2,671,526
Unrestricted	6,187,523	(365,882)	5,821,641	4,756,299	33,328	10,294	5,854,969	4,766,593
Total net assets	\$ 57,371,818	1,532,785	58,904,603	55,824,507	33,328	10,294	58,937,931	55,834,801

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

PRINCE WILLIAM COUNTY PARK AUTHORITY
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2003

With Comparative Totals for the Year Ended December 31, 2002

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets				Component Unit		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		Park Concessions		Reporting Entity	
							2003	2002	2003	2002	2003	2002
Primary Government:												
Governmental activities:												
Parks, recreations and cultural	\$ 17,477,904	5,944,310	-	-	(11,533,594)	-	(11,533,594)	(10,118,698)	-	-	(11,533,594)	(10,118,698)
Interest on long-term debt	116,863	-	-	-	(116,863)	-	(116,863)	(146,670)	-	-	(116,863)	(146,670)
Total governmental activities	17,594,767	5,944,310	-	-	(11,650,457)	-	(11,650,457)	(10,265,368)	-	-	(11,650,457)	(10,265,368)
Business-type activities:												
Golf courses	3,854,723	2,893,287	-	-	-	(961,436)	(961,436)	(518,453)	-	-	(961,436)	(518,453)
Water Parks	1,910,308	1,444,567	-	-	-	(465,741)	(465,741)	(400,486)	-	-	(465,741)	(400,486)
Total business-type activities	5,765,031	4,337,854	-	-	-	(1,427,177)	(1,427,177)	(918,939)	-	-	(1,427,177)	(918,939)
Total primary government	\$ 23,359,798	10,282,164	-	-	(11,650,457)	(1,427,177)	(13,077,634)	(11,184,307)	-	-	(13,077,634)	(11,184,307)
Component Unit:												
Park Concessions Inc.	\$ 1,585,500	1,608,534	-	-	-	-	-	-	23,034	6,873	23,034	6,873
General revenues:												
Payment from Prince William County					\$ 16,018,806	-	16,018,806	14,223,974	-	-	16,018,806	14,223,974
Payment from Park Concessions					-	-	-	150,000	-	-	-	150,000
Unrestricted investment earnings					40,444	98,480	138,924	179,917	-	-	138,924	179,917
Miscellaneous					-	-	-	1,092,917	-	-	-	1,092,917
Gain on sale of capital assets					-	-	-	10,062	-	-	-	10,062
Total general revenues					16,059,250	98,480	16,157,730	15,656,870	-	-	16,157,730	15,656,870
Change in net assets					4,408,793	(1,328,697)	3,080,096	4,472,563	23,034	6,873	3,103,130	4,479,436
Net assets - beginning					52,963,025	2,861,482	55,824,507	51,351,944	10,294	3,421	55,834,801	51,355,365
Net assets -ending					\$ 57,371,818	1,532,785	58,904,603	55,824,507	33,328	10,294	58,937,931	55,834,801

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

**PRINCE WILLIAM COUNTY PARK AUTHORITY
GOVERNMENTAL FUNDS
Balance Sheet**

As of December 31, 2003

With Comparative Totals for December 31, 2002

Exhibit 3

	General Fund	Capital Projects Fund	Total Governmental Funds	
			2003	2002
ASSETS				
Cash and pooled investments (Note 2)	\$ 570,063	644,195	1,214,258	2,582,663
Accounts receivable, net	171,025	-	171,025	134,815
Due from Golf Courses	285,131	-	285,131	-
Due from Prince William County	2,964,459	3,276,176	6,240,635	3,239,347
Prepaid items	176,602	-	176,602	134,966
Restricted cash (Note 2)	-	-	-	695,476
Total assets	\$ 4,167,280	3,920,371	8,087,651	6,787,267
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts payable	\$ 166,802	165,559	332,361	569,737
Wages and benefits payable	356,645	-	356,645	287,292
Deferred revenue	418,826	-	418,826	368,599
Total liabilities	942,273	165,559	1,107,832	1,225,628
FUND BALANCES:				
Unreserved reported in:				
General Fund:				
Undesignated	3,048,405	-	3,048,405	3,002,556
Reserved for prepaid items	176,602	-	176,602	134,966
Capital Projects Fund:				
Designated for construction projects	-	3,754,812	3,754,812	2,424,117
Total fund balances	3,225,007	3,754,812	6,979,819	5,561,639
Total liabilities and fund balances	\$ 4,167,280	3,920,371	8,087,651	6,787,267

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 December 31, 2003

Exhibit 4

Fund balances--total governmental funds	\$	6,979,819
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.		53,889,537
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(14,375)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes payable	2,293,111	
Capital lease obligations	395,518	
Compensated absences	794,534	
Total long-term liabilities		<u>(3,483,163)</u>
Net assets of governmental activities	\$	<u>57,371,818</u>

PRINCE WILLIAM COUNTY PARK AUTHORITY
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2003
With Comparative Totals for the Year Ended December 31, 2002

