



County of Prince William, Virginia

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014

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Prepared by the Department of Finance

**As of June 30, 2014*

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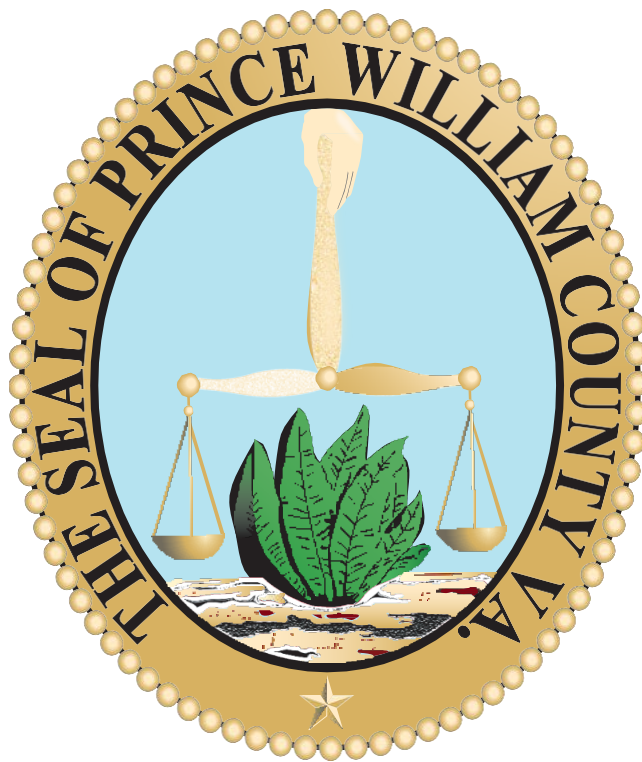
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COUNTY OF PRINCE WILLIAM

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BOARD OF COUNTY SUPERVISORS

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Pete Candland
Martin E. Nohe
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Frank J. Principi

Melissa S. Peacor
County Executive

Michelle L. Attreed
Director of Finance

December 19, 2014

**Mr. Chairman, Members of the Board of County Supervisors,
and Citizens of the County of Prince William, Virginia:**

We are pleased to present the *Comprehensive Annual Financial Report* of Prince William County (the "County") for the fiscal year ended June 30, 2014. The report is designed to present fairly the financial position of the County, including its discretely presented component units in all material respects and demonstrate compliance with applicable legal and contractual provisions. This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements are audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2014, are free of material misstatement. 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 their audit, that there is a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The report of independent auditor is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of major federal awards.

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

Profile of the Government

Prince William County was discovered by Captain John Smith during an expedition up the Potomac River in 1608. The first known colonial settlement was founded in 1722. In 1730, the Virginia General Assembly carved out an area and named it Prince William County, after the second son of England's King George II.

The County is located in Northern Virginia, approximately 35 miles southwest of Washington, D.C. and encompasses an area of 348 square miles, of which 18.8 percent is federally owned land. As of April 1, 2010, the U.S. Census Bureau reported the County's population at 402,002 persons. According to the Metropolitan Washington Council of Governments (MWCOC), Prince William's population constitutes 8.2 percent of the Washington-Metropolitan region's five million people. Prince William's location in Metropolitan Washington, D.C. and the availability of excellent transportation by way of regional, national and international airports, freight and passenger rail services and interstate and highway roadways is a catalyst for growth in the County, which continues to provide numerous economic advantages. Within the County's boundaries are the independent cities of Manassas and Manassas Park and the incorporated towns of Dumfries, Haymarket, Occoquan and Quantico. The towns elect their own mayors and councils, but rely on the County government for many of their services.

The County exercises local governing powers granted to it by the Virginia General Assembly. Since 1972, the County has operated under the County Executive form of government, as provided in Section 15.2-500 et seq. VA Code Ann. The policy-determining body of the County is an eight-member Board of County Supervisors (Board). Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board is elected at-large by County residents to serve a four-year term as Chairman. An election was held on November 8, 2011, and the current board members took office in January 2012 and will serve until December 31, 2015. A special election is scheduled to be held on December 23, 2014, to fill a vacancy for the Brentsville magisterial district. The Brentsville Supervisor, W.S. "Wally" Covington, III, resigned from his seat on September 19, 2014, in order to accept an appointment by the General Assembly as a Judge in the General District Court of Prince William County.

The County provides a full range of local government services including police, fire and rescue, court services, education, development administration, libraries, parks and recreational services, health and social services, public improvements, planning and general administration. The County's School Board, Convention and Visitors Bureau, and Adult Detention Center all have a financial benefit/burden relationship with the County. All of these discretely presented component units issue separately audited financial statements, with the exception of the Adult Detention Center. Sanitation services are provided through a legally separate water and sewer service authority, known as the Prince William County Service Authority. The Service Authority's operations and capital funds are principally financed by user charges and bond issues. The Authority is solely responsible for all of its outstanding debt. The Authority is not a component unit of the County. Additional information on discretely presented component units and all other entities can be found in Note (1A) in the notes to the financial statements.

The annual budget serves as the foundation for the County's financial planning and control. Policies governing this process are outlined in the *Principles of Sound Financial Management* and in the *Financial and Program Planning Ordinance*. During July through November, all agencies are required to report on prior fiscal year performance in achieving adopted agency outcomes and service levels for review, analysis and recommendations to the Office of Management and Budget (OMB). Department directors meet with staff from the Office of Management and Budget and the Office of Executive Management to review prior year performance and upcoming fiscal year goals, objectives, activities, outcomes and service levels. If needed, agencies are required to submit budget increase requests and responses to performance budget targets to

OMB in early December. The County Executive presents to the Board a proposed fiscal plan on or before March 1 of each year for the fiscal year beginning July 1.

After an extensive review and deliberation process and two public hearings to receive citizen input, the Board makes its decisions on the proposed Fiscal Plan and adopts the Fiscal Plan by April 30.

The education component of the plan must be adopted on or before May 1, and the non-education component must be adopted before July 1 of each year in accordance with the *Code of Virginia*. The annual budget serves as an integral part of the County's System for Results-Oriented Government. Prince William County's model of effective and efficient government is shown below. The *County's Comprehensive Annual Financial Report* is required by its *Principles of Sound Financial Management* and the *Code of Virginia* and demonstrates accountability for results in this system.

Prince William County System for Results-Oriented Government



Local Economy

The Prince William County economy is an important segment of the Washington, D.C. metropolitan area economy, arguably one of the most dynamic in the world. The area's economy proved more resilient than many other parts of the country during the most recent recession as the federal government responded to the downturn with massive stimulus spending. However, recent signs suggest that as stimulus spending has been curbed, the area's economy has been challenged to keep pace with a general broad-based expansion underway in the nation. Nevertheless, the Prince William County economy, with a few notable exceptions, continues to exhibit healthy signs. The residential real estate market continued to improve in terms of average sold price, number of sales and average days on the market, even as rates of growth have slowed. Unemployment in the County continued to be well below the national rate, but is still high by recent standards. Foreclosure activity, as measured by monthly Courthouse recordings, continued to improve as the year progressed, with fewer than 400 for 2014 through June -- an average of less than 70 per

month. This is a great improvement over the worst period of the downturn, when a record 18,000 foreclosures were recorded in years 2006 to 2010. This trend continues downward from 2013, when fewer than 800 foreclosures were recorded. Latest at-place employment data from the Virginia Employment Commission (1st Quarter 2014) indicate continued growth in establishments, employment and wages in the County. Prince William County’s commercial inventory continues to be elevated in terms of historic vacancy rates. The Prince William economy appears to be continuing its strengthening trend. Even as, the regional economy struggles to keep up with the nation; the impact of sequestration on the local economy has yet to be fully ascertained.

The local housing market, after a major downturn in 2007 and 2008, stabilized in 2010 and gained steady momentum through 2013. Signs point to a slowing of that momentum as 2014 has progressed. According to data from Metropolitan Regional Information Systems (MRIS), during June 2014, the average home in Prince William County sold for \$365,839. This represents an increase of 3.8% year-over-year and a 79.0% increase since February 2009 when the market was beginning its recovery. The number of homes sold in Prince William County in June 2014 was 688 -- a decrease of 1.15% from the 696 homes sold one year earlier. The ratio of homes on the market to homes sold was 2.82, compared to 1.50 one year earlier. Average “days on the market” stood at 36 in June 2014 compared to 30 in June 2013.

Residential building permit activity, a leading indicator for housing construction, experienced a six-year boom from 2000 to 2005 with more than 4,300 total residential permits issued per year and home values that were increasing at double digit rates . Since 2005, however, the number of permits has sharply declined:

<u>Calendar Year</u>	<u>Single Family</u>	<u>Townhouse</u>	<u>Condo/Apartment</u>	<u>Total</u>
2006	1,818	712	345	2,875
2007	1,305	580	366	2,451
2008	984	260	665	1,909
2009	1,152	381	402	1,935
2010	1,056	479	777	2,312
2011	842	349	316	1,507
2012	845	229	374	1,448
2013	756	349	538	1,643
2014 (June)	283	217	242	742

In 2013, a total of 1,643 residential occupancy permits were issued for new homes: 756 single family homes, 349 townhouses and 538 multi-family units (including apartments). This represents an increase of 11.9% year-over-year but well below 2010’s 2,312 total new units. The mix of housing types has shifted in six years, reflecting a changed market. In 2006, 63% of all permits issued were for single family detached, while 25% were for townhouses and 12% for condominiums/apartments. In 2013, by comparison, 46.0% of all permits issued were for single family detached, while 21.2% were for townhouses and 32.7% were for multi-family units. As the number of foreclosures continues to drop, expectations are that the average home prices will continue to rise – though a return to the prosperous days of double digit annual appreciation are not anticipated in the near future. The residential real estate outlook is for continued modestly improving conditions over the next several years.

The Prince William County commercial inventory saw improving conditions during 2014 (through June); although vacancy rates continue to be elevated by historic trends and new construction continues at a generally reduced level. Insomuch as Prince William County’s commercial inventory is a part of the region’s inventory, it is affected by general conditions in the region’s economy. Overbuilding during the last economic expansion was in part responsible for an oversupply of Office and Industrial inventory as the economy began to worsen. Furthermore, in certain types of product -- notably Flex, which is often characterized by single large and specific uses, the movement of one or two tenants can greatly impact vacancy rates. Current conditions suggest that the Prince William County commercial real estate market, while generally improving, continues to be in an absorption phase, meaning product that was developed largely before the economic downturn is still not fully leased. In June 2014, according to Costar Realty Group (Costar), Prince William County commercial inventory included 44.2 million square feet (sq. ft.) of space in

1,941 buildings, with 3.41 million sq. ft. of vacant space -- a vacancy rate of 7.7%. Since 2010, some 1.52 million sq. ft. of commercial space has been added to the inventory, a growth rate of 3.7%. Expectations are that the commercial real estate market will improve over the course of the next few years, as the local economy grows.

About 78 percent of the County's real estate tax base consists of residential housing, approximately 22 percent is comprised of commercial, industrial, agricultural and public service properties and less than 1 percent is undeveloped land. As values of homes and people's investment in the community increased, the Board of County Supervisors was responsive by dramatically adjusting the real estate tax rate lower from \$1.34 in fiscal year 2001 to \$0.758 per \$100 of assessed value in fiscal year 2007. In fiscal year 2008, in response to revenue shortfalls and expectations of continuation of vital County services, Prince William County adopted a real estate tax rate of \$0.97 effective for fiscal year 2009. Since 2010, the Prince William County real estate tax rate has been as follows:

- FY2010 - \$1.212 per \$100 of assessed value
- FY2011 - \$1.236 per \$100 of assessed value
- FY2012 - \$1.204 per \$100 of assessed value
- FY2013 - \$1.209 per \$100 of assessed value
- FY2014 - \$1.181 per \$100 of assessed value
- FY2015 - \$1.148 per \$100 of assessed value

Despite recent fiscal challenges to the County's ability to provide services, strategic goal areas and critical service needs of the community continue to be the primary focus. As the local economy continues to rebound, the Board of County Supervisors has made the decision to begin to re-invest in the community while still maintaining the lowest average tax bills in the region.

Retail sales continued at a generally healthy pace during 2014, with 51 out of 53 past months (through June 2014) of positive monthly year-over-year growth. Sequestration and continued federal budget uncertainty notwithstanding, and despite some uneasiness during the previous summer, the economy and consumer confidence continue positively and retailers are hopeful of continued healthy retail activity.

Prince William County's population is currently estimated at 422,727 (as of June 30, 2014). Population growth has been at a slower pace than in past years, particularly before the economic downturn, when annual increases approached five percent. Nevertheless, the County will continue to expand its population base as the real estate market continues to strengthen. The Metropolitan Washington Council of Governments predicts the County's population will grow by over 217,000 people or an increase of 61 percent between the years 2005 and 2040, while the region in total is expected to grow by only 36 percent. The County continues to be a young, family-oriented community, with approximately one-third of its households married with children. Despite progress in attracting jobs to the County, Prince William continues to export nearly two-thirds (63.8%) of its labor force to jobs outside the County, accounting for the fifteenth longest commute in the United States. According to 2013 Census data, Metropolitan Washington ranked first in the United States for median household income, with 9 of the region's counties in the top 20 nationwide. Prince William County's median household income of \$95,268 is 82 percent above the national median of \$52,250 and 52 percent above the state-wide median of \$62,666. Prince William County had the 12th highest median household income in the United States; six percent higher than the metropolitan Washington D.C. median household income of \$90,149. This ranking further underscores Prince William County's continued status as a community of choice.

Employment in the County, year-over-year, improved in terms of jobs and establishments and remained nearly unchanged in terms of wages. According to the Virginia Employment Commission, there were 8,040 employment establishments reported in Prince William County, an increase of two percent year-over-year and an increase of 13% since 2009. By comparison, Northern Virginia establishments increased by 0.7% in one year and by 6.5% since 2009; statewide, establishments increased by 0.9% in the last year and by 4.3%

since 2009. Establishments in Prince William County account for 11.3% of all establishments in Northern Virginia and 3.4% of all establishments in the Commonwealth.

At-place employment in Prince William County (115,769 in the 1st Quarter 2014) increased by 1.3% year-over-year and by 16.2% since 2009. By comparison, Northern Virginia employment declined by 0.7% in the last year but grew by 3.4% since 2009. Employment in the Commonwealth declined by 0.02% in the last year, but increased by 1.6% since 2009. At-place employment in Prince William County accounted for 10.1% of all jobs in Northern Virginia and 3.2% of all jobs in the Commonwealth.

The average weekly wage in Prince William County (\$862 in the 1st Quarter 2014) increased by 0.1% year-over-year and grew by 7.6% since 2009. At-place average weekly wages in Northern Virginia (\$1,435) grew by 1.7% in the last year and 13.0% since 2009. In Virginia, weekly wages (\$1,050) grew by 2.1% year-over-year and 14.1% since 2009.

The impact of the housing market downturn continues to be felt in those industries related to housing; however, some ground has been regained in terms of at-place employment. Construction employment, for example, declined in Prince William County by over 7,000 jobs (-44.2%) between September 2005 and February 2010. Since that low point, Construction employment has increased by 3,098 jobs (34.6%) as of March 2014. Likewise, jobs in finance and insurance and real estate experienced a net loss of over 800 jobs (-22.2%) since their respective peak months of the real estate boom, but have increased by 438 jobs (14.9%) since that low point. Continued improvement in the local real estate market give hope that employment in these sectors will continue to improve as well. Prince William County's unemployment rate was 4.8 percent in June 2014, well below the statewide rate of 5.4 percent and the national rate of 6.1 percent in June 2014. By comparison, Prince William County's unemployment rate was 5.1 percent in June 2013.

Prince William County's close proximity to the federal government and affiliated contractor industries has largely insulated it from the severity of normal business cycle troughs. While the County is by no means immune from economic downturns, their depth and duration tend to be ameliorated by the fairly constant uptrend in federal spending and procurement. However, the regional economy, given ongoing fiscal austerity at the federal level, may be more challenged than in previous times to outperform the national economy. The County depends heavily on residential housing and consumer spending to maintain its prosperity and levels of local government services. These two sectors were impacted by the recent economic downturn; recent trends point to improving conditions in local consumer and real estate activity.

As Prince William County enters fiscal year 2015, the local economy continues to outperform the national economy but, in light of the importance of the real estate market to the overall health of the local economy, a cautionary note is still in order. During the most recent real estate boom, the dramatic increase in housing values created wealth, which in turn led to dramatic increases in consumer spending. Nowhere was this more apparent than in Northern Virginia and Prince William County, both of which were major recipients of this good fortune. After a rather severe correction in the housing market, current conditions suggest that a market expansion is occurring again, though at a more moderate pace than during the previous housing market boom. In addition, the impact of defense-related drawdowns in the federal budget, as well as the prospect of long-term drawdown of federal resources in general, has yet to be fully ascertained. The impact of the federal government on the regional and local economy cannot be overlooked.

The County's proximity to the nation's capital and its enviable participation in the Northern Virginia economy give it a resiliency to withstand challenges from other sectors. However, major wild-cards, such as the continuing budgetary sequestration within the federal government and economic uncertainties throughout the world are still problematic to the global and national economies, which in turn may well impact Prince William County, by virtue of its position in the regional economy. Expectations and/or hopes going forward are for moderate growth and longer-term prospects providing a more optimistic scenario.

Long-term Financial Planning

The County adopted *Principles of Sound Financial Management* in 1988 and from time to time updates and amends its *Principles* through the Board of County Supervisors, the latest update being December 2012. The *Principles* provide overarching guidance for prudent fiscal management. In 1989, the Board of County Supervisors also codified the *Financial and Program Planning Ordinance*. The purpose of this ordinance was to provide a framework for planning government services, allocating resources to those services, and providing accountability for achievement of budgeted service levels. Following these *Principles* and the *Ordinance* has enhanced the County's image and credibility with the public, investors and credit rating agencies.

Credit ratings are tied strongly not only to the financial management of a local government, but also to the economic climate and to this end, the County continues to be viewed by rating agencies as a key economic engine in the Metropolitan area, and holds a AAA status from all three major credit rating agencies, a measure that only 77 of the roughly 18,000 (or 0.4 percent) local governments throughout the country have achieved. The County's superior bond ratings and outstanding credit affirms its status as a fiscally responsible and sound local government.

A significant factor in the County's AAA bond rating from Fitch Ratings, Aaa bond rating from Moody's Investors Service and AAA bond rating by Standard and Poor's is management's consistency in implementing and adhering to multi-year financial plans. As outlined in the *Financial Planning and Program Ordinance* and the *Principles of Sound Financial Management*, the County is to present to the Board a five-year revenue and expenditure projection during the annual budget process. This projection process helps the Board gauge the multi-year impacts of fiscal decisions and weigh the corresponding implications of tax rates and other revenue sources. A five-year budget plan prepared by the Prince William County Schools is combined with the five-year budget plan prepared by the County to give a total picture of the General Fund requirements. The most recent five-year budget plan was approved by the Board in April 2014 for fiscal year 2015 to fiscal year 2019. Integral to establishment of five-year plans is the *County-School Revenue Sharing Agreement*, which was adopted by the Board of County Supervisors and the County School Board in 1998. The Agreement splits the County's General Revenues, with the exception of recordation taxes that are earmarked for roads, with the School System. The historical split has been 56.75 percent to the School System and 43.25 percent to the County through fiscal 2013. This percentage changed to 57.23 percent to the School System and 42.77 percent to the County for fiscal 2014 to help address the growing needs of the Schools.

The Fiscal Plan implements the Board's policy guidance and works to achieve the community's Vision and Strategic Goals. The Vision set forth in the County's *Strategic Plan* states:

"Prince William County is a community of choice with a strong, diverse economic base, where families and individuals choose to live and work and business choose to locate."

In order to achieve this vision, the Board adopted five strategic goals in its 2013 to 2016 Strategic Plan (adopted in January 2013): Economic Development; Education; Human Services, Public Safety and Transportation. The Fiscal Plan and Five-Year Budget Plan rely on input from the community to build a community of choice as expressed in the Vision and to address each of these important goals.

During the past several years, as Prince William County has addressed the impacts of the Great Recession, focus has been given to a comprehensive analysis of all County government programs and services, and funding the needs of the community through the County's capital and operating budgets. As such, the Board of County Supervisors has had to make tough decisions that were necessary to best position the County for the changing economic future. Throughout the country, local governments are dealing with the reality of a "New Normal" and here in Prince William County our governing body has balanced the needs and desires of the community with their willingness and ability to pay for those services. Decisions made by the Board and

work done by staff to support those decisions have allowed for reinvestment in the County to ensure Prince William remains a community of choice. For the third year in a row, Prince William was named as one of the 100 best communities in the nation for young people and 90% of the County's residents give the County high marks, 91% say their quality of life meets their expectations, 84% say Prince William County government can be trusted to do the right thing; 91 percent believe the County organization is efficient and effective and 86 percent say the value for the tax dollar meets or exceeds their expectations.