Exhibit 5

	General Fund	Capital Projects Fund	Total Governmental Funds	
			2003	2002
REVENUES:				
Charges for services	\$ 5,944,310	-	5,944,310	6,303,550
From use of money and property	40,444	-	40,444	77,969
Intergovernmental revenue:				
Support from Prince William County	11,466,944	4,551,862	16,018,806	14,223,974
Miscellaneous	-	-	-	1,092,917
Total revenues	17,451,698	4,551,862	22,003,560	21,698,410
EXPENDITURES:				
Current:				
Parks, recreational and cultural:				
Compensation and benefits	10,489,806	-	10,489,806	9,690,653
Contractual services	2,964,647	-	2,964,647	3,065,155
Materials, supplies, and utilities	2,472,265	-	2,472,265	2,429,589
Debt service:				
Principal retirement	1,032,931	-	1,032,931	476,050
Interest and other debt costs	127,056	-	127,056	138,005
Capital outlays	277,508	3,221,167	3,498,675	5,150,208
Total expenditures	17,364,213	3,221,167	20,585,380	20,949,660
Excess (deficiency) of revenues over (under) expenditures	87,485	1,330,695	1,418,180	748,750
OTHER FINANCING SOURCES:				
Transfers out	-	-	-	(827,819)
Proceeds from sale of bonds, notes, and capital leases	-	-	-	1,500,000
Sale of surplus property	-	-	-	10,062
Total other financing sources	-	-	-	682,243
Net change in fund balances	87,485	1,330,695	1,418,180	1,430,993
FUND BALANCES, beginning of year	3,137,522	2,424,117	5,561,639	4,130,646
FUND BALANCES, end of year	\$ 3,225,007	3,754,812	6,979,819	5,561,639

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 December 31, 2003

Exhibit 6

Net change in fund balances--total governmental funds	\$	1,418,180
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	3,498,675	
Subtract depreciation	<u>(1,536,569)</u>	1,962,106
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		1,032,931
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	779,917	
Subtract current year's compensated absences liability	<u>(794,534)</u>	(14,617)
Add prior year's accrued interest liability	24,568	
Subtract current year's accrued interest liability	<u>(14,375)</u>	10,193
Change in net assets of governmental activities	<u>\$</u>	<u>4,408,793</u>

PRINCE WILLIAM COUNTY PARK AUTHORITY
PROPRIETARY FUNDS
Statement of Net Assets
As of December 31, 2003

Exhibit 7

	Enterprise Funds		
	Golf Courses	Water Parks	Total
ASSETS			
Current assets:			
Cash and pooled investments (Note2)	\$ -	129,291	129,291
Interest receivable	16,802	5,903	22,705
Due from Park Concessions	9,166	17,082	26,248
Deferred charge	190,852	67,057	257,909
Restricted assets:			
Restricted cash (Note 2)	306,297	107,618	413,915
Total current assets	523,117	326,951	850,068
Restricted investments (Note 2)	1,155,140	405,860	1,561,000
Capital assets: (Note 2)			
Land, improvements and construction in progress	11,682,204	2,694,959	14,377,163
Buildings and other capital assets, net of depreciation	2,265,847	2,813,457	5,079,304
Total assets	15,626,308	6,241,227	21,867,535
LIABILITIES			
Current liabilities:			
Accounts payable	33,326	2,079	35,405
Due to General Fund	285,131	-	285,131
Wages and benefits payable	53,395	15,052	68,447
Accrued interest	184,227	63,873	248,100
Deferred revenue	39,677	13,290	52,967
Total current liabilities	595,756	94,294	690,050
Noncurrent liabilities (Note 7)			
Due within one year	354,329	84,292	438,621
Due in more than one year	14,296,840	4,909,239	19,206,079
Total liabilities	15,246,925	5,087,825	20,334,750
NET ASSETS:			
Invested in Capital Assets, net of related debt	(624,996)	548,748	(76,248)
Restricted	1,461,437	513,478	1,974,915
Unrestricted	(457,058)	91,176	(365,882)
Total net assets	\$ 379,383	1,153,402	1,532,785

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 December 31, 2003

Exhibit 8

	Enterprise Funds		
	Golf Courses	Water Parks	Total
OPERATING REVENUES:			
Charges for services	\$ 2,893,287	1,444,567	4,337,854
Total operating revenue	2,893,287	1,444,567	4,337,854
OPERATING EXPENSES:			
Compensation and benefits	1,597,311	616,001	2,213,312
Contractual services	154,910	278,158	433,068
Materials, supplies and utilities	853,541	219,819	1,073,360
Depreciation	298,516	471,552	770,068
Total operating expenses	2,904,278	1,585,530	4,489,808
Operating income (loss)	(10,991)	(140,963)	(151,954)
NON OPERATING REVENUE (EXPENSES)			
Interest income	72,875	25,605	98,480
Interest expense	(950,445)	(324,778)	(1,275,223)
Total non operating revenue (expenses)	(877,570)	(299,173)	(1,176,743)
Net Income (loss)	(888,561)	(440,136)	(1,328,697)
Change in Net Assets	(888,561)	(440,136)	(1,328,697)
NET ASSETS, beginning of year	1,267,944	1,593,538	2,861,482
NET ASSETS, end of year	\$ 379,383	1,153,402	1,532,785

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 December 31, 2003

Exhibit 9

	Enterprise Funds		
	Golf Courses	Water Parks	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 2,847,914	1,447,964	4,295,878
Payments to supplies for goods and services	(1,018,199)	(480,782)	(1,498,981)
Payments to employees for services	(1,285,346)	(487,964)	(1,773,310)
Payments on behalf of employees	(273,649)	(138,177)	(411,826)
Net cash provided by operating activities	270,720	341,041	611,761
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Due to General Fund	285,131	-	285,131
Net cash provided by non-capital financing activities	285,131	-	285,131
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(242,393)	(61,344)	(303,737)
Principal paid on bonds, leases and other debt	(389,466)	(97,500)	(486,966)
Interest paid on bonds, leases and other debt	(899,003)	(306,588)	(1,205,591)
Proceeds from debt issuance	184,800	-	184,800
Net cash used by capital and related financing activities	(1,346,062)	(465,432)	(1,811,494)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends received on investments	72,875	25,605	98,480
Net cash provided by investing activities	72,875	25,605	98,480
Net decrease in cash and cash equivalents	(717,336)	(98,786)	(816,122)
CASH AND CASH EQUIVALENTS, beginning of year	1,023,633	335,695	1,359,328
CASH AND CASH EQUIVALENTS, end of year	\$ 306,297	236,909	543,206
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (loss)	\$ (10,991)	(140,963)	(151,954)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	298,516	471,552	770,068
Change in assets and liabilities:			
(Increase) decrease in:			
Due from Park Concessions	15,102	6,147	21,249
Increase (decrease) in:			
Accounts payable and accrued liabilities, net of accrued interest	(9,748)	17,195	7,447
Salaries and benefits payable	38,316	(10,141)	28,175
Deferred revenue	(60,475)	(2,749)	(63,224)
Total adjustments	281,711	482,004	763,715
Net cash provided by operating activities	\$ 270,720	341,041	611,761
NONCASH CAPITAL AND FINANCING ACTIVITIES:			
Capital lease financing	\$ 184,800	-	184,800

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

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2003

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 December 31, 2003.

A. Reporting Entity

The Park Authority's reporting entity includes general park operations, reported under the entity heading of primary government, and the food, beverage, and related concessions operations of the Park Authority's discretely presented component unit, Park Concessions, Inc. (PCI).

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.

On May 12, 1994 the Park Authority established Park Concessions, Inc. (PCI), a non-profit, non-stock corporation exempt from federal income taxes under Internal Revenue Code Section 501(c)4. The purpose of PCI is to manage the food and beverage operations and other concession related operations provided at Park Authority facilities including the sale of alcoholic beverages at appropriate facilities and locations.

PCI is treated as a discretely presented component unit of the Park Authority under the criteria that the PCI Board of Directors are appointed by the Park Authority and the Park Authority may impose its will upon PCI.

PCI does not prepare separately issued financial statements.

C. 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. Likewise, the primary government is reported separately from the Park Authority's discretely presented component unit.

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 or PCI 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

Prince William County Park Authority

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 nonoperating 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 nonoperating 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 Projects Fund – The Capital Projects 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 Courses Fund – The Golf Courses 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.
- Waterparks Fund – The Waterparks Fund accounts for the major aquatics facilities operated by the Park Authority and include Splashdown Waterpark and Waterworks Waterpark.

D. 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 County's fiscal year. Payments are received quarterly over the County's 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 Pooled 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 cash equivalents 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 Projects 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 in the period which includes the first day of the County's fiscal year (July 1st). 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 is 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.

N. 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.

O. 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.

NOTE (2) - CASH AND INVESTMENTS

Deposits. The Park Authority requires all banking institutions in which its public funds are deposited to maintain such funds in accordance with the Virginia Security for Public Deposits Act (the Act). The Act has established a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions. It ensures that the procedures for securing public deposits are uniform throughout the Commonwealth of Virginia and requires that all banks holding public funds maintain certain levels of collateral and file monthly reports with the State Treasury Board.

At December 31, 2003, the Park Authority's carrying amount of deposits was \$(135,162) and the bank balance was \$105,029, which was insured by the FDIC. Funds deposited in accordance with the Act are considered fully secured. The Park Authority's cash on hand in the form of change funds at December 31, 2003 totaled \$7,225.

At December 31, 2003, PCI's carrying amount of deposits was \$46,709 and the bank balance was \$56,170, which was insured by the FDIC. PCI did not have any cash on hand in the form of change funds at December 31, 2003.

Investments. State statutes authorize the Park Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, prime quality commercial paper, corporate notes rated AA or better by Standard & Poor's Inc. and AA or better by Moody's Investors Service, Inc., banker's acceptances, repurchase agreements, money market mutual funds, the State Treasurer's Local Government Investment Pool and State Non-Arbitrage Program.

During 2003, the Park Authority's funds were invested in repurchase agreements and money market funds which are authorized investments for local government entities under the Code of Virginia.

The Park Authority's investments are categorized in the following table to give an indication of the level of risk assumed by the Park Authority at year-end. Category One includes investments that are insured or registered or securities held by the Park Authority or its agent in the Park Authority's name. Category Two includes investments that are uninsured or unregistered, with securities held by the counter-party's trust department or its agent in the Park Authority's name. Category Three includes investments that are uninsured or unregistered with securities held by the counter-party, or by its trust department or agent but not in the Park Authority's name.