Each year, the County prepares a six-year *Capital Improvements Program (CIP)*, which is adopted by the Board and published concurrently with the Adopted Fiscal Plan. The CIP specifies those capital improvements and construction projects, which are scheduled for funding over the next six years, in order to maintain or enhance the County's capital assets and delivery of services. The County's adopted policy documents, including the *Strategic Plan*, the *Comprehensive Plan*, and the *Principles of Sound Financial Management* guide the development of the CIP.

Capital improvement projects over the next six years total almost \$1.4 billion. The major projects address education, transportation, community development and public safety needs, all of which are key areas in the County's *Strategic Plan*, and which combined, account for 98.5 percent of the CIP. The 2015-2020 Capital Improvement Program provides \$24.1 million for the construction of two new libraries; \$28.7 million for various parks and recreation projects, including sport field improvements, trail development and new parks; \$33.4 million for a new fire station to serve mid-County residents and the reconstruction and renovation of three existing fire and rescue stations; \$28.9 million for a new central district police station and a rifle range for the Public Safety Training Center; \$45.6 million for a 204-bed expansion to the Adult Detention Center; and \$223.4 million for numerous road projects. In addition, the CIP includes \$31.8 million for various technology improvements to County systems; \$22.2 million for solid waste projects at the County's landfill; and \$3.2 million for watershed management and dam safety projects. The School System's Capital Program totaling \$949.1 million for 2015 to 2020 is presented to the Board under separate cover and is integrated into the County's CIP.

Relevant Financial Policies

As outlined in the *Principles of Sound Financial Management*, the current expenditures will be funded with current revenues and other resources. The County will not balance the current budget at the expense of meeting future years' expenditures; that is, the County will not accrue future years' revenues or roll over short-term debt to avoid planned retirement, nor shall unassigned General Fund balance be used to finance current operations, except in emergencies.

Major Initiatives

The County's major initiatives are focused on enhancing its strategic goals and maintaining itself as a community of choice. Some of the initiatives of the five Strategic Goals are highlighted as follows:

Economic Development – The Economic Development Strategic Goal calls for the County to provide a robust, diverse economy with more quality jobs and an expanded commercial tax base. The leadership and foresight of Prince William County to support business development to bring quality jobs to the citizens and provide strategies for sustained economic growth has enabled the County to become a strategic and vital component of the Northern Virginia economy, as well as that of the Commonwealth of Virginia. In this regard, the County's Department of Economic Development works diligently with targeted industries to attract new businesses and foster expansion of existing businesses. Since the inclusion of economic development in the strategic goals of County (in the mid-1990s), 424 new and expanding companies have announced their intention to invest more than \$5.4 billion and add approximately 16,100 jobs to the Prince William County economy. Of these announcements, 324 (76%) were targeted industry businesses accounting for \$4.6 billion (85%) of the total investment and 12,181 (75%) of the total jobs.

Recognizing the particular strengths of Prince William County and seizing upon market demands, Prince William County has targeted the life sciences, federal government agencies and contractors, and data center

markets. These efforts have proven successful in generating significant capital investment and job opportunities in Prince William County.

Prince William County remains a focal point of the life sciences industry within Northern Virginia. Anchored by George Mason University's (Mason) Life Sciences Campus, Prince William County has a growing cluster of life science companies sited near the Mason campus. The Prince William Science Accelerator located at Innovation Park is home to the only commercially available wet lab space in Northern Virginia while the recently launched Virginia Simulation and Game Institute, also located at Innovation Park, is the only one of its kind on the east coast and one of only six international affiliates of the Serious Games Institute of Coventry University, England. The Institute is designed to support translational applied research in the areas of Simulation, Modeling and Game Design, rapid prototype development, high-value job creation and economic development.

The ground-breaking research coming from Mason creates community awareness and significant economic development opportunities. To date, 20 life sciences industry announcements have yielded a cumulative total intent to invest \$232 million and add 702 new jobs.

With Prince William County's proximity to Marine Corps Base Quantico, Fort Belvoir, the National Reconnaissance Office (NRO), and Washington DC, along with the addition of the Federal Bureau of Investigation Northern Virginia Resident Agency in the County, the federal government and contractors who support the missions of federal agencies remain a key industry for economic development. Since the mid-1990s, 106 economic development projects involving government contractors or federal agencies have delivered a cumulative announced intent to invest of over \$332 million and to create 3,754 new jobs in the County.

Prince William County's competitive tax structure, affordable power and water supply, and fiber optic availability, make it an ideal location for data center clients seeking a location in the Mid-Atlantic region. Further strengthening Prince William County's position is the availability of large land parcels and minimal natural disaster threats, which allows clients to meet the high security standards that today's data market demands. Currently, there are eleven data center facilities operating in Prince William County. To date, there have been 20 projects involving the construction or expansion of data center facilities in the County. These projects have yielded announcements totally nearly \$3.7 billion in capital investment and 628 new jobs.

Areas of particular interest in Prince William County include: Innovation Park, and the Potomac Communities. These two areas are home to 24 percent of the total investment announcements within the County since 1997.

Innovation Park is anchored by George Mason University's Applied Science and Technology Campus. It is home to a growing life sciences cluster that, in addition to George Mason University, includes American Type Culture Collection (ATCC), Corning Mediatech, Inc., and the Mason/National Institutes of Health (NIH) Biomedical Research Laboratory. Also present is an emerging forensic science/criminal justice cluster that includes: the Federal Bureau of Investigation (FBI) Northern Virginia Resident Agency, the Virginia Department of Forensic Science's Northern Laboratory. Since the mid-1990s, 57 economic development projects have been announced within Innovation Park. Cumulatively, these projects delivered \$720 million of announced capital investment and 2,561 new jobs.

The Potomac Communities includes a number of new office developments that cater to the growing demand to provide companies greater access to the Northern Virginia labor market while maintaining close proximity to Washington, DC and nearby federal facilities – such as Marine Corps Base Quantico, Fort Belvoir and the Pentagon. With infrastructure improvements to local roadways and new commercial office space coming to market, the Potomac Communities provides several opportunities for those looking to locate or expand in

the County. A key growth driver in Prince William County, the Potomac Communities area has seen 58 economic development projects announced since the mid-1990s, carrying a cumulative intent to create 2,168 jobs and invest \$532 million.

Notwithstanding the protracted pace of the national economic recovery, businesses are continuing to navigate their way through decidedly uncertain times as output is expanding, employment is growing and credit channels have opened up once again. Overall economic fundamentals are improving nationwide and Prince William County is no exception. The County continues to see interest, particularly in targeted markets, and there is optimism that as the economy strengthens, Prince William County will see the number of new and expanding businesses grow within the community.

Education – Education is one of the Board’s Strategic Goals. The goal states that the County will provide an educational environment rich in opportunities to increase educational attainment for workforce readiness, post-secondary education and lifelong learning. Over the years, the Board of County Supervisors has demonstrated a strong commitment to quality public schools in Prince William County. The School System’s Five-Year Budget Plan continues to focus resources on the most critical school needs, including accommodating a student membership increase of 10,560 over the next five-year period; salary scale adjustments for employees as funding permits; \$110.6 million in funding for repairs and renewals of older facilities; funding for the debt service on \$571.8 million of construction bonds, start-up costs and operating costs for five new elementary schools, one middle school and two high schools as well as additions and/or expansions at nine current schools and the replacement of two elementary schools.

Prince William County Schools is the second largest of 132 school divisions in Virginia, the fourth largest in the Washington-Metropolitan area, and one of the 40 largest school divisions in the country, operating 92 schools for students in grades pre-kindergarten through twelve. The official September 2014 student membership count for Prince William County Schools is 86,209 students, up 1,154 students, or 1.4 percent from fiscal year 2014 to 2015. To accommodate the growing student population since 2010 eight new schools and thirteen school additions have been constructed, adding 9,805 student seats, and renewals were completed at ten schools.

The School System remains committed to providing a world-class education to its students and is a state leader in producing better student achievement results at a lower taxpayer cost. As testament to the quality of education received by students in Prince William County, all of the County’s schools are accredited under the Commonwealth’s accreditation guidelines, with 86 percent of the schools receiving full accreditation for the 2014-2015 school year, based on performance during the 2013-2014 school year, or a three-year average, far surpassing the statewide average. Prince William County School students met or exceeded the state pass rates on 29 of 34 Virginia Standards of Learning (SOL) Exams administered in 2013-2014 and in all four areas of english, mathematics, reading and science, students exceeded the national average composite score on the ACT exam, continuing a 19-year record for the college-readiness benchmark. In addition, Prince William County School students boosted their combined scores on the Scholastic Aptitude Test (SAT) by 13 points according to the latest report from the College Board with the 2014 combined Prince William County School scores again exceeding the national average. Since 2012, the combined scores on critical reading, mathematics, and writing exams have grown a total of 21 points.

Human Services – The Human Services Strategic Goal calls for services to individuals and families most at risk, through innovative and effective leveraging of state and federal funds and community partnerships. The County continues to see demand for services to help the elderly, the intellectually disabled and mentally ill, those in need of medical services who have no insurance, and those facing difficulty sustaining their families due to economic difficulties. The 2015 Fiscal Plan includes increased support for at-risk youth requiring residential placement, increased staffing for Birmingham Green, the interjurisdictional nursing home for the County’s most vulnerable population and additional Community Services staffing to complement the Virginia settlement with the U.S. Department of Justice requiring community-based services to intellectually disabled residents.

Public Safety – Public Safety has also been one of the County’s Strategic Goals since the *Strategic Plan* was first adopted. This goal calls for the County to maintain safe neighborhoods and business areas and provide prompt responses to emergencies. The CIP for fiscal years 2015-2020 includes funds to design and construct the Bacon Race Fire & Rescue Station, a 15,000 square foot facility that will house a 24-hour medic and 24-hour pumper unit. The facility is scheduled to open in fiscal 2017. Also included are funds to reconstruct Coles and Nokesville Fire & Rescue Stations and renovate the Gainesville Fire & Rescue Station. In addition, funding is provided for the construction of a new Central District Police Station, a 50,000 square foot facility slated to open in fiscal 2017 that will provide more efficient service delivery to the mid-County area and alleviate overcrowding at the other two district stations. Funding is also provided for the public safety records management/EMS system, the E-911 call trunking system, and the public safety voice logging system. During FY 2014, the County replaced the existing security system at the Juvenile Detention Center to support the needs of the maximum security facility. The project is expected to be completed in the first quarter of FY 2015. The FY 2015 operating budget includes a 2.6 percent increase over the FY 2014 budget to include 25 sworn police officers and three civilian positions for the Police Department’s patrol services; Fire and Rescue staffing complement of 11 uniform and two civilian positions for basic life support and tanker staffing; and 7.4 jail officers and two civilian positions to support the existing jail population at the Adult Detention Center.

Transportation – The Transportation Strategic Goal calls for the County to provide a multi-modal transportation network that supports County and regional connectivity. Over the years, the County has worked to develop a transportation system that gets people to jobs, improves safety, reduces congestion, reduces travel time and enhances its economic development efforts. As the population of the region continues to grow, the County must continue to find ways to fund and/or build the needed transportation projects within the community. As such, the County remains one of few localities to significantly fund transportation at the local level. Citizens have supported these efforts by approving bond referenda in 1988, 1990, 1994, 1998, 2002 and 2006 totaling \$556 million.

Prince William County is also a member of the Northern Virginia Transportation Authority (NVTA), an authority created by the General Assembly in 2002. This nine member authority; made up of the counties of Prince William, Arlington, Fairfax, and Loudoun as well as the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park; offers a common voice for Northern Virginia on transportation and other issues that confront the region. The NVTA is tasked with preparing an unconstrained long-range regional transportation plan (the most recent is the TransAction 2040 Plan) for Planning District 8, including transportation improvements of regional significance. As a result of new fees and taxes imposed by HB 2313, legislation passed by the General Assembly in April 2013, the NVTA receives earmarked revenue for projects dedicated to relieving congestion in Northern Virginia and Prince William County is privy to a portion of the revenues and benefits. NVTA transportation funding to Prince William County is split into two categories -- projects with regional congestion relief benefits constitute 70% of the NVTA funds and the remaining 30% of NVTA funds will be transferred directly to the County for urban or secondary road construction, capital improvements that reduce congestion, projects included in TransAction 2040 or its future updates and/or for public transportation purposes.

During fiscal year 2014, additional parking spaces were added to the Telegraph Road Commuter Lot and intersection improvements were made at Caton Hill Road and Telegraph Road; a sidewalk was constructed along Glenkirk Road; Rollins Ford Road was widened to a four-lane divided roadway from Vint Hill Road to the intersection of Song Sparrow Drive and Yellow Drive; Hornbaker Road was widened to a four-lane roadway north of its intersection with University Boulevard to Thomason Barn Road and lane improvements were made to University Boulevard.

The \$223.4 million CIP for fiscal years 2015-2020 aims to further advance the transportation strategic goals by including \$33.2 million for the widening of Minnieville Road from Spriggs to Route 234 (Dumfries Road); \$33.7 million for the widening of Route 1 north to a six-lane roadway from Neabsco Mills Road to Featherstone Road; \$31.7 million and \$33.2 million, respectively, for the widening of Route 28, Phases I and II, from Linton Hall Road to Vint Hill Road and Vint Hill Road to Fitzwater Drive; \$14.5 million for a new 1,250 space commuter parking garage at Potomac Town Center; \$7.8 million to complete the widening of Prince William Parkway from Old Bridge Road to Minnieville Road; and \$4 million for improvements and an

extension to the U.S. Marine Corps Heritage Center Parkway. Funding is also allocated for improvements to Purcell Road, Logmill Road, Fuller Road/Fuller Heights Road, and the Route 1/Route 234 turn lane as well as for the construction of a new sidewalk for Kettle Run Road. \$50 million in 30% local funding from the NVTA is allocated through the CIP for Board approved transportation projects.

Another notable project completed during FY 2014 was the assembly of the World Trade Center Steel Monument, dedicated on September 11, 2013. The monument was erected on the ellipse at the McCoart government complex near the Liberty Memorial using beams from the World Trade Center. The monument consists of four beams total with three beams leaning together at angles that depict the chaos of the fallen towers. A fourth beam stands upright, apart from the others, to testify to the certainty of American resilience.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Prince William County for its *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2013. This was the 33rd consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current *Comprehensive Annual Financial Report* continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Prince William County received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning July 1, 2013. This was the 28th consecutive year that the County has received this prestigious award. In order to receive this award, the governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide and as a communications device.

The County also received for the eighth time the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2013. This award program is designed to encourage local governments to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

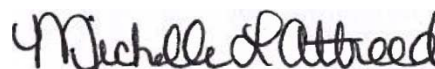
Many professional staff members in the Financial Reporting and Control Division prepared this report. Their hard work, professional dedication and continuing efforts to improve the quality of this report are a direct benefit to all that read and use it. We would also like to acknowledge the cooperation and assistance of the County's departments and agencies throughout the year in the efficient administration of the County's financial operations.

This *Comprehensive Annual Financial Report* reflects the County's commitment to the citizens of Prince William County, the Board of County Supervisors and the financial community to provide information in conformance with the highest standards of financial accountability.

Respectfully,



Melissa S. Peacor
County Executive



Michelle L. Attreed
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Prince William
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Organization of Prince William County Government

Since 1972, the County has operated under the County Executive form of government, as provided in Section 15.2-500 et seq. VA Code Ann. The policy-determining body of the County is an eight-member Board. Residents in each of the County's seven magisterial districts elect one member of the Board to serve a term of four years. The eighth member of the Board is elected at-large by County residents to serve a four-year term as Chairman. The current board members took office in January 2012 and will serve until December 31, 2015. A special election is scheduled to be held on December 23, 2014, to fill a vacancy for the Brentsville magisterial district. The Brentsville Supervisor, W.S. "Wally" Covington III, resigned from his seat on September 19, 2014, in order to accept an appointment by the General Assembly as a Judge in the General District Court of Prince William County.

The Board appoints a County Executive to act as the County government's chief administrative officer. The County Executive serves at the pleasure of the Board, implements its policies, provides organizational leadership for addressing major issues, directs business and administrative procedures, and recommends department heads for appointment by the Board. The Board also appoints a County Attorney to provide legal guidance to the government.

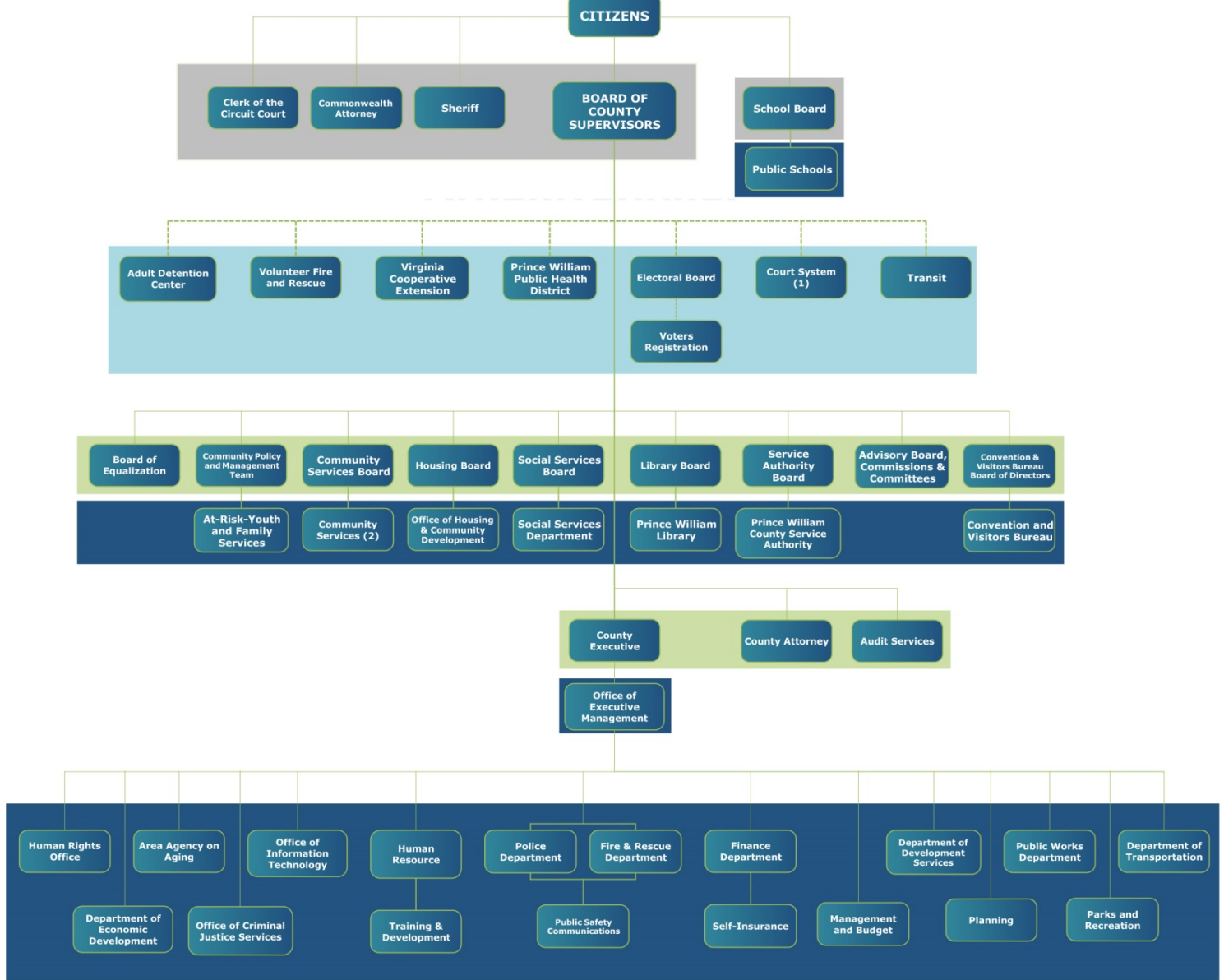
The operation of public schools in the County is vested in an eight-member School Board, the members of which are elected and serve a term of four years. The local share of the cost of operating the public schools in the County is met with an appropriation by the Board from the County's General Fund. Operations of the School Board, however, are independent of the Board and the County administration as prescribed by Virginia law. A Superintendent is appointed by the School Board to administer the operations of the County's public schools.

The Board also appoints the members of several separate boards and authorities to administer the operations of certain services.

Along with the Board, County residents elect three constitutional officers: the Clerk of the Circuit Court for a term of eight years, and the Sheriff and Commonwealth's Attorney each for terms of four years. The Judges of the Circuit Court, the General District Court, and the Juvenile and Domestic Relations District Court are appointed by the Virginia General Assembly. Unlike most other Virginia counties, County residents do not elect a Treasurer and a Commissioner of the Revenue. The Director of Finance, who is appointed by the Board based on a recommendation of the County Executive, carries out the responsibilities of these officers.

The administrative offices of the County are located at the McCoart Administrative Building, One County Complex Court, Prince William, Virginia, 22192. The County's central telephone number is (703) 792-6000. TTY users may call (703) 792-4733 or the Virginia Relay Center at (800) 828-1120. The County's official home page is located at www.pwcv.gov.

Prince William County Organization Chart



Note:

- (1) Circuit Court Judges, General District Court, Juvenile & Domestic Relations Court, Juvenile Court Services, Law Library and Magistrate
- (2) Mental Health, Intellectual Disability and Substance Abuse Services
- (3) Dotted lines are state and local services not directly accountable to the Board of County Supervisors

Legend





Report of Independent Auditor

To the Board of County Supervisors
County of Prince William, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia (the "County"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Prince William County/Manassas Convention and Visitors Bureau (the "CVB"), which represents .01%, .01% and .11%, respectively of the assets, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they related to the amounts included for the CVB, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The financial statements of the CVB were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States or the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

As described in Note 1 Q to the financial statements, effective July 1, 2012, the County adopted the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. Our opinions are not modified with respect to this matter.

As described in Note 1 R to the financial statements, effective July 1, 2013, the County elected to include the Length of Service Award Program Pension Trust as a fiduciary fund in the financial statements. Our opinions are not modified with respect to this matter.

Reclassification

As described in Note 1 P to the financial statements, certain amounts in the 2013 financial statements have been reclassified to conform to the current year presentation. Our opinions are not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, changes in net pension liabilities and related ratios, and schedules of contributions and funding progress on pages 20 through 34 and 128 through 137 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, supplementary information section (which includes combining and individual nonmajor and component unit fund financial statements, nonmajor fund and component unit budgetary comparison schedules, and debt obligation section) and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the County's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cherry Bekant LLP".

Tysons Corner, Virginia
December 19, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

(amounts expressed in millions)

Prince William County's (the County) 2014 fiscal performance continues to demonstrate the successful implementation of its *System for Results Oriented Government*. This report provides accountability to the County's goals and objectives defined with its citizenry and adopted by the Board of County Supervisors. This section of the annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section. All amounts in the discussion and analysis, unless otherwise indicated, are expressed in millions of dollars. Throughout this section of the report, the primary government is referred to as the "County" and the "Total Reporting Entity" is the total of the County and component units. Due to the material relationship between the School Board component unit and the County, the total financial reporting entity information more accurately reflects the financial operations of Prince William County.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of four parts – *Management's Discussion & Analysis (MD&A)*, the *Basic Financial Statements*, other *Required Supplementary Information*, and an optional section that presents combining statements for non-major governmental funds, internal service funds, agency funds, discretely presented component units; budget and actual schedules for the non-major governmental funds; and debt obligation schedules. The basic financial statements include two kinds of statements that present different views of the County:

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

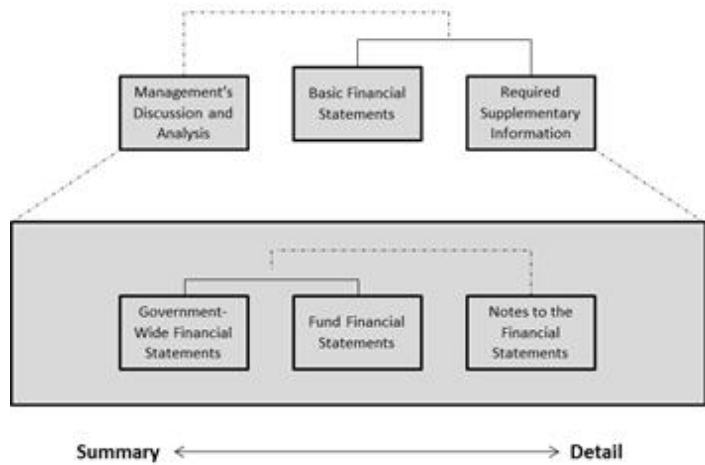
FINANCIAL HIGHLIGHTS

- The total reporting entity, which includes component units, has positive net position of \$1,406 at June 30, 2014, which represents a 5 percent increase of \$67 from the prior year.
- The total cost of the County's programs increased 3 percent to \$1,099 during fiscal year 2014, while the County's total revenues increased by 5 percent, to \$1,107.
- Net position of governmental activities increased 6 percent from the prior year due to revenues exceeding costs by \$3. Program revenues increased by 12%, while general revenues grew by 4 percent; these two factors contributed to overall average revenue growth of 4 percent, while total costs increased 3 percent from the prior year.
- At June 30, 2014, the County has \$834 of debt outstanding related to assets recorded by its component units and other entities. Accordingly, liabilities and deferred inflows of the County's governmental activities at June 30, 2014 exceeded its assets and deferred outflows by \$48 (net position).
- Total net position of the County's business-type activities increased 14 percent to \$42 due primarily to the decrease in expenditures and increase in revenues.
- At the end of the current year, the unassigned fund balance of \$70 in the general fund was maintained at 7.5 percent of total general fund revenues. The unassigned fund balance increased 4 percent from the prior year. The increase is primarily attributed to expenditure savings at the end of the fiscal year.
- General fund revenues were under the budget by \$3; alternatively, expenditure savings of \$18 under the budget helped to provide additional available resources for future years' appropriations.
- As of January 1, 2013 (the assessment date pertinent to real estate taxes supporting fiscal year 2014) the total assessed values of taxable property increased by 8 percent compared to the prior year, with increases in residential values accounting for 81 percent of the total rise in values. This increase was partially offset by a decrease in real estate tax rates from 1.209 to 1.181. Real estate taxes contributed 57 percent of the total revenues for the primary government of the County during fiscal year 2014.

wide statements.

- The *governmental funds* statements reflect how *general government* services, like public safety, 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 Landfill.
- *Fiduciary fund* statements provide information about the financial relationships – like the special welfare, community services board, and federal self-sufficiency payee programs for certain County welfare, mental health services, and federal self-sufficiency program recipients – in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

Figure A-1
Required Components of
Prince William County's Annual Financial Report



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. In addition to these required elements, the financial statements include a section with combining statements that provide details about the County's non-major governmental funds, internal service funds, agency funds and discretely presented component units, each of which are combined and presented in single columns in the basic financial statements. Comparative data from the prior fiscal year is also included on select financial statements.

Figure A-2 summarizes the major features of the County’s financial statements, including the portion of the County government 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 County’s Government-wide and Fund Financial Statements				
Government-Wide		Fund Statements		
Statements		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and the County’s component units	The activities of the County that are not proprietary or fiduciary, such as police, fire, and community development	Activities the County operates similar to private businesses such as, the Landfill, Innovation Technology Park, and Parks & Recreation	Instances in which the County is the trustee or agent for someone else’s resources, such as the retirement plan for County employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • 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 position • Statement of revenues, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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	Accrual accounting and economic resources focus
Type of Deferred outflow and inflow 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	All assets and liabilities, both short-term and long-term; the County’s funds do not currently contain capital assets although they can
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	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 County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets, deferred outflows of resources and liabilities, deferred inflows of resources. 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 County’s *net position* and how they have changed. Net position – the difference between the County’s assets, deferred outflows, liabilities and deferred inflows – is one way to measure the County’s financial health.

Over time, increases or decreases in the County’s net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the County, one needs to consider additional factors, such as changes in the County’s property tax base.

The government-wide financial statements of the County are divided into three categories:

- *Governmental activities*—Most of the County’s basic services are included here, such as the police, fire, public works, transportation, community development, and general government administration. Property and other taxes and state and federal grants are the primary funding source of these activities.
- *Business-type activities*—The County charges fees to customers to help it cover the costs of certain services it provides. The County’s Landfill, Innovation Technology Park, and Parks & Recreation are included here.
- *Component units*—The County includes three other entities in its report—the Prince William County School Board, the Adult Detention Center and the Prince William County/Manassas Convention Visitors Bureau. Although legally separate, these are considered “component units” because the County is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County establishes funds to control and manage money for particular purposes (i.e., Education capital projects fund) or to show that it is properly using certain taxes and grants (i.e., Housing special revenue fund).

The County has three kinds of funds:

- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on:

- (1) How cash and other financial assets 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 a detailed *short-term* view that indicates whether there are more or fewer financial resources that can be spent in the near future to finance the County'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.

- The County's governmental fund balances are categorized into five classifications based upon constraints imposed upon the use of the resources -- non-spendable, restricted, committed, assigned and unassigned.
- *Proprietary funds*—Services for which the County charges customers a fee are generally reported in proprietary funds.
 - The County's *enterprise funds* are the same as its business-type activities, but provide more detail and additional information.
 - The County uses *internal service funds* to report activities that provide supplies and services for the County's other programs and activities—such as the County's Intra-County Services Fund.
- *Fiduciary funds*—The County is the trustee, or *fiduciary*, for its employees' pension plans. It is also responsible for other assets through a trust arrangement that can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the County's government-wide financial statements, because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The total reporting entity net position increased 5 percent to \$1,406 (see Figure A-3). This increase in net position demonstrates the continuing collaborative sound fiscal policies of the County as a whole

Governmental Activities

Net position of the County's governmental activities increased by, 6 percent to (\$48). The County's net position in fiscal year 2013 was (\$51). The County also issues debt to finance capital projects which are donated to other entities. Therefore, while the debt is reflected as an obligation of the primary government of the County, the related assets are recorded by the entities to which the capital projects are donated. These donations are planned as part of the County's capital improvement program to further its education, transportation, public safety, and economic development strategic goals, and thereby increase services and improve the quality of life in Prince William County.

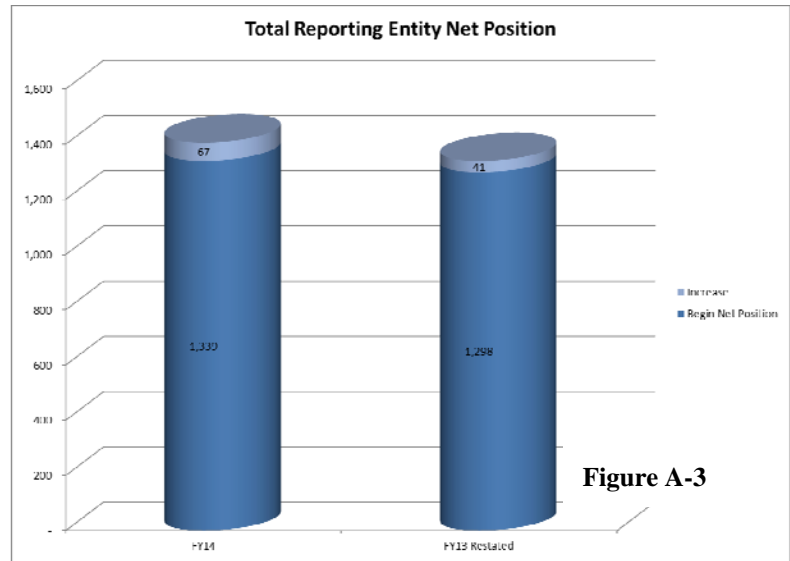


Figure A-3

As of June 30, 2014, the County has \$834 of outstanding debt (compared with \$803 as of June 30, 2013) related to assets donated to other entities as follows:

- \$596, Prince William County School Board;
- \$195, Commonwealth of Virginia;
- \$22, Prince William County Adult Detention Center;
- \$17, Volunteer Fire & Rescue companies (various);
- \$4, Industrial Development Authority;

The most significant activities of this nature for the current fiscal year were the issuance of \$60 of debt for school construction projects and \$46 of principal retirement. All of the debt listed above is used to finance the purchase or construction of assets recorded by other entities and result in a deficit in net position of governmental activities of the County. This deficit is the result of having *long-term* commitments that are greater than currently available resources, and does not mean that the County is lacking the resources available to pay its bills next year or in future years.

Additionally, while revenues of the County's governmental activities increased by 5 percent compared to those of the prior year, expenses increased by 3 percent during fiscal year 2013. The County issued \$66 of debt to support school construction projects. However, during fiscal year 2014, \$60 of such debt was issued. The conveyance of these funds to the Prince William County School Board is recorded as an Education expense, and thus, the decrease in debt issuances in the current year, combined with the modest revenue increases of the general fund were the major factors that resulted in a \$2 decrease in Education expense for the current year.

Business-Type Activities

The net position of the County's business-type activities increased \$5 during the current year, due principally to increased revenues and transfers. The County's Landfill posted positive results of operations of \$7 during the current fiscal year, while Parks & Recreation experienced negative results of operations of \$2 collectively, primarily attributed to golf course services provided.

The \$42 net position of the County's business-type activities will not be used to offset the net position deficit in governmental activities. The County generally uses the positive net position to finance the continuing operations of the Landfill, Innovation Technology Park, and Parks & Recreation.

Table A-1
County Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including Component Units)	
	2014	2013 restated	2014	2013 restated	2014	2013 restated	2014	2013 restated
Current assets and other	\$ 828	\$ 784	27	22	855	806	1,186	1,120
Capital assets	480	468	48	49	528	517	1,776	1,712
Total assets	1,308	1,252	75	71	1,383	1,323	2,962	2,832
Deferred Outflows of Resources	21	25	--	--	21	25	21	25
Other liabilities	224	195	13	17	237	212	377	341
Long-term liabilities	932	925	20	17	952	942	979	969
Total liabilities	1,156	1,120	33	35	1,189	1,154	1,356	1,310
Deferred Inflows of Resources	221	208	--	--	221	208	221	208
Net position:								
Net Investment								
In capital assets	432	406	38	37	470	443	1,121	1,051
Restricted	140	116	--	--	140	116	169	140
Unrestricted	(620)	(573)	4	--	(616)	(573)	116	148
Total net position	\$ (48)	\$ (51)	42	37	(6)	(14)	1,406	1,339

The aforementioned factors contributing to changes in the governmental net position and the business-type net position of the County combined to create an overall increase in net position of the primary government of \$8 between fiscal years 2014 and 2013. The assets and deferred outflow of resources of the primary government are less than the liabilities and deferred inflows of resources by \$6.

The component units (the Prince William County School Board, the Adult Detention Center and the Prince William County/Manassas Convention Visitors Bureau) are a significant portion of the total reporting entity, the assets of which represent over 50 percent of the total reporting entity. Component unit net position increased 4 percent to \$1,412 during 2014, principally resulting from the issuance of debt which was used to increase investments in capital assets. The net position of the primary government of (\$6) combined with the net position of the component units of \$1,412 resulted in total net position for the total reporting entity of \$1,406.

Changes in Net Position

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately. See Figures A-4, A-5 and A-6 for the revenue percentages and net costs for governmental activities.

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)	
	2014	2013 (Restated)	2014	2013 (Restated)	2014	2013 (Restated)	2014	2013 (Restated)
	Revenues:							
Program revenues:								
Charges for services	\$ 49	47	30	28	79	75	102	100
Operating grants and contributions	80	77	--	--	80	77	230	224
Capital grants and contributions	43	30	--	--	43	30	43	30
General revenues:								
Taxes:								
Real property	572	552	--	--	572	552	572	552
Personal property	96	85	--	--	96	85	96	85
Other taxes	116	116	--	--	116	116	116	116
Payment from primary Government	--	--	--	--	--	--	560	557
Grants and contributions not restricted to specific programs	82	82	--	--	82	82	442	436
Unrestricted investment earnings	26	(1)	--	--	26	(1)	29	--
Miscellaneous	12	37	1	1	13	38	21	42
Total revenues	1,076	1,025	31	29	1,107	1,054	2,211	2,142
Expenses:								
General government administration	35	38	--	--	35	38	35	38
Judicial administration	20	20	--	--	20	20	20	20
Public safety	239	234	--	--	239	234	239	234
Public works	92	73	--	--	92	73	92	73
Health and welfare	77	76	--	--	77	76	77	76
Education	461	463	--	--	461	463	461	463
Parks, recreational and cultural	36	34	--	--	36	34	36	34
Community development	59	54	--	--	59	54	59	54
Interest on long-term debt	48	44	--	--	48	43	48	43
Enterprise	--	--	32	35	--	35	32	35
Component Units	--	--	--	--	--	--	1,045	1,031
Total expenses	1,067	1,036	32	35	1,099	1,071	2,144	2,101
Increase (Decrease) in net position before transfers	9	(11)	(1)	(6)	8	(17)	67	41
Transfers	(6)	--	6	--	--	--	--	--
Increase (Decrease) in Net position	3	(11)	5	(6)	8	(17)	67	41
Net position— beginning	(51)	(40)	37	43	(14)	3	1,339	1,298
Net position – ending	\$ (48)	\$ (51)	42	37	(6)	(14)	1,406	1,339

The total reporting entity net position increased by \$68 in fiscal year 2014 as total revenues of \$2,211, 3 percent higher than fiscal year 2013, exceeded total expenses of \$2,144, which were 2 percent higher than expenses of the prior year.

The County's (Primary Government) total revenues increased 5 percent to \$1,107 (see Table A-2). Over 60 percent of the County's revenue comes from ad valorem taxes, nearly 71 percent of every dollar raised comes from some type of tax. Nearly 19 percent of revenues come from local, state and federal aid. Charges for services are 5 percent and the remaining 3 percent is from other sources.

The total cost of all County programs and services, increased by \$28 or 3 percent to \$1,099. The County's expenses cover a range of services, with 64 percent related to public safety and education (see Table A-2). Education and public safety are significant goal areas in the Strategic Plan.

Governmental Activities

Revenues for the County's governmental activities increased 4 percent to \$1,076, while total expenses increased 3 percent to \$1,067, which, after considering the effect of transfers, resulted in a \$3 increase in net position during the current year, compared to an \$11 decrease in the prior year. 73 percent of revenues related to governmental activities are derived from taxes (see Figure A-4). Property tax revenues increased by \$31 or 5 percent, due mainly to an increase in real estate tax revenues from \$552 in fiscal year 2013 to \$572 in fiscal year 2014. A 4 percent increase in the total taxable assessed value of real estate in the County, coupled with a 2 percent decrease in the total direct tax rate helped to push real estate tax revenues slightly higher, and offset a flat level of support received from both the state and federal government; these revenue outcomes mitigated the impact of the rising cost of vital services provided by the County.

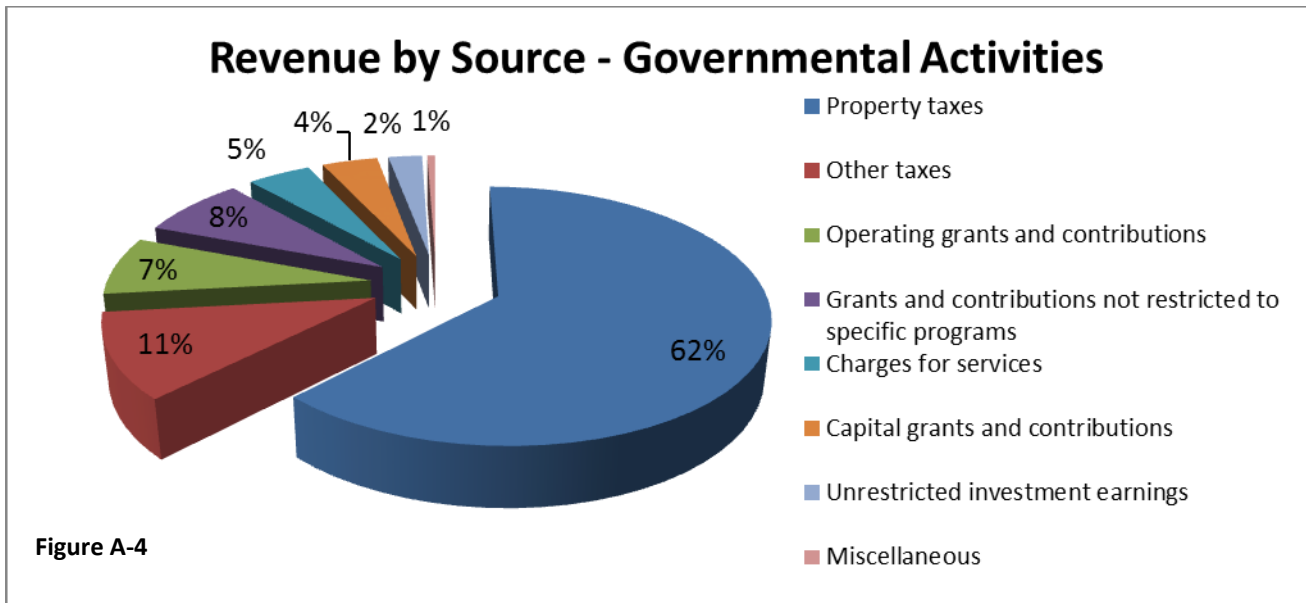


Figure A-4

Property tax revenues, which are largely tied to the performance of the real estate market, experienced encouraging levels of growth during the year (up 5 percent from the prior year) and, local sales tax revenues produced a similar 4 percent increase from \$55 in fiscal year 2013

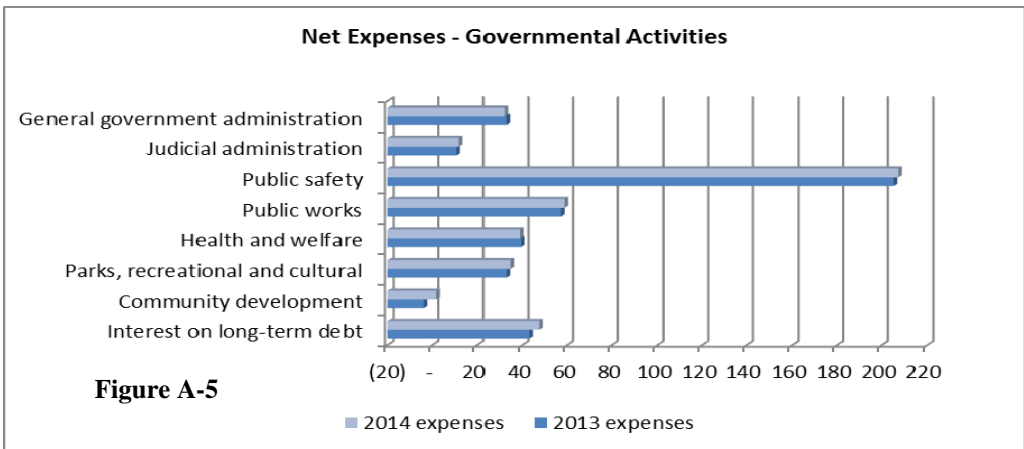


Figure A-5

to \$57 in fiscal year 2014. These outcomes are attributable to a more positive real estate market than the County has experienced over the past few fiscal years, with residential real estate values showing an increase of 15 percent and commercial and industrial values showing an increase of 9 percent. Charges for services increased from \$47 in fiscal year 2013 to \$49 in fiscal year 2014, while operating grants and contributions increased from \$77 in fiscal year 2013 to \$80 in fiscal year 2014. Additionally, investment gains of \$26 were realized in fiscal year 2014 versus losses of \$1 in fiscal year 2013, mostly due to favorable valuation of investment at year end.