Illustration 2-1
Risk Categories at December 31, 2003

Investments	1	Category 2	3	Fair Value
Long - Term Repurchase Agreements	\$ 1,561,000	--	--	1,561,000
Overnight Repurchase Agreement	--	--	470,000	470,000
	<u>\$ 1,561,000</u>	<u>--</u>	<u>470,000</u>	<u>2,031,000</u>
Money Market Mutual Funds				1,415,401
Total investments				3,446,401
Deposits				(135,162)
Cash on hand				7,225
Total cash, cash equivalents and investments			\$	<u>3,318,464</u>

Prince William County Park Authority

At December 31, 2003, \$1,974,915 of the Park Authority's deposits and investments were restricted for the purpose of funding certain debt service requirements relating to the Series 1999 Revenue Bonds. These restricted deposits and investments are held in trust by Wachovia Bank under the terms and conditions of a Trust Indenture relating to the Series 1999 Revenue Bonds. Restricted cash and investments consist of amounts required by bond financing terms to be segregated in a debt service reserve account, interest account, and principal account required to be used for debt service as depicted in Illustration 2-2.

Illustration 2-2
Restricted Cash and Investments at December 31, 2003

Enterprise Funds:	
1999 Revenue Bond Funds	\$ 1,974,915
Total Reporting Entity	\$ 1,974,915

NOTE (3) - DEFERRED REVENUE

Deferred revenue, as shown in Illustration 3-1, represents amounts for which asset recognition criteria were met, but for which revenue recognition criteria were not met. Under the modified accrual basis of accounting, such amounts are measurable but not available.

Illustration 3-1
Deferred Revenue at December 31, 2003

GENERAL FUND:	
Deferred Revenue – Prepaid recreation fees and charges	\$ 418,826
ENTERPRISE FUNDS:	
Deferred Revenue – Prepaid recreation fees and charges	52,967
Total Reporting Entity	\$ 471,793

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 December 31, 2003.

Illustration 4-1
Interfund Receivables and Payables at December 31, 2003

	Due from Other Funds	Due to Other Funds
General Fund	\$ 285,131	--
Major Enterprise Fund – Golf Courses	--	285,131
Total	\$ 285,131	285,131

NOTE (5) – RECEIVABLES /PAYABLES WITH COMPONENT UNIT

Receivables/payables transactions between the primary government and component unit are generally made for the purpose of providing operational support for the receiving fund. Illustration 5-1 summarizes the amounts due to the Park Authority at December 31, 2003.

Illustration 5-1
Due From Component Unit at December 31, 2003

Due to Enterprise Fund from:	
Park Concessions	\$ 26,248

NOTE (6) - CAPITAL ASSETS

Illustration 6-1 summarizes the changes in capital assets of the governmental activities for the year ended December 31, 2003.

Illustration 6-1
Governmental Activities – Changes in Capital Assets

	December 31, 2002	Additions	Deletions/ Transfers	December 31, 2003
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 31,795,909	48,869	--	31,844,778
Construction in Progress	1,017,767	3,895,820	674,653	4,238,934
Total capital assets not being depreciated	32,813,676	3,944,689	674,653	36,083,712
Buildings and other capital assets, being depreciated:				
Buildings and recreation structures	34,692,404	--	--	34,692,404
Equipment	2,689,820	111,352	--	2,801,172
Vehicles	1,525,709	117,287	--	1,642,996
Total buildings and other capital assets being depreciated	38,907,933	228,639	--	39,136,572
Less accumulated depreciation for:				
Buildings and recreation structures	17,143,279	1,215,398	--	18,358,677
Equipment	1,711,845	185,481	--	1,897,326
Vehicles	939,054	135,690	--	1,074,744
Total accumulated depreciation	19,794,178	1,536,569	--	21,330,747
Buildings and other capital assets, net	19,113,755	(1,307,930)	--	17,805,825
Governmental activities capital assets (net)	\$ 51,927,431	2,636,759	674,653	53,889,537

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

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Illustration 6-2 summarizes the changes in capital assets of the business-type activities for the year ended December 31, 2003.

Illustration 6-2				
Business-Type Activities – Changes in Capital Assets				
	December 31, 2002	Additions	Deletions/ Transfers	December 31, 2003
Business-type activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 14,377,163	--	--	14,377,163
Total capital assets not being depreciated	14,377,163	--	--	14,377,163
Buildings and other capital assets, being depreciated:				
Buildings and recreation structures	8,742,560	54,325	--	8,796,885
Equipment	2,381,753	249,412	291,514	2,339,651
Vehicles	65,092	--	--	65,092
Total buildings and other capital assets being depreciated	11,189,405	303,737	291,514	11,201,628
Less accumulated depreciation for:				
Buildings and recreation structures	4,436,193	527,254	--	4,963,447
Equipment	1,129,147	235,950	261,897	1,103,200
Vehicles	48,826	6,864	--	55,690
Total accumulated depreciation	5,614,166	770,068	261,897	6,122,337
Buildings and other capital assets, net	5,575,239	(466,331)	29,617	5,079,291
Business-type activities capital assets, (net)	\$ 19,952,402	(466,331)	29,617	19,456,454

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

Golf Courses	\$ 298,516
Water Parks	471,552
Total	<u>\$ 770,068</u>

Illustration 6-3 summarizes the construction in progress at December 31, 2003. Sources of funding for various capital improvements include Prince William County General Obligation Bonds, the County's General Fund budget appropriation and Park Authority debt issuance. Funds from all sources are reimbursed to the Park Authority as project budgets are expended.