Education remains the biggest expense for governmental activities. However, the most substantial increase in expenses for FY 2014 is Public Works primarily due to increased activities in road infrastructure and construction especially on the Route 1 (Neabasco Mills Road to Featherstone Road) project from \$3 in fiscal year 2013 to \$14 in FY 2014. Transportation remains a primary focus of the Board. As highlighted in the Strategic Plan, the County will provide a multi-modal transportation network that supports County and regional connectivity. Public safety and community development expense collectively, increased by \$10, 4 percent higher than fiscal year 2013.

Additionally, other functions and programs experienced moderate changes from prior year levels. The expenses of general government decreased, by 8% due to concerted efforts to trim and refocus the County's budget in response to recent economic difficulties. Parks and Recreation expenses grew 6 percent from the prior year, increasing \$2 as the County continues to attract new business and developments. The interest that the County paid on its long-term debt obligations grew 9 percent from prior year, increasing by \$4.

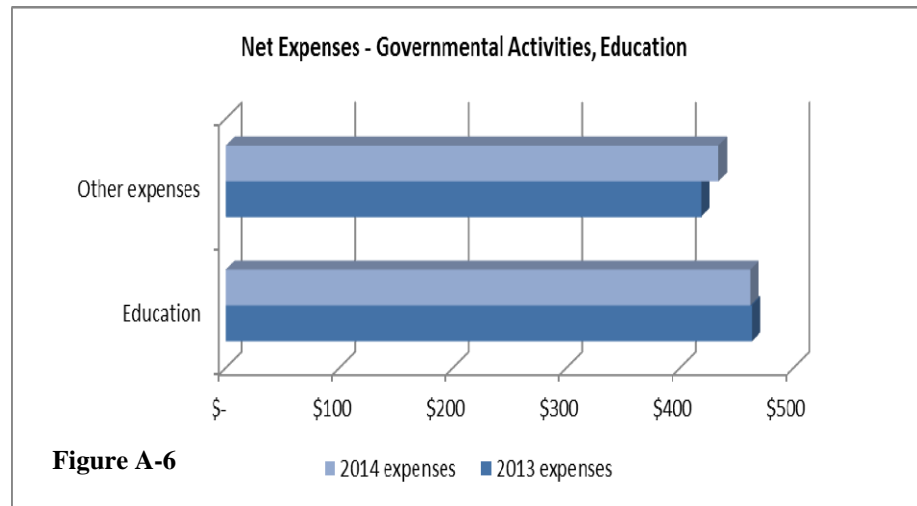


Figure A-6

Figures A-5 and A-6 present the net cost (total cost less fees generated by the activities and intergovernmental aid) of each of the County's nine functions/programs. The net cost reflects the financial burden that was placed on the County's taxpayers by each of these functions. The net costs reflected in community development are minimal primarily as a result of developer donated infrastructure assets. Developer donated infrastructure assets, such as storm water drains and ponds, amounted to \$9 in fiscal year 2014.

The cost of all *governmental* activities this year was \$1,067; however, the amount that our taxpayers paid for these activities through County general revenues was only \$784. Some of the costs were paid by:

- Those who directly benefited from the programs by paying charges for services of \$49;
- Other governments and organizations that subsidized certain programs with grants and contributions of \$123; and
- The \$111 balance of the expenses was partially paid for with other revenues such as developer proffers and unrestricted federal, state, and other local government aid, and investment earnings.

Business-type Activities

Revenues of the County's business-type activities increased from the prior year by 7 percent, while expenses decreased 9 percent to \$32 (refer to Table A-2). Factors contributing to these results include:

- Charges for services of the County Landfill remained relatively the same from the prior year. Parks & Recreation produced \$1 more in charges for services compared to prior year, due to milder weather. A transfer of \$6 from the

General Fund landfill reserve was made to the enterprise fund to provide cash funding for construction of Landfill related projects.

- Expenses of the landfill increased by \$1, or 11 percent from fiscal year 2013 due primarily to an increase in closure costs as the cells at maximum capacity are capped.

Expenses for Parks & Recreation were \$14, primarily attributable to the maintenance of the facilities for services provided to County citizens.

- Net position increased from \$37 to \$42 as a result of total revenues and transfers exceeding total expenses by \$5.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a *combined* fund balance of \$346, an increase of \$1 or 0.3 percent from the prior year. General Fund revenues grew at a rate of 4 percent to \$929, while General Fund expenditures increased by \$28 or 3 percent to \$914, outpacing the growth in revenue. After considering the net effect of transfers in and out of other funds and other transactions, the General Fund balance decreased \$11. The Capital Projects fund balance decreased slightly by \$0.4 during the current year, due a variety of factors. During the fiscal year, the County expended \$60 on Streets & Roads projects, but also received \$24 of support from the State and Federal government. Additionally, the capital projects funds received funds from the general fund, special levy district, and various other capital projects. General fund transfers for streets and roads projects increased in comparison to fiscal year 2013. The Fire and Rescue Levy Special Revenue Fund continues to be a major fund since fiscal year 2013. Fund balance for the Fire and Rescue Levy Fund increased 16 percent. Fund balances for Other Governmental Funds increased 9 percent from the prior year. The increase in the Fire Rescue Levy Fund is mainly due to the increase in property tax revenues, which increased by 6 percent from \$32 in the prior year, to \$34 in fiscal 2014 coupled with a \$5 decrease in expenditures. As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County adopted *Principles of Sound Financial Management* in 1988 and amends its *Principles* through the Board of County Supervisors. Following these *Principles* has enhanced the County's image and credibility with the public, credit rating agencies, and investors. Prior to fiscal year 2010, the fund balance policy was to maintain an unassigned fund balance of not less than five percent of the average of the annual general revenues for the five preceding fiscal years with compliance updates with the Board. Beginning in fiscal year 2010, Policy 1.04 was modified to require an unassigned fund balance of 7.5 percent of the current year's General Fund revenues.

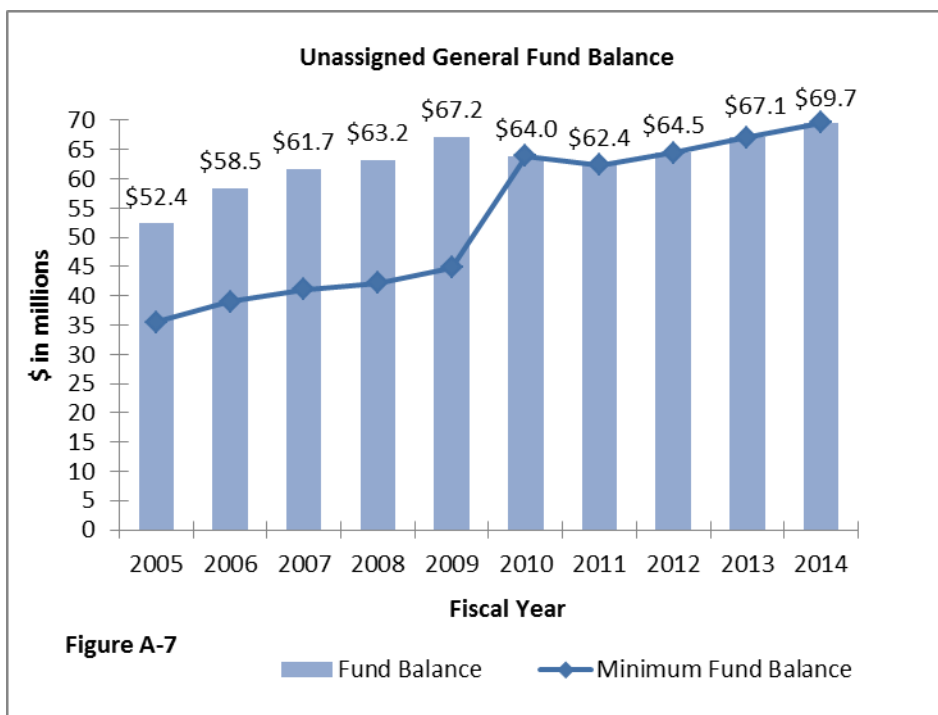


Figure A-7

In fiscal year 2006, management began maintaining an unassigned fund balance of 7.5 percent of the current year's General Fund revenues, although, until fiscal year 2010, no formal modifications to the *Principles* had been made. In December 2012 the Board of County Supervisors resolved to maintain the fiscal year 2012 unassigned General Fund balance at 7.5 percent of General Fund revenues. The purpose of the unassigned fund balance is to provide the County with sufficient working capital and maintain a margin of safety to address emergency

needs or unexpected declines in revenue. The County has done an excellent job in achieving and maintaining its minimum balance policy requirement since establishment, and has consistently achieved at least 7.5 percent balance. Figure A-7 shows the County's unassigned General Fund balance as compared to the policy requirement in effect at the time. Additions to the unassigned fund balance come from a combination of revenues over projections and current year expenditure savings.

Governmental Funds

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

- The County's General Fund balance decreased \$11 or 7 percent despite favorable actual revenues of 4% and actual expenditure increases of 3%. Actual revenues exceeded the final budget primarily due to higher than anticipated property tax revenues, which experienced growth as a result of an 8 percent increase in the taxable assessed value of real estate during fiscal year 2014. However, departmental expenditures increased \$28 or 3% from the prior year primarily in the areas of education and public safety.
- The financial results as detailed in the governmental funds demonstrate the County's accountability to its five strategic goal areas of economic development, public safety, human services, education, and transportation aligned to address the impact of population growth and increased needs of the community.
 - The County increased its investment in public safety during the current year, increasing expenditures by \$8 or 4% from the prior year; public safety expenditures continue to represent approximately 22 percent of total expenditures of governmental funds.
 - Part of the County's transportation goal of alleviating congestion is further defined as one of the initiatives in the Letter of Transmittal. The \$60 spent on the construction of various streets and roads, upon completion, will be transferred to and become assets of the Commonwealth of Virginia.
 - The County's operating support to the School Board increased by \$10 during 2014. This slight uptick was the result of growth in general County revenues, per the Revenue-Sharing Agreement. However, the support for school construction projects decreased from the prior year, as the County issued \$6 less debt during the fiscal year 2014, and therefore, conveyed slightly less funding related to capital projects.
- Bond proceeds of \$60 for fiscal year 2014 were conveyed to the Prince William County School Board through the sale of general obligation bonds to the VPSA and, are budgeted to be spent on part of the costs of constructing additions on various capital school improvement projects including renovations, additions and replacement to 14 elementary schools, three middle schools and two high schools.

Proprietary Funds

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

Unrestricted net position of the Landfill at the end of the year was \$8, while unrestricted net position amounted to \$7 for Innovation Technology Park. Unrestricted net position of the Landfill increased by \$7 from fiscal year 2013 as the County continues to fund future capital needs with cash; while Innovation Technology Park's unrestricted net position stayed the same. The Parks and Recreation enterprise fund ended the fiscal year with an unrestricted net position of (\$12).

General Fund Budgetary Highlights

Over the course of the year, the Board of County Supervisors revised the County budget several times. These budget amendments fall into two categories:

- Amendments to appropriations approved shortly after the beginning of the year to reflect budget carryovers from the prior year.
- Increases in appropriations based on supplemental funding sources.

After these adjustments, budgetary expenditures were \$18 lower than the final budget amounts while budgetary revenues were less than the final budget by \$3. These two factors, combined with the effect of transfers to other funds, resulted in a decrease in the fund balance of the General Fund, on a budgetary basis, of (\$15) during the fiscal year. The most significant revenue variances were related to general property taxes (\$4 lower than final budget), other local taxes (\$1 lower than the final budget) and charges for services (\$3 lower than the final budget). Revenue from the use of money and property was substantially the same as the final budget based on the expected returns on investments, while support from the Commonwealth of Virginia fell short of expectations by \$1.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, the total reporting entity had invested \$1,776 in a broad range of capital assets, including land, buildings, improvements, machinery and equipment, library collections, infrastructure, and construction in progress (see Table A-3). This amount represents a net increase (including additions and deductions) of \$64 or 4 percent, over fiscal year 2013. The County had invested \$528 in capital assets, net of accumulated depreciation, which represented a net increase of \$11 or 2 percent, over fiscal year 2013. More detailed information about the County's capital assets is presented in Note 9 to the financial statements.

	Total Primary Government		Total Reporting Entity	
	2014	2013	2014	2013
Land & Construction in Progress	\$170	170	\$290	\$340
Buildings and other capital assets, net of depreciation	358	347	1,486	1,372
Total	\$528	\$517	\$1,776	\$1,712

Major Capital Asset Additions

This year's major County capital asset additions included the following:

- Over \$2 was spent on the County's capital project related to the Phase II and III liner at the County Landfill during 2014. Completion on Landfill Phase II resulted in an increase of \$4.8 in building and improvement. Additionally, over \$10 on equipment related to the 800 MHZ-Radio Communication system project was installed. The construction in progress balance as of the end of the current fiscal year was \$32 in governmental activities and \$3 in business-type activities.
- The total reporting entity capital assets increased by \$64; \$53 of this increase relates to component units. The growth of the School Board component unit's assets increased \$48 for construction in progress of three new schools and other ongoing major additions and renovations performed at various schools. On the other hand, \$2 of the component unit asset decrease related to the Adult Detention Center due to depreciation.

Long-term Debt and Other Obligations

At year-end the County's governmental activities had total debt and other obligations of \$1,022 of which bonded debt outstanding represented \$751. Of this amount, \$745 comprises debt backed by the full faith and credit of the government. The remainder of the County's bonded debt of \$6 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt and obligations increased to \$1,048 during the current fiscal year. The key components of the current year activities were the issuance of \$60 of debt on behalf of the School Board and principal payments on existing debt totaling \$73 during the fiscal year. More detailed information about the County's long-term debt is presented in Note 11 to the financial statements.

Bond Ratings

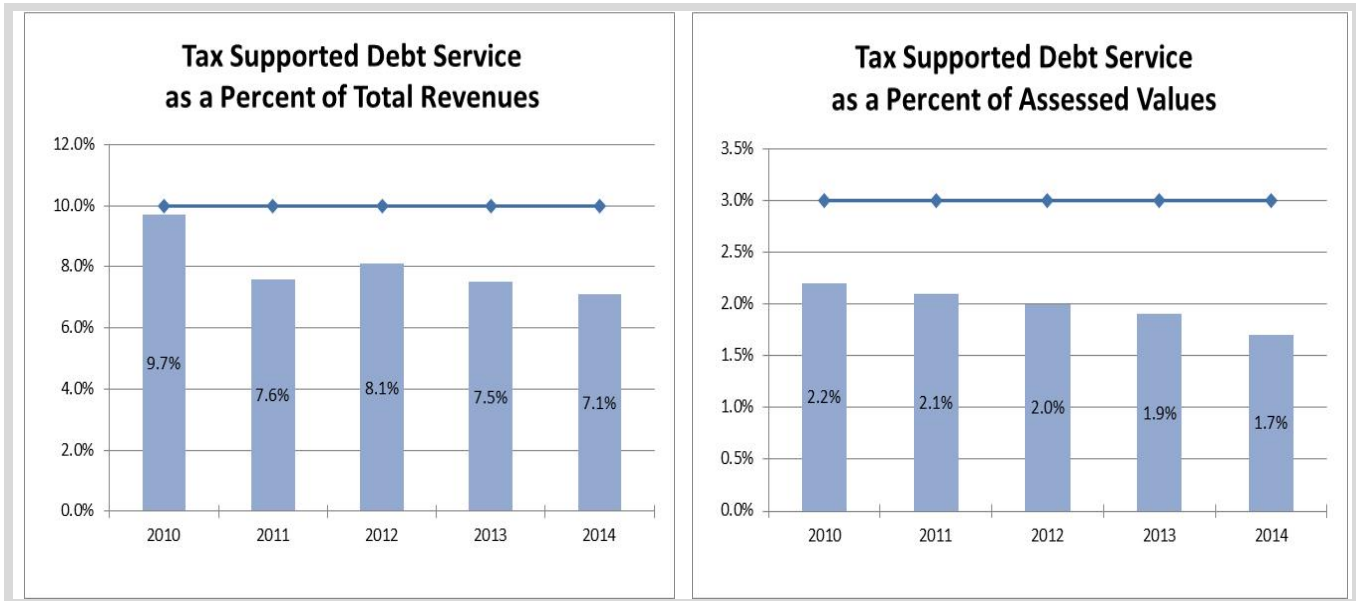
The County maintains ratings of AAA from Fitch Ratings, Aaa from Moody's Investors Service, and AAA from Standard and Poor's. These ratings are the highest ratings awarded to a local government.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013 Restated	2014	2013 Restated	2014	2013 Restated
General obligation bonds	\$ 745	713	--	--	745	713
Revenue bonds	4	5	11	13	15	18
Deferred loss on Refunding	--	--	(1)	(1)	(1)	(1)
State literary fund loans	2	3	--	--	2	3
Total bonded debt	751	721	10	12	761	733
Capital lease obligations	145	159	1	1	146	160
Unpaid losses and related liabilities	17	19	--	--	17	19
Net Pension Obligation	--	5	--	--	--	5
Compensated absences	31	29	1	1	32	30
Surplus distribution payable	5	5	--	--	5	5
Unamortized premiums	73	72	--	--	73	72
Accrued closure liability	--	--	14	12	14	12
Total long-term debt and other obligations	\$1,022	\$1,010	26	26	1,048	1,036

Limitations on Debt

The County has no legal limitations on the amount of debt it can issue. The Board, however, has adopted certain financial policies limiting the amount of tax supported debt outstanding to no more than 3 percent of the assessed value of taxable property; and annual debt service payments to no more than 10 percent of County revenues. As of June 30, 2014, the amount of tax-supported debt outstanding represented 1.7 percent of the total assessed valuation of taxable real and personal property of \$54 billion at January 1, 2013, which is the valuation date to determine fiscal year 2014 revenues. Debt service payments represented 7.5 percent of revenues in compliance with the County's Principles of Sound Financial Management. See Table 14 in the Statistical Section for further explanation of the calculations.

Figure A-8
Change in Tax Supported Debt Outstanding and Tax Supported Debt Service



ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key economic factors affecting the County included the following:

- The Board of County Supervisors has decreased the real estate tax rate 0.33 cents, or 2.79 percent for fiscal year 2015 to \$1.148 dollars per \$100 dollars of assessed value.
- The real estate tax base has increased from \$46.278 billion supporting fiscal year 2013 to \$50.017 billion for fiscal year 2014, which is an 8.1 percent increase.
- The fiscal year 2015 General Fund budget is \$989.8, which is a 2.8 percent increase from fiscal year 2014.
- The ratio of employees per 1,000 residents for the Primary Government of the County has decreased from 8.97 in fiscal year 2004 to 8.73 per 1,000 residents in fiscal year 2013.
- The population in the County has grown at an average annual rate of 3.01 percent over the past decade and the vast majority of those County residents are gainfully employed.
- The Virginia Employment Commission estimated the County's at-place employment (jobs located in the County) to be 116 thousand during the first quarter of 2014.
- Throughout the past decade, the County's unemployment rates have mirrored State and U.S. trends. However, the County's rates have been at consistently lower levels. The County had an unemployment rate of 4.8 percent and a civilian labor force of 235,000 as of June 2014, according to Virginia Employment Commission data, representing slight improvements in both categories. As of June 2013, the County's unemployment rate was 5.1 percent and its civilian labor force stood at 234,000.
- The Census Bureau's 2013 American Community Survey indicates that the County's Median Household Income rose from \$66,000 in 2001 to \$95,000 in 2013.

The aforementioned factors were considered in preparing the County's budget for the 2015 fiscal year. Amounts available for appropriation in the General Fund budget are \$989.8 representing a 2.8 percent increase from the adopted 2014 budget. Real estate tax rates are slightly lower as the Board attempts to balance the impact of changes affecting real estate assessments on its citizens, while still providing the funding required to ensure that the County has the resources necessary to continue to provide vital services to the community. Further details of the County's budget can be found in its Adopted 2015 Fiscal Plan.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Finance Director, 1 County Complex Court, Prince William, Virginia, 22192-9201.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements include all funds, discretely presented component units and notes to provide an overview of the financial position and results of operation for the County as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

COUNTY OF PRINCE WILLIAM, VIRGINIA
Statement of Net Position

Exhibit 1
Page 1 of 2

As of June 30, 2014
With Comparative Totals for June 30, 2013 (restated)
(amounts expressed in thousands)

	Primary Government		Total	
	Governmental Activities	Business-Type Activities	2014	2013 (restated)
ASSETS				
Equity in pooled cash and investments	\$ 674,743	17,030	691,773	673,030
Investments	24,127	-	24,127	22,137
Property taxes receivable, net	4,342	-	4,342	3,977
Investment in direct financing leases	19,255	-	19,255	21,754
Accounts receivable, net	10,045	320	10,365	10,243
Due from other governmental units	26,475	28	26,503	23,873
Internal balances	10,293	(10,293)	-	-
Net OPEB asset	-	-	-	-
Due from component units	4,744	-	4,744	171
Inventory	518	4,010	4,528	4,566
Prepaid items	1,854	90	1,944	818
Deposits	-	-	-	-
Net Pension Asset	8	-	8	8
Note Receivable	-	1,581	1,581	1,600
Restricted assets:				
Temporarily restricted:				
Restricted cash and temporary investments	36,278	13,978	50,256	29,142
Restricted investments	1,250	-	1,250	1,250
Water and sewer availability credit	13,782	-	13,782	13,782
Capital assets:				
Land and construction in progress	142,888	27,273	170,161	169,731
Buildings and other capital assets, net of depreciation	337,084	21,195	358,279	347,298
Total assets	1,307,686	75,212	1,382,898	1,323,380
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	21,315	628	21,943	25,427
Total deferred outflows of resources	21,315	628	21,943	25,427
LIABILITIES				
Accounts payable	24,528	1,557	26,085	23,126
Wages and benefits payable	11,593	425	12,018	10,805
Deposits and escrows	31,603	-	31,603	30,571
Retainages	1,102	64	1,166	573
Accrued interest	16,847	130	16,977	15,451
Due to other governmental units	390	-	390	263
Due to primary government	-	-	-	-
Unearned revenue	46,020	5,803	51,823	36,056
Noncurrent liabilities:				
Due within one year	92,035	5,579	97,614	95,741
Due in more than one year	931,781	20,521	952,302	941,719
Total liabilities	1,155,899	34,079	1,189,978	1,154,305
DEFERRED INFLOWS OF RESOURCES				
Unavailable lease revenue	3,998	-	3,998	4,826
Prepaid taxes	216,843	-	216,843	203,715
Total deferred inflows of resources	220,841	-	220,841	208,541
NET POSITION				
Net Investment in Capital Assets	432,017	37,943	469,960	442,613
Restricted for:				
Capital projects	26,633	-	26,633	14,536
Special levy districts	84,649	-	84,649	73,312
Other purposes				
Development Fee Services	6,954	-	6,954	6,637
Housing	4,700	-	4,700	3,839
Internal Service Fund	2,529	-	2,529	2,783
Debt Service	1,069	-	1,069	1,092
Developer Default Recoveries	200	-	200	196
Water and Sewer Availability Credit- UOSA	13,782	-	13,782	13,782
Education	-	-	-	-
Unrestricted	(620,272)	3,818	(616,454)	(572,829)
Total net position	\$ (47,739)	41,761	(5,978)	(14,039)

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

Component Units		Total Reporting Entity		
2014	2013 (restated)	2014	2013 (restated)	
270,039	250,704	961,812	923,734	ASSETS
-	-	24,127	22,137	Equity in pooled cash and investments
-	-	4,342	3,977	Investments
-	-	19,255	21,754	Property taxes receivable, net
1,403	2,096	11,768	12,339	Investment in direct financing leases
27,492	32,317	53,995	56,190	Accounts receivable, net
-	-	-	-	Due from other governmental units
1,994	-	1,994	-	Internal balances
-	-	4,744	171	Net OPEB asset
3,719	3,667	8,247	8,233	Due from component units
56	2,027	2,000	2,845	Inventory
504	500	504	500	Prepaid items
-	-	8	8	Deposits
-	-	1,581	1,600	Net Pension Asset
				Note Receivable
				Restricted assets:
				Temporarily restricted:
25,958	22,707	76,214	51,849	Restricted cash and temporary investments
-	-	1,250	1,250	Restricted investments
-	-	13,782	13,782	Water and sewer availability credit
				Capital assets:
120,065	170,260	290,226	339,991	Land and construction in progress
1,127,706	1,024,815	1,485,985	1,372,113	Buildings and other capital assets, net of depreciation
1,578,936	1,509,093	2,961,834	2,832,473	Total assets
				DEFERRED OUTFLOWS OF RESOURCES
-	-	21,943	25,427	Deferred loss on refunding
-	-	21,943	25,427	Total deferred outflows of resources
				LIABILITIES
12,911	12,044	38,996	35,170	Accounts payable
86,801	85,011	98,819	95,816	Wages and benefits payable
-	-	31,603	30,571	Deposits and escrows
5,306	3,635	6,472	4,208	Retainages
-	-	16,977	15,451	Accrued interest
189	540	579	803	Due to other governmental units
4,744	171	4,744	171	Due to primary government
9,546	9,428	61,369	45,484	Unearned revenue
				Noncurrent liabilities:
20,056	18,759	117,670	114,500	Due within one year
26,935	26,530	979,237	968,249	Due in more than one year
166,488	156,118	1,356,466	1,310,423	Total liabilities
				DEFERRED INFLOWS OF RESOURCES
-	-	3,998	4,826	Unavailable lease revenue
-	-	216,843	203,715	Prepaid taxes
-	-	220,841	208,541	Total deferred inflows of resources
				NET POSITION
1,247,771	1,195,075	1,121,736 ^A	1,051,232	Net Investment in Capital Assets
				Restricted for:
22,123	19,418	26,633 ^A	14,536	Capital projects
-	-	84,649	73,312	Special levy districts
-	-	6,954	6,637	Other purposes
-	-	4,700	3,839	Development Fee Services
-	-	2,529	2,783	Housing
-	-	1,069	1,092	Internal Service Fund
-	-	200	196	Debt Service
-	-	13,782	13,782	Developer Default Recoveries
28,392	23,673	28,392	23,673	Water and Sewer Availability Credit- UOSA
114,162	114,809	115,826 ^A	147,854	Education
1,412,448	1,352,975	1,406,470	1,338,936	Unrestricted
				Total net position

A The sum of the columns does not equal the Total Reporting Entity column by a difference of \$618,118 because the debt related to the School Board component unit (\$596,438), and the ADC component unit (\$21,680) is reflected in the primary government's general governmental activities column reducing unrestricted column as Net Investment in Capital Assets. The Total Reporting Entity column matches the asset with the debt and reports the net amount in the component unit on the net investment in capital assets. The net investment in capital assets increased by Schools, and ADC unspent bond proceeds of (\$22,123) with a corresponding decrease to the restricted capital projects.

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

Statement of Activities

For the Year Ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013 (restated)

(amounts expressed in thousands)

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Business-Type Activities
Primary Government:						
Governmental activities:						
General government administration	\$ 34,857	571	2,187	-	(32,099)	-
Judicial administration	20,060	4,079	4,048	-	(11,933)	-
Public safety	238,965	13,177	9,096	9,188	(207,504)	-
Public works	91,874	8,237	74	24,699	(58,864)	-
Health and welfare	76,638	1,113	36,579	-	(38,946)	-
Education	461,676	-	-	-	(461,676)	-
Parks, recreational and cultural	36,059	641	622	89	(34,707)	-
Community development	59,129	20,708	27,553	8,976	(1,892)	-
Interest on long-term debt	47,553	-	-	-	(47,553)	-
Total governmental activities	1,066,811	48,526	80,159	42,952	(895,174)	-
Business-type activities:						
Landfill	17,327	18,008	-	20	-	701
Parks and Recreation	14,793	11,783	-	-	-	(3,010)
Innovation Technology Park	75	-	-	-	-	(75)
Total business-type activities	32,195	29,791	-	20	-	(2,384)
Total primary government	\$ 1,099,006	78,317	80,159	42,972	(895,174)	(2,384)
Component Units:						
School Board	\$ 998,911	23,589	138,512	108	-	-
Adult Detention Center	44,629	498	11,053	-	-	-
Convention & Visitors' Bureau	1,188	-	-	-	-	-
Total component units	\$ 1,044,728	24,087	149,565	108	-	-
General revenues:						
Taxes:						
Real property				\$ 571,847	-	-
Personal property				96,013	-	-
Local sales				56,511	-	-
Consumers utility				13,766	-	-
Business, professional and occupational license (BPOL)				23,772	-	-
Recordation				7,879	-	-
Motor vehicle licenses				7,907	-	-
Transient occupancy				3,096	-	-
Short term rental, bank stock, public utility gross receipts				3,226	-	-
Payment from primary government				-	-	-
Grants and contributions not restricted to specific programs:						
Federal revenue				69	-	-
State revenue				74,888	-	-
Local revenue				6,921	-	-
Investment earnings				26,049	307	-
Insurance claims and recoveries				9	-	-
Miscellaneous				12,522	837	-
Transfers				(6,337)	6,337	-
Total general revenues and transfers				898,138	7,481	-
Change in net position				2,964	5,097	-
Net position- beginning of year (as restated)				(50,703)	36,664	-
Net position- end of year				\$ (47,739)	41,761	-

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

and Changes in Net Position						
Government		Component Units		Total Reporting Entity		
Total	2013		2013		2013	
2014	(restated)	2014	(restated)	2014	(restated)	Functions / Programs
(32,099)	(32,950)	-	-	(32,099)	(32,950)	Primary Government:
(11,933)	(10,858)	-	-	(11,933)	(10,858)	Governmental activities:
(207,504)	(205,080)	-	-	(207,504)	(205,080)	General government administration
(58,864)	(57,332)	-	-	(58,864)	(57,332)	Judicial administration
(38,946)	(39,405)	-	-	(38,946)	(39,405)	Public safety
(461,676)	(463,154)	-	-	(461,676)	(463,154)	Public works
(34,707)	(32,976)	-	-	(34,707)	(32,976)	Health and welfare
(1,892)	3,683	-	-	(1,892)	3,683	Education
(47,553)	(44,149)	-	-	(47,553)	(44,149)	Parks, recreational and cultural
						Community development
						Interest on long-term debt
(895,174)	(882,221)	-	-	(895,174)	(882,221)	Total governmental activities
						Business-type activities:
701	1,751	-	-	701	1,751	Landfill
(3,010)	(8,825)	-	-	(3,010)	(8,825)	Parks and Recreation
(75)	(60)	-	-	(75)	(60)	Innovation Technology Park
(2,384)	(7,134)	-	-	(2,384)	(7,134)	Total business-type activities
(897,558)	(889,355)	-	-	(897,558)	(889,355)	Total primary government
						Component Units:
-	-	(836,702)	(822,423)	(836,702)	(822,423)	School Board
-	-	(33,078)	(35,193)	(33,078)	(35,193)	Adult Detention Center
-	-	(1,188)	(1,253)	(1,188)	(1,253)	Convention & Visitors' Bureau
-	-	(870,968)	(858,869)	(870,968)	(858,869)	Total component units
						General revenues:
571,847	551,951	-	-	571,847	551,951	Taxes:
96,013	85,515	-	-	96,013	85,515	Real property
56,511	55,169	-	-	56,511	55,169	Personal property
13,766	13,490	-	-	13,766	13,490	Local sales
23,772	22,913	-	-	23,772	22,913	Consumers utility
7,879	10,277	-	-	7,879	10,277	Business, professional and occupational license (BPOL)
7,907	7,877	-	-	7,907	7,877	Recordation
3,096	3,369	-	-	3,096	3,369	Motor vehicle licenses
3,226	2,973	-	-	3,226	2,973	Transient occupancy
-	-	560,412	556,524	560,412	556,524	Short term rental, bank stock, public utility gross receipts
69	66	2,429	2,803	2,498	2,869	Payment from primary government
74,888	75,265	353,040	347,674	427,928	422,939	Grants and contributions not restricted to specific programs:
6,921	6,454	4,471	3,574	11,392	10,028	Federal revenue
26,356	(1,657)	3,261	1,892	29,617	235	State revenue
9	100	-	-	9	100	Local revenue
13,359	38,346	6,829	3,604	20,188	41,950	Investment earnings
-	-	-	-	-	-	Insurance claims and recoveries
905,619	872,108	930,441	916,071	1,836,060	1,788,179	Miscellaneous
8,061	(17,247)	59,473	57,202	67,534	39,955	Transfers
(14,039)	3,208	1,352,975	1,295,773	1,338,936	1,298,981	Total general revenues and transfers
(5,978)	(14,039)	1,412,448	1,352,975	1,406,470	1,338,936	Change in net position
						Net position- beginning of year (as restated)
						Net position- end of year

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA
GOVERNMENTAL FUNDS**

**Exhibit 3
Page 1 of 2**

Balance Sheet

As of June 30, 2014

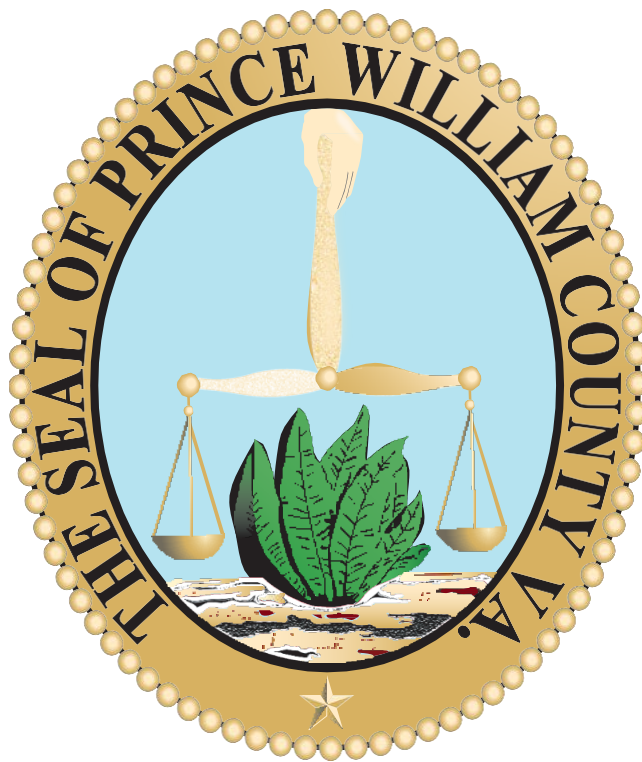
With Comparative Totals for June 30, 2013 (restated)
(amounts expressed in thousands)

	General	Capital Projects		
		Streets and Roads	Other Capital Projects	Education
ASSETS				
Equity in pooled cash and investments	\$ 420,687	24,936	53,111	-
Restricted cash and temporary investments	1,092	26,444	1,292	-
Property taxes receivable, net	4,342	-	-	-
Accounts receivable, net	5,306	759	205	-
Due from other funds	10,293	-	-	-
Due from other governmental units	18,890	7,111	-	-
Investment in direct financing leases	19,255	-	-	-
Inventory	202	-	-	-
Prepaid items	20	229	11	-
Total assets	\$ 480,087	59,479	54,619	-
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 9,599	7,884	2,546	-
Wages and benefits payable	10,970	-	-	-
Deposits and escrows	31,583	-	19	-
Due to other governmental units	189	163	38	-
Retainages	-	832	270	-
Unearned revenue	40,694	-	-	-
Total liabilities	93,035	8,879	2,873	-
DEFERRED INFLOW OF RESOURCES				
Prepaid taxes	216,843	-	-	-
Unavailable taxes	3,193	-	-	-
Unavailable lease revenues	19,255	-	-	-
Total deferred inflows of resources	239,291	-	-	-
FUND BALANCES				
Non-spendable	222	229	11	-
Restricted	3,693	-	-	-
Committed	67,735	50,371	51,735	-
Assigned	6,442	-	-	-
Unassigned	69,669	-	-	-
Total fund balances	147,761	50,600	51,746	-
Total liabilities, deferred inflows of resources and fund balances	\$ 480,087	59,479	54,619	-

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

		<u>Total Governmental Funds</u>		
Fire & Rescue Levy	Other Governmental Funds	2014	2013 (restated)	
78,079	20,913	597,726	580,421	ASSETS
-	-	28,828	16,029	Equity in pooled cash and investments
-	-	4,342	3,977	Restricted cash and temporary investments
336	277	6,883	7,069	Property taxes receivable, net
-	-	10,293	8,336	Accounts receivable, net
-	470	26,471	23,869	Due from other funds
-	-	19,255	21,754	Due from other governmental units
-	-	202	244	Investment in direct financing leases
-	-	260	119	Inventory
-	-	260	119	Prepaid items
<u>78,415</u>	<u>21,660</u>	<u>694,260</u>	<u>661,818</u>	Total assets
				LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE
				LIABILITIES
583	375	20,987	19,349	Accounts payable
-	376	11,346	10,242	Wages and benefits payable
1	-	31,603	30,552	Deposits and escrows
-	-	390	222	Due to other governmental units
-	-	1,102	403	Retainages
-	2,437	43,131	27,482	Unearned revenue
<u>584</u>	<u>3,188</u>	<u>108,559</u>	<u>88,250</u>	Total liabilities
				DEFERRED INFLOW OF RESOURCES
-	-	216,843	203,715	Prepaid taxes
-	-	3,193	2,829	Unavailable taxes
-	-	19,255	21,754	Unavailable lease revenues
<u>-</u>	<u>-</u>	<u>239,291</u>	<u>228,298</u>	Total deferred inflows of resources
				FUND BALANCES
-	-	462	363	Non-spendable
77,831	18,472	99,996	85,889	Restricted
-	-	169,841	183,806	Committed
-	-	6,442	8,137	Assigned
-	-	69,669	67,075	Unassigned
<u>77,831</u>	<u>18,472</u>	<u>346,410</u>	<u>345,270</u>	Total fund balances
<u>78,415</u>	<u>21,660</u>	<u>694,260</u>	<u>661,818</u>	Total liabilities, deferred inflows of resources and fund balances

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



Reconciliation of the Balance Sheet of Government Funds to the Statement of Net Position

As of June 30, 2014

(amounts expressed in thousands)

Fund balances--total governmental funds (Exhibit 3) \$ 346,410

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$34,017, related to Internal Service Fund assets, which is included in Internal Service Fund net position below.) 445,955

Other long-term assets are not available to pay for current-period expenditures:

Deferred inflows of resources - Unavailable taxes	3,193
Deferred inflows of resources - Unavailable lease revenue	15,257
Net pension benefit asset	8

Internal Service Funds are used by management to charge costs of certain activities such as insurance, fleet operations, and data processing to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position. 118,380

Interest on long-term debt is not accrued in governmental funds, but rather, is recognized as an expenditure when due. (16,847)

Sewer and water availability credit is not recognized in the governmental funds, but rather, is recognized as an expenditure when used. 13,782

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (Note 11):

Net pension benefit obligation	1,936
Bonds payable	154,132
School bonds payable	594,188
Literary loans payable	2,250
Capital lease obligations	145,592
Compensated absences (excludes \$1,592 for Internal Service Fund)	29,106
Operating settlement - Schools	(4,744)
Deferred charge on refunding	(21,315)
Premium on bonds issued	72,732
Total long-term liabilities	<u>(973,877)</u>

Net position of governmental activities (Exhibit 1) \$ (47,739)

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013 (restated)
(amounts expressed in thousands)