Illustration 6-3
Construction in Progress at December 31, 2003

Location	Amount Authorized	Expended to Date	Project Balance
PRIMARY GOVERNMENT			
Ridgefield Park	\$ 489,706	34,273	455,433
Veterans Park and Center	1,270,000	696,894	573,106
Various Field Improvements	2,250,800	1,712,113	538,687
Lakeridge Park Improvements	249,000	40,584	208,416
Valley View Park	1,300,000	1,292,621	7,379
Sudley Park	674,700	140,348	534,352
Various Other	77,000	58,872	18,128
Dale City Rec Center	225,000	19,002	205,998
Locust Shade Courts	100,000	43,573	56,427
Ben Lomond Center	190,000	11,233	178,767
Fairmont Playground	75,000	34,934	40,066
Hellwig Admin Building	200,000	97,430	102,570
Hammill Mill Park	500,000	50,529	449,471
Benton Middle School	50,000	6,528	43,472
Tottal	\$ 7,651,206	4,238,934	3,412,272

NOTE (7) - LONG-TERM DEBT

A. Revenue Bonds Payable

Revenue bonds payable consist of amounts owed by the Park Authority for the construction of structures and acquisition of equipment. These liabilities bear interest from 4.8% to 6% and mature from 2004 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 December 31, 2003.

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 15, 1994 the Park Authority issued \$21,190,000 of revenue bonds for the construction and equipping of an eighteen hole golf course at Locust Shade Park (Forest Greens Golf Course); an eighteen hole golf course in the City of Manassas Park, Virginia (General's Ridge Golf Course); and the renovation, expansion and conversion of an outdoor pool into a water park facility at Ben Lomond Park (Splashdown Waterpark). The Series 1994 Revenue Bonds mature annually ending October 15, 2016 and are redeemable on certain optional and mandatory dates beginning October 15, 2004.
- 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 now considered to be defeased. Accordingly, the liability for the Series 1994 bonds has been removed from the Park Authority's balance sheet. At December 31, 2003, the amount of outstanding Series 1994 bonds considered defeased is \$16,450,000.

Prince William County Park Authority

- 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 2003 the debt coverage ratio achieved was .44. The debt coverage ratio achieved reflects less than expected operating results of both waterpark and golf course operations during 2003. As required under the revenue bond covenant, and as a result of not meeting debt coverage requirement in 2002, the Park Authority, in 2003, 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. As a whole, 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 December 31, 2003, including interest payments, are shown in Illustration 7-1.

Illustration 7-1
Business-type Activities - Debt Service Requirements - Revenue Bonds

	Principal	Interest	Total
Year Ending December 31:			
2004	390,000	1,161,842	1,551,842
2005	410,000	1,143,122	1,553,122
2006	430,000	1,123,032	1,553,032
2007	450,000	1,101,532	1,551,532
2008	475,000	1,078,582	1,553,582
2009 - 2013	2,775,000	4,988,190	7,763,190
2014 - 2018	3,655,000	4,102,376	7,757,376
2019 - 2023	4,900,000	2,885,210	7,785,210
2024 - 2028	6,565,000	1,227,300	7,792,300
Subtotal	20,050,000	18,811,186	38,861,186
Less: unamortized discount on issuance of revenue bonds	179,711		
Less: unamortized deferred loss on refunding	794,643		
Total	\$ 19,075,646		

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 rental expense under capital leases of the primary government for the year ended December 31, 2003, was \$506,256.

- 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 7-2 presents the assets that were acquired through capital lease obligations:

Illustration 7-2
Assets acquired through Capital Lease Obligations

	Primary Government
Depreciable assets	
Machinery and Equipment	\$ 3,109,600
Less: Accumulated Depreciation	1,074,299
Total assets acquired through capital lease	\$ 2,035,301

Illustration 7-3 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 7-3
Minimum Lease Commitments – Capital Lease Obligations

	Primary Government
Year Ending December 31:	
2004	\$ 555,140
2005	555,140
2006	470,705
2007	341,522
2008	247,891
2009 – 2013	123,946
Total minimum payments	2,294,344
Less: Interest	(229,056)
Present value of future minimum payments	\$ 2,065,288

Prince William County Park Authority

C. Notes Payable

The annual debt service requirements of notes payable in governmental funds as of December 31, 2003, including interest payments, are shown in Illustration 7-4.

- 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 7-4
Governmental Activities – Debt Service Requirements – Notes Payable

Year Ending December 31:	Principal	Interest	Total
2004	\$ 116,662	43,113	159,775
2005	121,495	38,281	159,776
2006	126,527	33,248	159,775
2007	131,768	28,008	159,776
2008	137,226	22,550	159,776
2009 - 2013	368,449	30,990	399,439
2014 - 2018	78,283	1,605	79,888
Total	\$ 1,080,410	197,795	1,278,205

D. Changes in Long-Term Liabilities:

Changes in long-term liabilities of governmental activities for the year ended December 31, 2003 are shown in Illustration 7-5.

Illustration 7-5
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	\$ 2,002,509	--	(394,290)	1,608,219	1,253,930	354,289
Notes payable	1,719,051	--	(638,641)	1,080,410	963,748	116,662
Loans payable	--	--	--	--	--	--
Compensated absences	779,917	14,617	--	794,534	748,848	45,686
Total	\$ 4,501,477	14,617	(1,032,931)	3,483,163	2,966,526	516,637

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 December 31, 2003 are shown in Illustration 7-6.

Illustration 7-6
Business-Type Activities – Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
Revenue bonds	\$ 20,425,000	--	(375,000)	20,050,000	19,660,000	390,000
Unamortized discount on issuance of revenue bonds	(186,781)	--	7,070	(179,711)	(172,641)	(7,070)
Unamortized deferred loss on refunding	(860,863)	--	66,220	(794,643)	(728,423)	(66,220)
Revenue bonds, net	19,377,356	--	(301,710)	19,075,646	18,758,936	316,710
Capital leases payable	384,235	184,800	(111,966)	457,069	341,597	115,472
Compensated absences	89,732	22,253	--	111,985	105,546	6,439
Total	\$ 19,851,323	207,053	(413,676)	19,644,700	19,206,079	438,621

NOTE (8) - FUND BALANCES/NET ASSETS

Illustration 8-1 details the designated fund balances at December 31, 2003.

Illustration 8-1
Designated Fund Balances at December 31, 2003

	Primary Government	
	Capital Projects Funds	Total Primary Government
Designated for: Construction projects	\$ 3,754,812	3,754,812
Total	\$ 3,754,812	3,754,812

NOTE (9) - 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 December 31, 2003 was \$6,174,338 (total payroll was \$11,190,051).

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employers payable monthly for life in an amount equal to 1.7% 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% 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*

Prince William County Park Authority

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% of their annual reported compensation to the VRS. The Park Authority has assumed this 5% 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, 2003 was 1.12% of annual covered payroll. The total contributions for 2003, 2002, and 2001 by the Park Authority were \$370,460, \$382,104, and \$433,243, respectively.

The required contributions for the County, including the Park Authority, were determined as part of an actuarial valuation performed as of June 30, 2002 using the entry age normal actuarial cost method. The actuarial assumptions included (a) an 8% investment rate of return, (b) projected salary increases that range between 4.25% and 6.10%, depending on the member's service and classification, and (c) 3.0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. 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, 2002, was nine years for the County.

Trend information:

Illustration 9-1 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 9-1
Virginia Retirement System
Three Year Trend Information for the County (including the Park Authority)

Fiscal Year Ending:	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2001	\$ 11,300,000	100%	\$ --
June 30, 2002	\$ 9,137,000	100%	\$ --
June 30, 2003	\$ 8,850,000	100%	\$ --

NOTE (10) - 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 \$234,168 in 2003 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 \$500,000 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 \$350,000 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 employees 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.

PCI does not participate in the Prince William County Self Insurance Group and purchases appropriate insurance coverage for purposes of addressing its risk exposures.

NOTE (11) - SUBSEQUENT EVENTS

Effective January 1, 2004, the Park Authority assumed the food and beverage operations previously managed under contract by Park Concessions, Inc. (a component unit of the Park Authority). It is intended that Park Concessions, Inc, will remain dormant and exist as a non-operating entity for the foreseeable future.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):

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

Virginia Retirement System							RSI 1
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, 1996	\$ 177,355	\$ 168,591	\$ (8,764)	105.2%	\$ 94,733	(9.3)%	
June 30, 1998	\$ 253,752	\$ 232,985	\$ (20,767)	108.9%	\$ 101,468	(20.5)%	
June 30, 1999	\$ 298,039	\$ 271,789	\$ (26,250)	109.7%	\$ 108,380	(24.2)%	
June 30, 2000	\$ 350,252	\$ 297,709	\$ (52,543)	117.7%	\$ 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	(21.77)%	

PRINCE WILLIAM COUNTY PARK AUTHORITY
GENERAL FUND OPERATION
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
With Comparative Totals for the Year Ended June 30, 2002

RSI 2

	Budgeted Amounts		Actual 2003	Variance with Final Budget Positive (Negative)	Actual 2002
	Original	Final			
REVENUES:					
Park Authority Revenue	\$ 5,465,300	5,465,300	5,921,001	455,701	5,838,884
Intergovernmental Revenue:					
Support from Prince William County	11,567,400	11,567,400	14,847,899	3,280,499	14,573,175
Total revenues	17,032,700	17,032,700	20,768,900	3,736,200	20,412,059
EXPENDITURES:					
Current:					
Parks, recreational, and cultural	15,197,500	15,197,500	15,303,827	(106,327)	14,152,283
Capital and Debt Service	1,835,200	1,835,200	6,132,577	(4,297,377)	2,435,905
Total expenditures	17,032,700	17,032,700	21,436,404	(4,403,704)	16,588,188
Excess of revenues over expenditures	-	-	(667,504)	(667,504)	3,823,871
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	1,656,760	1,656,760	-
Total other financing sources (uses)	-	-	1,656,760	1,656,760	-
Net change in fund balances	-	-	989,256	989,256	3,823,871