Exhibit 5
Page 1 of 2

	Capital Projects			
	General	Streets and Roads	Other Capital Projects	Education
REVENUES:				
General property taxes	\$ 629,912	-	-	-
Other local taxes	116,157	-	-	-
Permits, privilege fees and regulatory licenses	2,499	-	-	-
Fines and forfeitures	3,251	-	-	-
From use of money and property	10,465	70	1,728	-
Charges for services	14,740	-	74	-
Intergovernmental revenues:				
Federal	18,243	5,765	-	-
State	118,669	18,418	2	-
Local	6,921	512	2	-
Donations and contributions	-	1,892	5	-
Miscellaneous	8,064	3,122	10	-
Total revenues	<u>928,921</u>	<u>29,779</u>	<u>1,821</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government administration	34,966	-	-	-
Judicial administration	19,190	-	-	-
Public safety	203,773	-	-	-
Public works	30,979	-	-	-
Health and welfare	76,549	-	-	-
Education	395,320	-	3,153	67,776
Parks, recreational and cultural	28,507	-	-	-
Community development	9,687	-	-	-
Debt service:				
Principal retirement	72,872	-	-	-
Interest and other debt costs	42,142	110	16	-
Capital outlays	-	60,125	15,961	-
Total expenditures	<u>913,985</u>	<u>60,235</u>	<u>19,130</u>	<u>67,776</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,936</u>	<u>(30,456)</u>	<u>(17,309)</u>	<u>(67,776)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	27,967	25,167	14,788	-
Transfers out	(54,089)	(8,207)	(15,525)	-
Bonds, notes and capital leases	-	25,048	3,587	59,990
Proceeds from refundings	-	-	-	-
Premium on sale of bonds	-	2,207	316	7,786
Premium on refundings	-	-	-	-
Payments to escrow agent	-	-	-	-
Insurance claims and recoveries	9	-	-	-
Sale of surplus property	212	-	4	-
Total other financing sources (uses)	<u>(25,901)</u>	<u>44,215</u>	<u>3,170</u>	<u>67,776</u>
Net change in fund balances	<u>(10,965)</u>	<u>13,759</u>	<u>(14,139)</u>	<u>-</u>
FUND BALANCE, beginning of year (as restated)	<u>158,726</u>	<u>36,841</u>	<u>65,885</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 147,761</u>	<u>50,600</u>	<u>51,746</u>	<u>-</u>

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

		<u>Total Governmental Funds</u>		
Fire & Rescue Levy	Other Governmental Funds	2014	2013 (restated)	
33,529	4,056	667,497	636,789	REVENUES:
-	-	116,157	116,068	General property taxes
-	14,890	17,389	16,354	Other local taxes
-	1	3,252	3,260	Permits, privilege fees and regulatory licenses
1,839	332	14,434	(6,422)	Fines and forfeitures
-	13,072	27,886	27,240	From use of money and property
-	27,370	51,378	49,644	Charges for services
-	22	137,111	118,507	Intergovernmental revenues:
-	-	7,435	6,884	Federal
-	-	1,897	20	State
140	256	11,592	27,284	Local
35,508	59,999	1,056,028	995,628	Donations and contributions
				Miscellaneous
				Total revenues
				EXPENDITURES:
				Current:
-	-	34,966	36,788	General government administration
-	-	19,190	18,388	Judicial administration
17,533	11,186	232,492	228,430	Public safety
-	462	31,441	30,522	Public works
-	-	76,549	75,066	Health and welfare
-	-	466,249	463,652	Education
-	-	28,507	26,550	Parks, recreational and cultural
-	43,498	53,185	48,555	Community development
97	-	72,969	69,858	Debt service:
278	-	42,546	42,330	Principal retirement
-	-	76,086	53,426	Interest and other debt costs
17,908	55,146	1,134,180	1,093,565	Capital outlays
				Total expenditures
17,600	4,853	(78,152)	(97,937)	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES):
762	4,594	73,278	58,513	Transfers in
(8,052)	(7,907)	(93,780)	(62,825)	Transfers out
-	-	88,625	65,675	Bonds, notes and capital leases
-	-	-	46,180	Proceeds from refundings
-	-	10,309	12,301	Premium on sale of bonds
-	-	-	9,048	Premium on refundings
-	-	-	(54,689)	Payments to escrow agent
-	-	9	100	Insurance claims and recoveries
628	7	851	252	Sale of surplus property
(6,662)	(3,306)	79,292	74,555	Total other financing sources (uses)
10,938	1,547	1,140	(23,382)	Net change in fund balances
66,893	16,925	345,270	368,652	FUND BALANCE, beginning of year (as restated)
77,831	18,472	346,410	345,270	FUND BALANCE, end of year

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2014

(amounts expressed in thousands)

Net change in fund balances--total governmental funds (Exhibit 5) \$ 1,140

Amounts reported for governmental activities in the statement of activities (Exhibit 2) 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	18,503	
Add receipt of donated land and infrastructure assets	8,976	
Add donated equipment for Parks, Recreational & Cultural	89	
Subtract depreciation (excludes \$2,167 related to Internal Service Fund assets included in Internal Service Fund net position below)	<u>(19,151)</u>	8,417

In the statement of activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold. (1,826)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Add revenue recognized for the water and sewer availability credit received, but not used		(1)
Add amortized premium		9,709
Add current year's deferred inflows of resources related to financing activities and uncollectible tax billings(Note 4)	18,450	
Subtract prior year's deferred inflows of resources related to financing activities and uncollectible tax billings	<u>(19,757)</u>	(1,307)
Add current year's net pension benefit asset	8	
Subtract prior year's net pension benefit asset	<u>(8)</u>	-

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position (Note 11).

Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Add debt principal repayment	72,969	
Subtract debt proceeds	(88,625)	
Subtract premium on debt	<u>(10,309)</u>	(25,965)

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:

Amortized bond refunding loss		(3,434)
Subtract prior year operating settlement - School Board	(171)	
Add current year operating settlement - School Board	<u>4,744</u>	4,573
Add prior year's compensated absences liability (excludes \$1,284 for Internal Service Fund)	28,192	
Subtract current year's compensated absences liability (excludes \$1,592 for Internal Service Fund)	<u>(29,106)</u>	(914)
Add prior year's net pension benefit accrual	-	
Subtract current year's net pension benefit accrued	<u>(1,936)</u>	(1,936)
Add prior year's accrued interest liability	15,321	
Subtract current year's accrued interest liability	<u>(16,847)</u>	(1,526)

Internal service funds are used by management to charge the costs of of certain services to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities:

Add internal service funds' change in net position	<u>16,034</u>
--	---------------

Change in net position of governmental activities (Exhibit 2) \$ 2,964

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

Statement of Fund Net Position

As of June 30, 2014

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 13,532	3,498	-	17,030	77,017
Restricted cash and temporary investments	13,580	-	398	13,978	7,450
Investments	-	-	-	-	24,127
Accounts receivable, net	154	9	157	320	3,162
Due from other governmental units	28	-	-	28	4
Inventory	11	3,922	77	4,010	316
Prepays	-	-	90	90	1,594
Total current assets	27,305	7,429	722	35,456	113,670
Non-current assets:					
Restricted investments	-	-	-	-	1,250
Note receivable	1,581	-	-	1,581	-
Capital assets:					
Land and construction in progress	20,438	1,084	5,751	27,273	17,640
Buildings and other capital assets, net of depreciation	11,459	-	9,736	21,195	16,377
Total non-current assets	33,478	1,084	15,487	50,049	35,267
Total assets	60,783	8,513	16,209	85,505	148,937
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	-	-	628	628	-
Total deferred outflows of resources	-	-	628	628	-
LIABILITIES					
Current liabilities:					
Accounts payable	982	-	575	1,557	3,541
Wages and benefits payable	77	-	348	425	247
Retainages	64	-	-	64	-
Accrued interest	31	-	99	130	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	5,876
Due to other funds	1,206	-	9,087	10,293	-
Unearned revenue	4,593	-	1,210	5,803	2,889
Current portion of surplus distribution payable	-	-	-	-	565
Current portion of bonds payable	-	-	581	581	-
Current accrued closure liability	4,650	-	-	4,650	-
Current other long term liabilities	-	-	301	301	-
Compensated absences	23	-	24	47	85
Total current liabilities	11,626	-	12,225	23,851	13,203
Non-current liabilities:					
Accrued closure liability	8,817	-	-	8,817	-
Unpaid losses, related liabilities and IBNR	-	-	-	-	11,430
Surplus distribution payable	-	-	-	-	4,417
Bonds payable, net of current portion	-	-	10,572	10,572	-
Other long term liabilities	-	-	295	295	-
Compensated absences	403	-	434	837	1,507
Total non-current liabilities	9,220	-	11,301	20,521	17,354
Total liabilities	20,846	-	23,526	44,372	30,557
NET POSITION					
Net investment in capital assets	31,897	1,084	4,962	37,943	34,017
Restricted for self-insurance funds	-	-	-	-	2,529
Unrestricted	8,040	7,429	(11,651)	3,818	81,834
Total net position	\$ 39,937	8,513	(6,689)	41,761	118,380

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

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2014

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
OPERATING REVENUES:					
Charges for services	\$ 18,008	-	11,783	29,791	78,258
Intergovernmental revenues:					
State	20	-	-	20	-
Miscellaneous	792	-	45	837	2,961
Total operating revenues	18,820	-	11,828	30,648	81,219
OPERATING EXPENSES:					
Personal services	4,392	-	7,327	11,719	13,101
Contractual services	3,225	38	4,170	7,433	12,745
Materials/supplies	3,021	-	1,683	4,704	8,993
Depreciation	2,897	-	1,075	3,972	2,167
Closure expense	3,775	-	-	3,775	-
Other	34	37	23	94	999
Claims and premiums	-	-	-	-	35,358
OPEB cost	-	-	-	-	6,640
Losses and loss adjustment expenses	-	-	-	-	260
Total operating expenses	17,344	75	14,278	31,697	80,263
Operating income/(loss)	1,476	(75)	(2,450)	(1,049)	956
NON-OPERATING REVENUES/(EXPENSES):					
Interest income	456	73	(222)	307	1,906
Interest and other debt costs	-	-	(516)	(516)	(47)
Premium on bond refunding	-	-	1	1	-
Gain on sale of capital assets	17	-	-	17	21
Declaration of surplus distribution	-	-	-	-	(967)
Total non-operating revenues/(expenses)	473	73	(737)	(191)	913
Income/(loss) before transfers	1,949	(2)	(3,187)	(1,240)	1,869
TRANSFERS:					
Transfers in:					
General fund	6,801	35	1,253	8,089	15,186
Special revenue funds	-	-	-	-	136
Fire and Rescue Levy funds	-	-	-	-	90
Transfers out:					
General fund	(1,752)	-	-	(1,752)	(1,116)
Special revenue funds	-	-	-	-	(131)
Total transfers	5,049	35	1,253	6,337	14,165
Change in net position	6,998	33	(1,934)	5,097	16,034
NET POSITION, beginning of the year	32,939	8,480	(4,755)	36,664	102,346
NET POSITION, end of the year	\$ 39,937	8,513	(6,689)	41,761	118,380

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

Statement of Cash Flows

For the Year Ended June 30, 2014

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Landfill	Innovation Technology Park	Parks & Recreation	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 18,906	1	11,714	30,621	62,866
Cash received from employees	-	-	-	-	14,958
Cash received from other entities	(8)	-	-	(8)	2,674
Payments for claims and premiums	-	-	-	-	(50,596)
Payments to suppliers for goods and services	(10,089)	(77)	(3,615)	(13,781)	(20,670)
Payments to employees for services	(4,378)	-	(7,265)	(11,643)	(12,703)
Payments of closure expenses	1,176	-	-	1,176	-
Net cash provided (used) by operating activities	5,607	(76)	834	6,365	(3,471)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Surplus distributions paid	-	-	-	-	(19)
Proceeds from notes receivable	19	-	-	19	-
Transfers in	6,801	35	1,253	8,089	15,412
Transfers out	(1,752)	-	-	(1,752)	(1,247)
Net cash provided (used) by non-capital financing activities	5,068	35	1,253	6,356	14,146
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(1,766)	-	(612)	(2,378)	(7,950)
Proceeds from the sale of capital assets	(614)	-	-	(614)	21
Principal paid on bonds, leases, and other debt	(1,590)	-	(799)	(2,389)	-
Interest paid on bonds, leases, and other debt	-	-	(516)	(516)	(47)
Net cash provided (used) by capital and related financing activities	(3,970)	-	(1,927)	(5,897)	(7,976)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from maturities of investments	-	-	-	-	4,000
Purchases of investments	-	-	-	-	(5,794)
Interest and dividends received on investments	482	73	(222)	333	1,691
Net cash provided (used) by investing activities	482	73	(222)	333	(103)
Net increase (decrease) in cash and cash equivalents	7,187	32	(62)	7,157	2,596
CASH AND CASH EQUIVALENTS, beginning of year	19,925	3,466	460	23,851	81,871
CASH AND CASH EQUIVALENTS, end of year	\$ 27,112	3,498	398	31,008	84,467
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income/(loss)	\$ 1,476	(75)	(2,450)	(1,049)	956
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:					
Depreciation	2,897	-	1,075	3,972	2,167
Change in assets, deferred outflow of resources and liabilities:					
(Increase) decrease in:					
Accounts receivable, net of accrued interest	34	1	(39)	(4)	(230)
Due from other governmental units	(28)	-	1,932	1,904	-
Due from other funds	-	-	-	-	(55)
Inventory	1	-	30	31	(35)
Prepaid items	-	-	135	135	(1,120)
Increase (decrease) in:					
Accounts payable and accrued liabilities, net of accrued interest	126	(2)	208	332	1,269
Retainages	(106)	-	-	(106)	-
Unpaid losses and related expenses	-	-	-	-	(6,526)
Accrued closure liability	1,176	-	-	1,176	-
Due to other governmental units	(41)	-	-	(41)	-
Unearned revenue	72	-	(57)	15	103
Total adjustments	4,131	(1)	3,284	7,414	(6,594)
Net cash provided (used) by operating activities	\$ 5,607	(76)	834	6,365	(3,471)

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
FIDUCIARY FUNDS
Statement of Fiduciary Net Position
As of June 30, 2014
(amounts expressed in thousands)

Exhibit 10

	Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Other Post-Employment Benefits (OPEB) Master Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS					
Equity in pooled cash and investments	\$ -	-	-	788	710
Restricted cash	259	-	2	-	-
Restricted Investments	-	-	-	-	-
Accounts receivable, net					
Employer	-	-	-	-	-
Innovation Owners Association	-	-	1,800	65	-
Interest and dividends	-	-	-	2	-
Total accounts receivables	-	-	1,800	67	-
Restricted Investments					
Money market mutual funds	913	-	1,174	-	-
Tactical asset allocation funds	3,340	-	-	-	-
Equity mutual funds	15,797	-	40,530	-	-
Real assets	1,592	-	-	-	-
Bond mutual funds	11,243	-	10,008	-	-
Life insurance annuity	-	12,836	-	-	-
Local Governmental Investment Pool	-	-	856	-	-
Municipal bonds	-	-	1,699	-	-
Corporate bonds	-	-	1,671	-	-
Total investments	32,885	12,836	55,938	-	-
Prepaid items	-	-	-	47	-
Total assets	33,144	12,836	57,740	902	710
LIABILITIES					
Accounts payable	-	-	2,850	5	-
Deposits and escrows	-	-	-	-	710
Total liabilities	-	-	2,850	5	710
NET POSITION					
Restricted for pension benefits	33,144	12,836	-	-	-
Held in trust for OPEB benefits	-	-	54,890	-	-
Held in trust for other purposes	-	-	-	897	-
Total net position	\$ 33,144	12,836	54,890	897	-

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
 FIDUCIARY FUNDS

Exhibit 11

Statement of Changes in Fiduciary Net Position
 For the Year Ended June 30, 2014
 (amounts expressed in thousands)

	Supplemental Pension Plan Trust Fund	Length of Service Award Program (LoSAP) Trust Fund	Other Post- Employment Benefits (OPEB) Master Trust Fund	Private Purpose Trust Funds
ADDITIONS				
Contributions:				
Member	\$ 1,007	-	-	81
Employer	1,007	2,115	15,570	-
Total contributions	2,014	2,115	15,570	81
Donations	-	-	-	92
Charges for services	-	-	-	2
Investment income:				
Interest and dividends	747	358	1,247	16
Net appreciation in fair value of investments	3,744	-	4,334	-
Total investment income	4,491	358	5,581	16
Less investment expense	53	4	118	-
Net investment income	4,438	354	5,463	16
Total additions	6,452	2,469	21,033	191
DEDUCTIONS				
Pension/post-employment benefit payments	1,810	320	2,836	-
Refund of members' contributions	95	18	-	-
Administrative expenses	109	61	1	139
Total deductions	2,014	399	2,837	139
Change in net position	4,438	2,070	18,196	52
NET POSITION, beginning of year (as restated)	28,706	10,766	36,694	845
NET POSITION, end of year	\$ 33,144	12,836	54,890	897

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

COMPONENT UNITS

Combining Statement of Net Position

As of June 30, 2014

With Comparative Totals for June 30, 2013

(amounts expressed in thousands)

	School Board	Adult Detention Center	Convention & Visitors Bureau	Totals	
				2014	2013
ASSETS					
Equity in pooled cash and investments	\$ 259,857	10,054	128	270,039	250,704
Accounts receivable, net	1,373	29	1	1,403	2,096
Due from other governmental units	26,043	1,449	-	27,492	32,317
Inventory	3,719	-	-	3,719	3,667
Prepays	-	-	56	56	2,027
Net OPEB asset	1,994	-	-	1,994	-
Deposits	500	-	4	504	500
Restricted assets:					
Restricted cash and temporary investments	25,958	-	-	25,958	22,707
Capital assets:					
Land and construction in progress	120,034	31	-	120,065	170,260
Buildings and other capital assets, net of depreciation	1,059,865	67,803	38	1,127,706	1,024,815
Total assets	1,499,343	79,366	227	1,578,936	1,509,093
LIABILITIES					
Accounts payable	12,621	249	41	12,911	12,044
Wages and benefits payable	86,292	509	-	86,801	85,011
Retainages	5,306	-	-	5,306	3,635
Due to other governmental units	189	-	-	189	540
Due to primary government	4,744	-	-	4,744	171
Unearned revenue	9,546	-	-	9,546	9,428
Noncurrent liabilities:					
Due within one year	19,908	148	-	20,056	18,759
Due in more than one year	23,947	2,988	-	26,935	26,530
Total liabilities	162,553	3,894	41	166,488	156,118
NET POSITION					
Net investment in capital assets	1,179,899	67,834	38	1,247,771	1,195,075
Restricted for:					
Capital projects	22,123	-	-	22,123	19,418
Other purposes	28,392	-	-	28,392	23,673
Unrestricted	106,376	7,638	148	114,162	114,809
Total net position	\$ 1,336,790	75,472	186	1,412,448	1,352,975

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



Combining Statement of Activities

For the Year Ended June 30, 2014

With Comparative Totals for June 30, 2013

(amounts expressed in thousands)

Functions / Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board
School Board					
Instruction	\$ 660,538	3,185	115,163	108	(542,082)
Support Services	337,782	19,929	23,349	-	(294,504)
School Age Child Care	591	475	-	-	(116)
Adult Detention Center	44,629	498	11,053	-	-
Convention & Visitors Bureau	1,188	-	-	-	-
Total component units	\$ 1,044,728	24,087	149,565	108	(836,702)

General revenues:

Payment from primary government	\$ 535,335
Federal revenue	2,429
State revenue	353,040
Local revenue	-
Investment earnings	3,136
Miscellaneous	6,745
Total general revenues	<u>900,684</u>
Change in net position	63,982
Net position - beginning of year	<u>1,272,808</u>
Net position - end of year	<u>\$ 1,336,790</u>

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

Revenue and Changes in Net Position

		<u>Totals</u>		
Adult Detention Center	Convention & Visitors Bureau	2014	2013	<u>Functions / Programs</u>
				School Board
-	-	(542,082)	(536,084)	Instruction
-	-	(294,504)	(286,170)	Support Services
-	-	(116)	(169)	School Age Child Care
(33,078)	-	(33,078)	(35,193)	Adult Detention Center
-	(1,188)	(1,188)	(1,253)	Convention & Visitors Bureau
(33,078)	(1,188)	(870,968)	(858,869)	Total component units
				General revenues:
23,962	1,115	560,412	556,524	Payment from primary government
-	-	2,429	2,803	Federal revenue
-	-	353,040	347,674	State revenue
4,384	87	4,471	3,574	Local revenue
121	4	3,261	1,892	Investment earnings
77	7	6,829	3,604	Miscellaneous
28,544	1,213	930,441	916,071	Total general revenues
(4,534)	25	59,473	57,202	Change in net position
80,006	161	1,352,975	1,295,773	Net position - beginning of year
75,472	186	1,412,448	1,352,975	Net position - end of year

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(amounts expressed in thousands, except percentages, ratios and years)

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Prince William, Virginia (the County) 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. 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 County are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2014.

A. Principles Used to Determine the Reporting Entity

The County is organized under the County Executive form of government, as provided for by Commonwealth of Virginia (the Commonwealth) law. Under this form of government, the policies concerning the financial and business affairs of the County are determined by the Board of County Supervisors (the Board). The Board is composed of eight elected members who serve four-year terms. The Board appoints a County Executive who is the government's chief administrative officer and executes the Board's policies and programs. The accompanying financial statements include the County's primary government and component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial benefit/burden relationships with the County (as distinct from legal relationships).

Due to restrictions of the State Constitution relating to the issuance of municipal debt, the County created public trusts to finance County services with revenue bonds or other non-general obligation financing. Financing services provided by these public trusts are solely for the benefit of the County. Public trusts created to provide financing services are blended into the County's primary government although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely.

Illustration 1-1 illustrates potential component units and the reporting method in the County's Comprehensive Annual Financial Report (CAFR).

Illustration 1-1 Potential Component Units			
Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Prince William Parkway District	Exercise the powers and duties enumerated in the <i>Code of Virginia</i> related to the transportation improvement district.	Financial benefit/burden relationship exists; Two Boards are relatively the same.	Component Unit Blended in the Special Revenue Funds
Route 234 Bypass District	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Set the appropriate tax rate to fund improvements within the district and act on transportation matters within the district.	Financial benefit/burden relationship exists; Two Boards are relatively the same.	Component Unit Blended in the Special Revenue Funds
Self-Insurance Group Casualty Pool	Authorized by the <i>Code of Virginia</i> and licensed by the State Corporation Commission. Make available a long-term, stable source of cost-effective casualty insurance protection for participating members.	Majority of Board is appointed by County; Financial benefit/burden relationship exists.	Component Unit Blended in the Internal Service Funds
Self-Insurance Group Workers' Compensation Association	Authorized by the <i>Code of Virginia</i> and licensed by the State Corporation Commission. Make available a long-term, stable source of cost-effective workers' compensation insurance protection for participating members.	Majority of Board is appointed by County; Financial benefit/burden relationship exists.	Component Unit Blended in the Internal Service Funds

Illustration 1-1 (cont'd)
Potential Component Units

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Adult Detention Center (ADC)	Authorized by the <i>Code of Virginia</i> . Establish policy for operation of regional adult detention center, providing care and confinement for all Counties and adjoining city prisoners.	Majority of Board is appointed by County; County is able to impose its will; financial benefit/burden relationship exists.	Discretely Presented Component Unit
Prince William County/Manassas Convention & Visitors Bureau, Inc. (CVB)	Established by Board resolution. Promote and market the County and Manassas area as a tourism destination for the benefit of the tourism industry and the citizens of the County and the City of Manassas.	Majority of the Board is appointed by the County; financial benefit/burden relationship exists.	Discretely Presented Component Unit
School Board	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Make policies governing school division.	Board is separately elected; Fiscal dependency exists – School Board cannot issue bonded debt; Two Boards are not the same; School Board provides educational services to the County.	Discretely Presented Component Unit
District Home Board	Agreement between the five northern Virginia jurisdictions (Prince William County, Fairfax County, Loudoun County, Fauquier County and City of Alexandria) pursuant to the <i>Code of Virginia</i> . Establishes policy for operations of two district homes.	None	Jointly Governed Organization
Northern Virginia Health Center Commission	Board resolution created a commission for the operation of a nursing home pursuant to the <i>Code of Virginia</i> . Develops and establishes policies for the operation of a nursing home. Service agreement between five northern Virginia jurisdictions (Prince William County, Fairfax County, Loudoun County, Fauquier County and City of Alexandria).	None	Jointly Governed Organization
Northern Virginia Special Education Regional Program	Agreement between the public schools of Prince William County, Manassas City and Manassas Park to foster cooperation in the development and delivery of special education programs and other appropriate educational services.	None	Jointly Governed Organization
Upper Occoquan Sewage Authority (UOSA) (Note 18)	Authorized by the <i>Code of Virginia</i> and established by interjurisdictional agreement. Acquire, finance, construct and maintain facilities for abatement of pollution resulting from sewage in Occoquan watershed above its confluence with Bull Run.	None	Jointly Governed Organization; Note Disclosure
Governor's School @Innovation Park	Agreement between the public schools of Prince William County, Manassas City and Manassas Park to deliver an advanced and intensive program in science, technology, engineering, and mathematics (STEM) for selected high school juniors and seniors.	None	Jointly Governed Organization

Illustration 1-1 (cont'd)
Potential Component Units

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Peumansend Creek Regional Jail Authority (Note 10)	Governmental entity formed to construct and operate a regional correctional facility on property conveyed by U.S. Department of the Army pursuant to Public Law 102-25 and 102-484.	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure
Potomac & Rappahannock Transportation Commission (PRTC) (Note 10)	Consider and make recommendation and oversight regarding activities pertaining to jurisdictional transportation issues.	No ongoing financial interest; Ongoing financial responsibility exists; No explicit and measurable equity interest is deemed to exist.	Joint Venture; Note Disclosure
Industrial Development Authority (IDA) (Note 18)	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Promote industry and develop trade by inducing business to locate or remain in State and County.	None	Related Organization; Note Disclosure
Service Authority (Note 18)	Authorized by the <i>Code of Virginia</i> and established by Board resolution. Provide water and sewer utilities to County residents.	None	Related Organization; Note Disclosure
Northern Virginia Criminal Justice Training Academy (NV CJTA) (Note 18)	Established by Board resolution. Construct an Emergency Vehicle Operations Center in which the County has a 30% interest.	None	Related Organization; Note Disclosure

The Prince William Self-Insurance Group Workers' Compensation Association (the Association) and the Prince William Self-Insurance Group Casualty Pool (the Pool), blended component units of the County, issue separately audited financial statements. Copies of these financial statements may be obtained by writing to the Prince William County Finance Department, Office of Risk Management, 4379 Ridgewood Center Drive, Prince William, Virginia 22192.

The Adult Detention Center, a discretely presented component unit of the County, does not prepare separately audited financial statements.

The School Board, a discretely presented component unit of the county, issues separately audited financial statements. Copies of these financial statements may be obtained by writing to the School Board's Finance Division, P.O. Box 389, Manassas, Virginia 20118.

The Prince William/Manassas Convention & Visitors Bureau, Inc., a discretely presented component unit of the county, issues separately audited financial statements. Copies of these financial statements may be obtained by writing to the Prince William/Manassas Convention & Visitors Bureau, Inc., 10611 Balls Ford Road, Suite 110 Manassas, VA 20109.

Effective July 1, 2012, the Park Authority component unit was dissolved and merged with the County as a new Department of Parks & Recreation (DPR). Activities of DPR are integrated with the primary government.

All accounts of the County and its component units are reported as of and for the year ended June 30, 2014.

B. Basis of Presentation

The basic financial statements include both government-wide financial statements, which are based on the County as a whole, and fund financial statements, which are based on major individual funds.

Government-wide Financial Statements

The government-wide financial statements (statement of net position 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 County 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 taxes and intergovernmental revenues, 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 County's discretely presented component units.

In the government-wide statement of net position, 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 enterprise funds are included in the government-wide statement of net position.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category (public safety, public works, etc.) or business-type activity (landfill, etc.) 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 or applicants 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 meet the operational or capital requirements of a particular functional category or business-type activity. Taxes 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 County's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

The financial transactions of the County are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses. Emphasis 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 County has elected to present additional funds as major due to the specific community focus. The non-major funds in each category are combined in a column in the fund financial statements and detailed in the combining and individual fund statements and schedules section.

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 which GAAP has prescribed as the most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid financial resources, and (c) demonstrate how the County's actual experience conforms to the budget fiscal plan. As the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliations are presented which briefly explain the adjustments necessary to reconcile the governmental fund financial statements to the government-wide financial statements.

The County's internal service funds (which typically provide services to other funds of the government) are presented in a consolidated column in the proprietary fund financial statements. Since the principal users of these services are the County's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities column in the government-wide financial statements. To the extent possible, the costs of these services are reflected in the appropriate functional category.

The County's enterprise funds, presented in the proprietary fund financial statements, are presented using the economic resources measurement focus and the accrual basis of accounting. The County's enterprise funds use the services of the internal service funds. Since internal service funds are combined with governmental funds to produce the government-wide statements, reconciliations are presented which briefly explain the adjustments necessary to generate the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Landfill Fund, the Innovation Technology Park Fund and the internal service funds are charges to customers for sales and services. Operating expenses of the enterprise funds and internal service funds include the costs of providing services, such as personnel, contracting and supplies, as well as depreciation. Additionally, landfill closure costs are included in operating expenses of the Landfill Fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County's fiduciary funds are presented in the fund financial statements by type (supplemental pension trust fund, length of service award pension trust, other post-employment benefits master trust fund, private purpose trust funds, and agency funds). Since by definition, the assets of these funds are held for the benefit of a third party (pension participants, other post-employment benefit participants, private parties, etc.) and cannot be used to satisfy obligations of the County, these funds are not incorporated into the government-wide financial statements.

The following major funds are used by the County:

Governmental Funds:

The focus of governmental fund measurement in the fund financial statements is based on 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 County:

- General Fund – The General Fund accounts for numerous primary services of the County (Police, Fire, Public Works, Community Development, Debt Service, etc.) and is the primary operating unit of the County. It accounts for all financial resources of the general government, except those required to be accounted for by another fund.
- Streets and Roads Capital Projects Fund – The Streets and Roads Capital Projects Fund is used to account for the resources and expenditures related to the construction of sidewalks and roads within the County.
- Other Capital Projects Fund – The Other Capital Projects Fund is used to account for the resources and expenditures related to construction projects such as libraries and parks, facilities to be used by police, detention and fire and rescue agencies, and storm water management ponds and channels.
- Education Capital Projects Funds – The Education Capital Projects Fund is used to account for the resources obtained exclusively for the construction of school buildings and other school projects (proceeds from bonds). Such resources are immediately provided to the School Board Component Unit to support the construction of such assets.
- Fire & Rescue Levy Special Revenue Fund – The Fire & Rescue Levy Special Revenue fund is used to account for fire and rescue services. Revenues are principally derived from a tax levy and interest earnings. Expenditures consist of the cost of delivering fire and rescue services.

Proprietary Funds:

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

- Landfill Fund – The Prince William County Landfill provides refuse disposal services.
- Innovation Technology Park Fund – Innovation Technology Park provides land for economic development purposes.
- Parks & Recreation Fund – The Prince William County Department of Parks & Recreation provides recreation services to County residents.

In addition to the major funds discussed above, the County reports on the following fund types:

- Internal service funds – The County operates a construction crew, a data processing center, and a vehicle maintenance facility. In addition, the County operates four self-insurance funds – three for risk management services that provide insurance for workers' compensation, general liability, and other insurance needs of the County, and the Adult Detention Center, and one that provides health insurance for eligible participating County employees. The effect of inter-fund activity has been eliminated from the government-wide financial statements. The excess revenues or expenses for the fund are allocated to the appropriate functional activity. The internal service funds are included in governmental activities column for government-wide reporting purposes. Inter-fund services that are provided and used are not eliminated in the process of consolidation.

Fiduciary Funds:

Fiduciary funds are used to account for assets held by the government acting as a trustee or agent for entities external to the governmental unit. Trust funds and agency funds are the two types of fiduciary funds. The measurement focus for trust fiduciary funds is economic resources and the basis of accounting for agency fiduciary funds is cash basis, reporting resources held in a custodial capacity.

- Supplemental Pension Plan trust fund – The County accounts for a defined benefit trust to provide supplemental retirement benefits to uniformed police officers and fire fighters.
- LOSAP trust fund – The County accounts for a length of service award program that provides benefits for certified volunteer fire department and rescue squad members.
- Other Post-Employment Benefits (OPEB) master trust fund – The County uses this fund to account for post-employment benefits other than pensions for eligible employees of the County and to account for post-employment benefits that provide death, disability, and healthcare benefits for public safety employees and volunteer fire department and rescue squad members.
- Private purpose trust funds – The County accounts for the operations of a business and industrial park owners’ association, Historic Preservation Foundation and library donations.
- Agency funds – The County accounts for receipts and disbursements of monies for certain County welfare, mental health service, and federal self-sufficiency program recipients.

C. Basis of Accounting

The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied. The government-wide financial statements, the proprietary fund financial statements, the fiduciary fund financial statements, and the component unit 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 County considers the availability period for all significant revenue sources to be 60 days after the end of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes due, but not collected within 60 days after year-end, are reflected as deferred inflows of resources. Derived tax revenues such as sales and utility taxes that are collected by the Commonwealth or utility companies, and subsequently remitted to the County, are recognized as revenues and receivables when the underlying exchange transaction occurs, which is generally two months preceding receipt by the County. Licenses, permits and fines are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. 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 general obligation long-term debt is recognized when due.

D. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year. Budgets for all governmental funds of the Primary Government and Discretely Presented Component Units of the County are adopted by the Board annually on a non-GAAP basis which excludes the effects of fair value adjustments to the carrying amounts of investments required by GASB Statement No. 31. Reconciliations between the non-GAAP basis amounts presented for budgetary comparisons and the GAAP basis amounts presented elsewhere in the CAFR are shown on the face of the budgetary comparison schedules (Schedules 1, 2, 6, 7, 8 and 9).

Project length financial plans are adopted for all capital projects funds. In late February, the County Executive submits to the Board, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

The Board holds work sessions to review the proposed budget and conducts two public hearings to obtain taxpayer comments. The budget is legally adopted by the Board within the timelines stipulated by the *Code of Virginia*.

The Board appropriates the budget on an annual basis. During the year, several supplemental appropriations are necessary. The Board adopts resolutions for supplemental appropriations that increase or decrease the adopted budget. Departmental expenditures may not exceed Board approved appropriations, which lapse at the end of the year.

The Board appropriates available balances from one fiscal year to the next resulting from projected surplus revenues and budget savings generated during the year through departmental spending control efforts. The Board also authorizes the Director of Finance to administratively reduce the amount of available balances approved should the actual funds to support the appropriation be insufficient after completion of the County's year end closing cycle.

The budget is controlled at certain legal as well as administrative levels. The *Code of Virginia (1950)*, as amended (*Code of Virginia*) requires the County to annually adopt a balanced budget. The Board's Annual Adopted Budget Resolution places legal restrictions on expenditures at the department level (i.e., the level at which expenditures may not legally exceed appropriations). Management approves budget transfers of any amount between major expenditure categories within departments and in certain limited cases these are reviewed by the Board. Budget transfers of twenty thousand dollars or more between departments are approved by the Board. The Board approves resolutions for supplemental appropriations that increase or decrease (amend) the original budget. Only the Board can amend the budget. All budgets and appropriations lapse at the end of each fiscal year.

Annual transfers out are appropriated in the General and Special Revenue Funds and for the component units of the County. Expenditures in all governmental funds of the County were within authorized budget limitations.

Where required, the governmental fund financial statements provide budgetary comparison schedules that demonstrate compliance at the legal level of budgetary control.

E. Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other mandatory commitments for the expenditure of monies to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all governmental funds. Encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balance, depending on the source of funding and/or the specific constraints on the funds encumbered, since they do not constitute expenditures or liabilities. Encumbrances are normally re-appropriated each year by Board resolution. For more detail information, see Note 12.

F. Cash and Investments

For purposes of the statement of cash flows, all cash on hand, deposits and highly liquid investments with original maturities of three months or less, as well as the County's cash management pool, are grouped into equity in pooled cash and investments. These pooled cash and investments, as well as restricted cash and temporary investments are considered to be cash and cash equivalents.

The County maintains a single cash and investment pool for use by all funds and component units, except for the Supplemental Retirement System Pension Trust Fund, certain enterprise and internal service funds, the School Board Student Activity Fund, and the Community Services Board Payee Accounts. Each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average daily cash balances. A "zero balance account" mechanism provides for daily sweeps of deposits made to the County's checking accounts, resulting in an instantaneous transfer to the investment account. Hence, the majority of the County's funds are invested at all times.

Bond proceeds are maintained to comply with the provisions of the Tax Reform Act of 1986 or as required by various bond indentures.

Investments are carried at fair value based on quoted market prices. Interest earnings are allocated monthly to the respective funds based on the percentage of each fund's average daily balance of cash investments in the total pool.

G. Inventories and Prepaid items

Inventory is valued at cost for all governmental funds and at lower of cost or market for all other funds using the first-in, first-out method. Inventory in the General and certain Enterprise and Internal service funds consists of expendable supplies held for consumption and land held for resale. The cost is recorded as expenditure at the time individual inventory items are consumed. Reported inventories for governmental funds are offset equally by a non-spendable fund balance which indicates they do not constitute available expendable resources, even though they are a component of assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government wide and fund financial statements. Items are expensed in the period they are used.

H. Due from Other Funds, Component Units and Governmental Units

Noncurrent portions of long-term inter-fund loans receivable (reported in due from asset accounts) and amounts due from other governments are equally offset by a committed fund balance account which indicates that they do not constitute available expendable resources and therefore are not available for appropriation.

I. 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 noncurrent liabilities in the government-wide statement of net position. Proprietary fund types accrue vacation and sick leave benefits in the period they are earned.

J. Self-Insurance and Health Insurance Long-Term Liabilities

The County, and the Adult Detention Center component unit participate in the Prince William Self-Insurance Group Casualty Pool and Workers' Compensation Association, which provide casualty insurance and workers' compensation protection for the members. Under GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the Pool and the Association are classified as "entities other than pools" because the County and its component units are the only participants. The County provides three self-insured health insurance program options to its employees. Estimated liability for claims payable includes estimates of losses on claims reported and actuarial determinations of claims incurred but not reported.

K. 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 County's capitalization threshold has been met. Capital assets acquired by proprietary funds are recorded as assets in both the government-wide financial statements and in the proprietary fund financial statements to the extent the County's capitalization threshold has been met. The County capitalizes assets (non-software) costing at least five thousand dollars and having an estimated useful life longer than one year. The County capitalizes software costing at least one hundred thousand dollars and having an estimated useful life longer than one year. The School Board and the Prince William/Manassas Convention & Visitors Bureau, Inc. component units' capitalization thresholds differ from the County's. Details of their capitalization thresholds are discussed in their separately issued financial statements.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at fair market value as of the date of donation.

Maintenance, repairs, and minor renovations, are charged to operations when incurred. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost and related accumulated depreciation is eliminated from the respective accounts, and any resulting gain or loss is included in the determination of change in net position for the period.

In accordance with GASB Statement No. 34 and GASB Statement No. 51, the County's infrastructure and commercial "off-the-shelf" software have been capitalized retroactively to 1980. Of the \$196 million in infrastructure capitalized at June 30, 2014, approximately \$147 million was valued using actual historical cost records; approximately \$49 million was estimated using current replacement cost for a similar asset and deflating this cost through the use of price indices to the acquisition year. \$35 million of intangible software capitalized at June 30, 2014 was valued using project costing models. The County does not capitalize streets and roads as these are transferred to and become property of the Commonwealth of Virginia upon completion.

Capital assets of the primary government and the Adult Detention Center component unit are depreciated using the straight-line method over the estimated useful lives of purchased, donated and leased assets as follows:

Public domain (infrastructure)	40-50 years
Buildings	20-40 years
Improvements to sites	2-50 years
Equipment	2-20 years
Vehicles	3-10 years
Intangible assets	5-15 years

Depreciation on the County's solid waste landfill liner system is calculated based on the percentage of the landfill liner's capacity used each year.

Details of the School Board and Prince William County/Manassas Convention & Visitors Bureau, Inc. component units' depreciation methods and estimated useful lives are discussed in their separately issued financial statements.

Impaired capital assets that are no longer used are reported at the lower of carrying value or fair value. An asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life of the capital asset.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. In addition to liabilities, the Statement of Net Position and fund Balance sheets will sometimes report a separate section for deferred inflows of resources. Deferred inflows represent an acquisition of net position by the County that is applicable to a future reporting period.

M. Fund Equity

Nonspendable fund balances represent amounts that cannot be spent because they are not in spendable form. Restricted fund balances represent those portions of fund equity appropriable for expenditure or legally segregated for a specific future use. Committed and Assigned fund balances represent the County's managerial plans for future use of financial resources. Unassigned fund balance is the residual classification for the General Fund. For more detail information, see Note 12.

Policy 1.04 of the County's *Principles of Sound Financial Management* requires an unassigned fund balance of 7.5% of the current year's General Fund revenues.

N. Leases

For capital leases in the governmental fund types, acquisition costs are recorded as expenditures with an offsetting entry to other financing sources.

O. Deferred Gain (Loss) on Debt Refundings

Losses resulting from advance or current refundings of debt in government-wide and proprietary statements 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 an unamortized gain (loss) on refunding and is amortized and reported as a component of interest expense.

P. Comparative Information

The financial statements for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Certain amounts in the prior year data have been restated in order to be consistent with the current year's presentation. The financial statements include certain prior-year summarized comparative information in total but not by type of activity or fund-type. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.

For comparative purposes June 30, 2013 and June 30, 2014, the liabilities were reclassified for fiscal year ended June 30, 2013. The following schedules show the reclassification between accounts payable and wages and benefits payable for Governmental fund Balance Sheet and Government-wide Statement of Net Position. Net pension/OPEB obligations has been reclassified for June 30, 2013 Government-wide Statement of Net Position to Noncurrent liabilities – due in more than one year. These reclassifications were made to better reflect the true nature of the transactions.

Illustration 1-2 Summary of Reclassified Balances – Balance Sheet Governmental Funds				
Governmental Funds - General Fund		Balances, as previously reported, June 30, 2013	Reclassification	Balances, as reclassified, June 30, 2013
Liabilities:				
Accounts payable	\$	21,854	(2,505)	19,349
Wages and benefits payable	\$	7,737	2,505	10,242

Illustration 1-3 Summary of Restated Balances – Statement of Net Position Total Primary Government				
Primary Government		Balances, as previously reported, June 30, 2013	Reclassification	Balances, as reclassified, June 30, 2013
Liabilities:				
Accounts payable	\$	25,631	(2,505)	23,126
Wages and benefits payable	\$	8,300	2,505	10,805
Net pension/OPEB obligations	\$	4,613	(4,613)	-
Non-Current Liabilities-Due in more than one year	\$	963,636	4,613	968,249

For comparative purposes June 30, 2013 and June 30, 2014, the interest expenditure has been reclassified from public safety expenditure for fiscal year ended June 30, 2013. The following schedules show the reclassification between public safety and interest expenditure for Schedule of Budgetary Revenues, Expenditures and Changes in Budgetary Fund Balance – Budget and Actual for the Fire and Rescue Levy, Governmental Statement of Revenues, Expenditures and Changes in Fund Balances and Government-wide Statement of Activities. This reclassification was made to better reflect the true nature of the transactions.

Illustration 1-4 Summary of Reclassified Balances – Schedule of Budgetary Revenues, Expenditures and Changes in Budgetary Fund Balance Budget and Actual				
Fire and Rescue Levy		Balances, as previously reported, June 30, 2013	Reclassification	Balances, as reclassified, June 30, 2013
Expenditures:				
Public Safety	\$	22,812	(339)	22,473
Interest on long term debt	\$	21	339	360

Illustration 1-5
Summary of Restated Balances – Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds	Balances, as previously reported, June 30, 2013	Reclassification	Balances, as reclassified, June 30, 2013
Expenditures:			
Public Safety	\$ 228,769	(339)	228,430
Interest and other debt costs	\$ 41,991	339	42,330

Illustration 1-6
Summary of Reclassified Balances – Statement of Activities

Primary Government	Balances, as previously reported, June 30, 2013	Reclassification	Balances, as reclassified, June 30, 2013
Expenditures:			
Public Safety	\$ (205,419)	(339)	(205,080)
Interest and other debt costs	\$ (43,810)	339	(44,149)

Q. Change in Presentation Due to GASB Pronouncement Adoptions

Per Governmental Accounting Standards Board Pronouncement 65 (GASB 65), period costs for bond issuance costs and underwriting costs (deferred financing costs) are to be expensed as incurred instead of amortizing over the life of the debt. This resulted in reducing the beginning net position balance for the Total Government Statement of Net Position and Statement of Activities by the amount of the unamortized balance of deferred financing costs for the years ending June 30, 2012 and June 30, 2013.

In addition, GASB 65 identifies items to be reported as deferred outflows or resources and deferred inflows of resources. Under GASB 65, deferred losses or gains on debt refunding that were previously netted against bonds and notes payable are now shown on the Statement of Net Position as deferred inflows of resources (loss on debt refunding) or deferred outflow of resources (gain on debt refunding). Other reclassifications that affect the County are certain items previously reported as unavailable revenue or unearned revenue. For the Governmental Fund, prepaid taxes, taxes not received within sixty days of the year end and lease revenue are reported as deferred inflows of resources since they are either not available to fund current year expenditures, or not available for use until a future year. Since Government-wide Statement of Net Position are presented on the full accrual basis of accounting, items that are classified as deferred inflows of resources or deferred outflow of resources for Governmental Fund purposes could be reclassified as assets or liabilities. The availability criteria is not used in full accrual accounting, therefore taxes not received within sixty days of year end are eliminated on the Government-wide Statement of Net Position.

The following illustrations reflect the summary of reclassified and restated balances:

Illustration 1-7 Summary of Reclassified Balances – Balance Sheet Governmental Funds				
Governmental Funds		Balances, as previously reported, June 30, 2013	GASB 65 reclassification	Balances, as reclassified, June 30, 2013
Liabilities:				
Unavailable revenue	\$	19,757	(19,757)	--
Unearned revenue	\$	236,023	(208,541)	27,482
Deferred Inflow of Resources:				
Prepaid taxes	\$	--	203,715	203,715
Unavailable taxes	\$	--	2,829	2,829
Unavailable lease revenues	\$	--	21,754	21,754

Illustration 1-8 Summary of Reclassified Balances – Statement of Fund Net Position Proprietary Funds				
Enterprise Funds - Parks and Recreation		Balances, as previously reported, June 30, 2013	GASB 65 reclassification	Balances, as reclassified, June 30, 2013
Deferred Outflow of Resources:				
Deferred loss on refunding	\$	--	678	678
Non-Current Liabilities:				
Bonds payable, net of current portion	\$	10,517	678	11,195

Illustration 1-9 Summary of Restated Balances – Statement of Net Position Total Primary Government						
Primary Government	Balances, as previously reported, June 30, 2012	GASB 65 prior period restatement	Balances, as previously reported, June 30, 2012	Balances, as previously reported, June 30, 2013	GASB 65 restatement	Balances, as restated, June 30, 2013
Assets:						
Deferred charges	\$ 24,069	(3,929)	20,140	29,402	(29,402)	--
Deferred Outflow of Resources:						
Loss on debt refunding	\$ --	--	--	--	25,427	25,427
Liabilities:						
Unearned revenue	\$ 236,295	--	236,295	244,597	(208,541)	36,056
Due in more than one year	\$ 928,640	--	928,640	936,428	678	937,106
Deferred Inflow of Resources:						
Unavailable lease revenue	\$ --	--	--	--	4,826	4,826
Prepaid taxes	\$ --	--	--	--	203,715	203,715
Net Position:						
Net Investment in Capital Assets	\$ 408,903	(1,629)	407,274	447,015	(4,402)	442,613
Unrestricted	\$ (505,089)	(2,303)	(507,392)	(572,578)	(251)	(572,829)

Illustration 1-10
Summary of Restatement Changes in Statement of Activities
Total Primary Government

Primary Government	Balances, as previously reported, June 30, 2012	GASB 65 prior period restatement	Balances, as previously reported, June 30, 2012	Balances, as previously reported, June 30, 2013	GASB 65 restatement	Balances, as restated, June 30, 2013
Net Position:						
Net position – end of year	\$ 7,137	(3,929)	3,208	(9,386)	(4,653)	(14,039)

R. Change In Presentation Due to Accounting Policy

The County became a fiduciary of the Length of Service Award Program (LoSAP) Trust during FY2014. The LoSAP Trust Fund was not previously reported by the County, so the restatement is the beginning fund balance incorporated in the FY 2014 CAFR.

The following illustration reflects the summary of restated balances:

Illustration 1-11
Summary of Restated Balances – Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Fiduciary Funds - Length of Service Award Program (LoSAP) Trust Fund	Balances, as previously reported, June 30, 2013	Accounting Policy Adjustment	Balances, as restated, June 30, 2013
Net Position:			
Net Position: beginning of year	\$ --	10,766	10,766

S. Governmental Accounting Standards Board (“GASB”) Pronouncements

The County implemented the following GASB pronouncements with effective implementation dates for fiscal year ended June 30, 2014:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* - This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or inflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows and deferred inflows of resources. This statement will improve financial reporting by clarifying the appropriate use of the financial statement elements and to ensure consistency in financial reporting.
- GASB Statement No. 67, *Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25)* - This Statement improves financial reporting by state and local governmental pension plans by revising existing standards of financial reporting for most pension plans and establishing a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* - This statement establishes accounting and financial standards related to government combinations referred to as mergers, acquisitions, and transfers of operations and also disposals of government operations. Prior to this statement, governments accounted for mergers, acquisitions, and transfers of operations by analogizing to accounting and financial reporting guidance intended for the business environment, generally APB Opinion No. 16, *Business Combinations*. This statement improves the decision usefulness of financial reporting by requiring disclosures to be made by governments about combination arrangements in which they engage and for disposals of government operations.

- GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees* - This statement improves accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. It requires a government that extends a non-exchange financial guarantee to recognize a liability when it is more likely than not that the government will be required to make a payment on the guarantee and revenue to the extent of a reduction in its guaranteed liabilities. It also provides guidance on how that liability should be valued and how long the obligation should be reported. In addition it provides guidance on intra-entity non-exchange financial guarantees involving component units and specifies disclosure requirements for governments extending non-exchange financial guarantees and requires new information to be disclosed by governments receiving non-exchange financial guarantees.

The GASB has issued the following statements with effective implementation dates later than the fiscal year ending June 30, 2014. The statements deemed to have a future impact on the County are as follows:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* - This Statement improves accounting and financial reporting by state and local governments for pensions, and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities by establishing accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for non-employer governments that have a legal obligation to contribute to those plans.
- GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)* - This statement improves financial reporting by state and local governments in their first year of implementing GASB Statement No. 68. This statement requires the government to recognize a beginning deferred outflow of resources for its pension contribution, if any, make subsequent to the measurement date of the beginning net pension liability.

T. Subsequent Events

The County has evaluated subsequent events (events occurring after June 30, 2014 through December 19, 2014 in connection with the preparation of these financial statements. Such events have been disclosed in Note 21.

NOTE (2) - CASH AND INVESTMENTS

A. Cash Deposits

All cash of the County is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), §2.2-4400 through 2.2- 4410. of the *Code of Virginia*. Under the Act, Qualified public depositories shall elect to secure deposits by either the pooled method or the dedicated method. Every qualified public depository shall deposit with a qualified escrow agent eligible collateral equal to or in excess of the required collateral. If any qualified public depository fails, the collateral pool becomes available to satisfy the claims of governmental entities. The Commonwealth Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act. Funds deposited in accordance with the requirements of the Act are considered fully secured and are not subject to custodial credit risk.

B. Investments

County Investments

Code of Virginia §2.2-4501 through 2.2-4518 authorizes the County to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth or political subdivisions thereof; obligations of other states not in default; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank, the African Development Bank; “prime quality” commercial paper; negotiable certificates of deposits and negotiable bank notes; corporate notes.; banker's acceptances; overnight, term and open repurchase agreements; money market mutual funds; the State Treasurer's Local Government Investment Pool (LGIP) and certificates of deposit. However, in some instances, the County's own investment policy is more stringent as to authorized investments as discussed below.

Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in bond documents. Bond proceeds shall be invested in the Virginia State Non-Arbitrage Program (SNAP) and alternate external investment pools that provide assistance to local governments in the investment of bond proceeds and the preparation of rebate calculations in compliance with treasury arbitrage rebate regulations in accordance with the *Code of Virginia* requirements or the County's own investment policy.

In accordance with State Corporation Commission of Virginia (SCC) regulations for the licensing of the Prince William County Self-Insurance Group (PWSIG) Workers' Compensation Association and Casualty Pool, the Association and the Pool are required to deposit securities with the State Treasurer. As of June 30, 2014, the Self-Insurance Workers' Compensation Association had \$1,000 at fair value, in U.S. Government Agency Securities deposited with the State Treasurer to comply with the \$750 requirement, with \$250 serving as a security deposit in lieu of a surety bond. The remainder serves as additional collateral because the Association does not maintain aggregate excess insurance. As of June 30, 2014, the Casualty Pool had \$797, at fair value, in U.S. Government Agency Securities deposited with the State Treasurer to comply with the \$500 requirement since the Pool does not maintain aggregate excess insurance. While these securities are held by the State Treasurer, they are in the name of the Association and the Pool and are included in the investments of those funds.

The County and its discretely presented component units' investments are subject to interest rate, credit, custodial and concentration of credit risks as described below:

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from increasing interest rates, the County's investment policy states that no more than 50% of the total investment portfolio shall be placed in securities maturing in more than three (3) years and the average maturity of the portfolio may not exceed seven (7) years. Further, the County may not directly invest in securities maturing in more than ten years from the date of purchase.

The weighted average maturity for the PWSIG Workers Compensation Association and Casualty Pool portfolios may not exceed three (3) years except where to the extent that assets are purchased specifically for collateral deposits with the Commonwealth of Virginia as required by the SCC. The final maturity of any individual security may not exceed five (5) years from the time of purchase, except where an asset is matched to a specific obligation of the PWSIG. Illustration 2-1 reflects the fair value and the weighted average maturity (WAM) of the County's investments as of June 30, 2014.

Illustration 2-1
Fair Value and Weighted Average Maturity of Investments at June 30, 2014

	Fair Value	Weighted Average Maturity (Years)
PRIMARY GOVERNMENT, SCHOOL BOARD, AND ADC		
Money Markets and Money Market Mutual Funds:		
Local Government Investment Pool (LGIP)	\$ 39,455	0.003
State Non-Arbitrage Program (SNAP)	52,592	0.003
PFM Asset Management	173,272	0.003
Other Money Markets and Money Market Mutual Funds	3,361	0.003
NOW Accounts	86,983	0.003
Certificate of Deposits	31,100	0.738
U.S. Government Agency Securities	524,738	8.679
Corporate Bonds	110,151	3.155
Municipal Bonds	<u>45,863</u>	5.609
Total Primary Government, School Board, and ADC	1,067,515	4.855
CONVENTION & VISITORS BUREAU COMPONENT UNIT:		
Cash and Cash Equivalents	<u>128</u>	0.003
Total Convention & Visitors Bureau Investments	<u>128</u>	0.003
Total Reporting Entity Investments	\$ <u>1,067,643</u>	4.855

WAM expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of the WAM calculation, the County assumes that all of its investments will be held to maturity.

Credit Risk – State statutes authorize the County to invest in various instruments as described above. The County's Investment Policy, however, does not provide for investments in obligations of other states and political subdivisions outside of the Commonwealth of Virginia. It is also County policy to invest in Negotiable Certificates of Deposits from banks with a rating of at least A-1 by Standard & Poor's and P-1 by Moody's Investor's Services for maturities of one year or less. The County may also invest in corporate notes that have a rating of at least Aa by Moody's Investor's Services and AA by Standard & Poor's. Furthermore, the County will only invest in money market or mutual funds with a rating of AAA by at least one nationally

recognized statistical rating organization; “prime quality” commercial paper rated by at least two of the following: Moody’s Investor’s Services within its NCO/Moody’s rating of Prime 1; Standard & Poor’s within its rating of A-1; Fitch Investor’s Services within its rating of F-1 or by their corporate successors, provided that at the time of any such investment the issuing corporation has a net worth of at least \$50million and the net income of the issuing corporation has averaged \$3million per year for the previous five years and all existing senior bonded indebtedness of the issuer is rated A or its equivalent by at least two of the following: Moody’s Investor’s Services, Standard & Poor’s or Fitch Investor’s Services; and banker’s acceptances with U.S. banks or domestic offices of international banks provided that the bank’s assets exceed \$500 million or \$1 billion respectively.

County policy exempts investments in the SNAP and other money market funds in which the County invests pursuant to bond documents from its rating requirements.

It is the PWSIG’s policy to invest in obligations issued or guaranteed by the U.S. government, an agency thereof, or U.S. Government Sponsored Enterprises (GSEs); repurchase agreements collateralized by obligations issued or guaranteed by the U.S. Government, an agency thereof, or GSEs; non-negotiable certificates of deposit and time deposits of Virginia banks and savings institutions federally insured to the maximum extent possible and collateralized under the Virginia Security for Public Deposits Act; municipal debt with a rating of at least AA by one nationally recognized rating agency, negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least P-1 by Moody’s Investor’s Services and A-1 by Standard and Poor’s; bankers’ acceptances with major U.S. banks and domestic offices of international banks with a ratings of at least P-1 by Moody’s Investor’s Service and A-1 by Standard & Poor’s; “prime quality” commercial paper rated by at least two of the following: P-1 by Moody’s Investor’s Services, A-1 by Standard & Poor’s or F-1 by Fitch Investor’s Services; corporate notes with a minimum rating of Aa by Moody’s Investor’s Services and AA by Standard & Poor’s; money market, mutual funds or the LGIP with a minimum credit rating of AAA by at least one nationally recognized statistical rating organization. During the year, the County made investments in money market mutual funds, LGIP, SNAP, PFM Asset Management, U.S. Government Agency Securities, NOW Accounts, Certificates of Deposit, Corporate Bonds, Commercial Paper and Municipal Bonds. The County’s investment ratings as of June 30, 2014 are presented in Illustration 2-2.

Illustration 2-2
County, School Board, and ADC, Investment Credit Risk at June 30, 2014

Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Money Markets and Money Market Mutual Funds:		
Local Government Investment Pool (LGIP)	AAA	3.70%
State Non-Arbitrage Program(SNAP)	AAA	4.93%
PFM Asset management	AAA	16.23%
Other Money Markets and Money Market Mutual Funds	AAA	0.31%
NOW Accounts	Not applicable	8.15%
Certificate of Deposits	Not applicable	2.91%
U.S. Government Agency Securities:		
FNMA, FHLB, FFCB and FHLMC Agency Notes	AA or Higher	49.15%
Corporate Bond:	AA or Higher	10.32%
Municipal Bond:	AA or Higher	4.30%
		100.00%

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

Concentration of Credit Risk – To minimize credit risk, the County’s Investment Policy seeks to diversify its portfolio by limiting the percentage of the portfolio that may be invested in any one type of instrument at the time of purchase as follows: 100% for U.S. Agency Obligations (not to exceed 25% for any one agency); 35% for “prime quality” commercial paper (not to exceed 5% in any one issuer); 40% for negotiable certificates of deposit (not to exceed 5% for any one issuer); 40% for bankers’ acceptances (not to exceed 5% for any one issuer); 10% for U.S. Treasury Certificates; 30% for repurchase agreements (not to exceed 30% with the County’s primary bank and 10% with any other institution/dealer); 60% for money market funds (not to exceed 20% in any one money market fund); 20% for corporate notes (not to exceed 5% for any one issuer); 40% for non-negotiable certificates of deposit (not to exceed 15% for any one issuer); and no more than 25% in Local Government Investment Pools (LGIP)..

The PWSIG Investment Policy seeks to diversify its portfolio by security type and by issuer by limiting the percentage of the portfolio that may be invested at the time of purchase in any one type of instrument as follows:

100% for U.S. Treasury and Agency securities; 50% municipal debt (not to exceed 10% per issuer); 50% for repurchase agreements (not to exceed 20% per issuer); 30% for bankers' acceptances, negotiable certificates of deposit and/or negotiable bank deposit notes (not to exceed 5% per issuer); 35% for commercial paper (not to exceed 5% per issuer); 40% for non-negotiable certificates of deposit (not to exceed 10% per issuer); 25% for corporate notes (not to exceed 10% per issuer) and 80% for money market funds/investment pools (not to exceed 40% per issuer).

Supplemental Retirement Plan Investments

§51.1-803 of the *Code of Virginia* authorizes the County's Supplemental Retirement Plan to invest its funds with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with the same aims. Such investments are not subject to custodial credit risk.

The County's Supplemental Retirement Plan's investments are subject to interest rate, credit and concentration of credit risk as described below:

Interest Rate Risk – In accordance with state statute and the policy of the Supplemental Retirement Plan, investments of the Supplemental Retirement Plan are diversified so as to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so. The Supplemental Retirement Plan contains primarily mutual fund type assets of varying characteristics. The specific content of each fund can change daily and is managed by the director/manager of each fund. Consequently, the ability to quantify interest rate risk at the Supplemental Retirement Plan level is not possible.

Illustration 2-3 reflects the fair value and the duration of the County's Supplemental Retirement Plan fixed income investments as of June 30, 2014. Weighted-average maturity expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. Duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes.

Illustration 2-3
Supplemental Retirement Plan Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2014

	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
Supplemental Retirement Plan Pension Trust Fund:		
Money Market Mutual Funds	\$ 913	0.101 (a)
Tactical Asset Allocation Funds	3,340	Not applicable
Equity Mutual Funds	15,797	Not applicable
Real Assets	1,592	Not applicable
Bond Mutual Funds		
PIMCO Total Return Fund	\$ 5,585	5.68 (b)
Brandywine Global Bond Fund	5,658	6.44 (b)
Total Bond Mutual Funds	<u>11,243</u>	
Total Supplemental Retirement Plan Pension Trust Fund Investments	<u>\$ 32,885</u>	

Credit Risk – The Supplemental Retirement Plan investment policy is silent as to credit risk. The Board of Trustees is ultimately responsible for making the decisions that affect the Supplemental Retirement Plan's Investments. An independent investment consulting firm assists with the attainment of the Plan's objectives and monitors the Plan's compliance with its stated investment policies. During the year, the Plan invested in money market, fixed income bond funds and equity mutual funds.

The Supplemental Retirement Plan's investments' rating as of June 30, 2014 is presented in Illustration 2-4.

Illustration 2-4 Supplemental Retirement Plan Credit Risk at June 30, 2014		
Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Supplemental Retirement Plan Pension Trust Fund Investments:		
Money Market Mutual Funds	AAA	2.78%
Tactical Asset Allocation Funds	Not rated	10.16%
Equity Mutual Funds	Not rated	48.03%
Real Assets	Not rated	4.84%
Fixed Income		
PIMCO Total Return