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

PRINCE WILLIAM COUNTY PARK AUTHORITY
GENERAL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to GAAP Reconciliation
For the Years Ended June 30, 2003 and December 31, 2003

RSI 3

Explanation of Differences between Budgetary Revenues and Expenditures
and GAAP Revenues and Expenditures

	<u>General Fund</u>
Revenues	
Actual revenue per the budget to actual comparison (RSI 2)	\$ 20,768,900
Differences -- Budget (July 2002 to June 2003) to GAAP (January 2003 to December 2003):	
Less revenue from July 2002 to December 2002 budgeted under County's fiscal year	(13,017,040)
Add revenue from July 2003 to December 2003 reported under Park Authority's calendar year	8,937,116
Perspective Differences	<u>762,722</u>
Total revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 5)	<u>\$ 17,451,698</u>
Expenditures	
Actual expenditures per the budget to actual comparison (RSI 2)	\$ 21,436,404
Differences -- Budget (July 2002 to June 2003) to GAAP (January 2003 to December 2003):	
Less expenditures incurred from July 2002 to December 2002 budgeted under County's fiscal year	(11,829,088)
Add expenditures incurred from July 2003 to December 2003 reported under Park Authority's calendar year	9,252,466
Perspective Differences	<u>(1,495,569)</u>
Total expenditures per the Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 5)	<u>\$ 17,364,213</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2003

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. The Park Authority's fiscal year is the calendar year (*January – December*), however, the budget is submitted based on the County's fiscal year (*July – June*). Each February, the Park Authority submits to the County Executive for consideration of the Board of County Supervisors (the Board), a proposed operating 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 exceeded authorized budget limitations for the park, recreation and cultural functions by \$106,327 and capital and debt service functions by \$4,297,377. These amounts were offset by additional fees and charges revenue and County support of \$455,701 and \$3,280,499 respectively. The revenue variance related to the support from the County is a result of recognizing County support as revenue on July 1 (the first day of the County's fiscal year), while the related expenses will be incurred after the Park Authority's calendar year-end.

Due to the timing differences between the Park Authority's calendar year and the adoption of the County's July through June fiscal year budget and the significant budgetary perspective differences in how the budget is maintained, the Park Authority has elected to report the Budget to GAAP Reconciliation as Required Supplementary Information.



PRINCE WILLIAM COUNTY PARK AUTHORITY
(including Park Concessions, Inc.)
Schedule of Revenues
Last Ten Calendar 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>
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
1995	3,713,699	35.3	1,075,425	10.2	5,728,547	54.5	10,517,671
1994	3,607,952	34.8	181,073	1.8	6,567,200	63.4	10,356,225

Source: Prince William County Park Authority Finance Division



PRINCE WILLIAM COUNTY PARK AUTHORITY
(including Park Concessions, Inc.)
Schedule of Operating Expenses by Classification
Last Ten Calendar Years
(unaudited)

Table II

	<u>Compensation & Benefits</u>	<u>Percent of Total</u>	<u>Contractual Services</u>	<u>Percent of Total</u>	<u>Materials Supplies & Utilities</u>	<u>Percent of Total</u>	<u>Total</u>
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
1995	6,252,549	67.4	1,200,799	13.0	1,817,257	19.6	9,270,605
1994	6,159,537	68.8	1,067,150	11.9	1,730,539	19.3	8,957,226

Source: Prince William County Park Authority Finance Division

PRINCE WILLIAM COUNTY PARK AUTHORITY
(including Park Concessions, Inc.)
Schedule of Capital Assets (Land, Structures & Equipment)
Last Ten Calendar Years
(unaudited)

Table III
Page 1 of 2

	<u>Land & Improvements</u>	<u>Buildings</u>	<u>Recreation Structures</u>	<u>Equipment & Vehicles</u>
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
1995	27,775,542	16,287,079	9,712,749	3,703,097
1994	27,721,523	16,084,352	9,623,941	3,174,665

Source: Prince William County Park Authority Finance Division

<u>TOTAL</u>	<u>Accumulated Depreciation</u>	<u>Construction in Progress</u>	<u>Total Capital Assets</u>
\$ 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
57,478,467	(10,577,057)	14,273,078	61,174,488
56,604,481	(9,369,362)	2,174,222	49,409,341

PRINCE WILLIAM COUNTY PARK AUTHORITY
(including Park Concessions, Inc.)
Schedule of Revenue Bond Debt Coverage
Last Ten Calendar Years
(unaudited)

Table IV

	<u>Total Revenue and Transfers</u>	<u>Total Expense*</u>	<u>Net Income Available for Debt Service</u>	<u>Revenue Bond Principal</u>	<u>Revenue Bond Interest</u>	<u>Total Revenue Bond Debt Service</u>	<u>Debt Service Coverage Ratio</u>
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	0	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	.75
1996	12,400,622	11,390,238	1,010,384	0	1,383,717	1,383,717	.73
1995	10,517,671	9,270,605	1,247,066	140,000	1,763,870	1,903,870	.66
1994	10,356,225	8,957,226	1,398,999	130,000	1,007,752	1,137,752	1.23

* Excluding depreciation expense

Source: Prince William County Park Authority Finance Division

PRINCE WILLIAM COUNTY PARK AUTHORITY
(including Park Concessions, Inc.)
Schedule of Series 1994 and 1999 Revenue Bond Debt Coverage
(unaudited)

Table V

	<u>Total Revenue and Transfers</u>	<u>Total Expense*</u>	<u>Net Income Available for Debt Service</u>	<u>Revenue Bond Principal</u>	<u>Revenue Bond Interest</u>	<u>Total Revenue Bond Debt Service</u>	<u>Debt Service Coverage Ratio**</u>
2003	\$ 4,436,334	\$ 3,719,740	\$ 716,594	\$ 375,000	\$ 1,249,147	\$ 1,624,147	.44
2002	4,302,351	3,053,779	1,248,572	355,000	1,265,404	1,620,404	.77
2001	3,801,671	2,654,544	1,147,127	340,000	1,280,550	1,620,550	.71
2000	3,578,766	2,427,720	1,151,046	295,000	1,282,375	1,577,375	.73
1999	3,767,682	2,553,041	1,214,641	0	1,321,619	1,321,619	.92
1998	3,622,357	1,938,845	1,683,512	605,000	1,348,287	1,953,287	.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	0	1,383,717	1,383,717	N/A
1995	0	0	0	0	1,383,716	1,383,716	N/A
1994	0	0	0	0	288,296	288,296	N/A

* Excluding depreciation expense

** Required debt coverage ratio of 1.10

Source: Prince William County Park Authority Finance Division

PRINCE WILLIAM COUNTY PARK AUTHORITY
(including Park Concessions, Inc.)
Schedule of Selected Per Capita Statistics
Last Ten Calendar Years
(unaudited)

Table VI
Page 1 of 2

	<u>County Population</u>	<u>Operating Revenue</u>	<u>Operating Expense</u>	<u>Outstanding Debt</u>
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
1995	246,595	3,713,699	9,270,605	21,292,207
\$ Per Capita		15.06	37.59	86.34
1994	240,237	3,607,952	8,957,226	30,827,519
\$ Per Capita		15.02	37.28	128.32

Sources: Center for Public Service, Estimates of the Population of Virginia Counties and Cities.

Prince William County Park Authority Finance Division

<u>Annual Debt Service</u>	<u>Fixed Asset Investment (Net of depreciation)</u>	<u>Transfer from Prince William County</u>
\$ 2,266,757 7.05	\$ 73,329,391 228.04	\$ 16,018,806 49.87
\$ 2,290,634 7.40	\$ 71,879,833 232.36	\$ 14,223,974 45.98
1,939,420 6.49	67,037,910 224.36	13,725,035 45.93
1,970,270 7.02	64,107,932 228.29	10,317,774 36.74
1,620,058 5.84	64,491,046 232.52	8,430,744 30.40
2,182,809 8.12	64,326,000 239.22	8,838,581 32.87
2,293,414 8.81	64,987,650 249.65	6,146,647 23.61
1,604,635 6.33	63,864,324 251.94	5,981,844 23.60
2,073,968 8.41	61,174,488 248.08	5,728,547 23.23
1,315,877 5.48	49,409,341 205.67	6,567,200 27.34

PRINCE WILLIAM COUNTY PARK AUTHORITY
(including Park Concessions, Inc.)
Schedule of Selected Demographic Statistics
Prince William County, Virginia
Last Ten Calendar Years
(unaudited)

Table VII

	<u>Population</u>	<u>Average Per Capita Income</u>	<u>Unemployment Rate (%)</u>	<u>School Enrollment</u>
2003	321,570	*	3.6%	60,541
2002	309,351	*	3.3	57,831
2001	298,797	\$ 31,244	2.4	54,646
2000	280,813	29,967	1.5	53,210
1999	277,359	28,226	2.0	52,551
1998	268,894	27,053	2.0	51,111
1997	260,313	26,107	2.7	49,905
1996	253,487	24,976	2.8	48,333
1995	246,595	24,574	3.3	47,072
1994	240,237	23,939	3.3	45,675

* *Not Available*

PRINCE WILLIAM COUNTY PARK AUTHORITY
(including Park Concessions, Inc.)
Schedule of Miscellaneous Statistical Data
December 31, 2003 (unaudited)

Table VIII

Date of Authority Organization:	October 11, 1977
Form of Government:	Appointed Board of Directors
Total Park Acreage	3,164
Neighborhood park acreage	259
Community park acreage	627
Regional park acreage	1,260
Special use park acreage	748
Leased park acreage	270
Recreation Facilities	
Aquatics & fitness center	2
Baseball stadium	1
Community centers	3
Picnic shelters	63
Playgrounds	29
Regulation golf courses	4
Hiking and fitness trails (miles)	10
Outdoor swimming pools	6
Tennis and racquetball courts	51
Nature areas	3
Athletic fields*	304
Indoor gymnasiums*	59
Outdoor basketball courts	23
Outdoor volleyball courts	11
Marinas	2
Miniature golf courses	2
Skateboard/BMX courses	2
Indoor Ice rinks	2
Employees - Full-time equivalent	396

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

Source: Prince William County Demographic Fact Sheet

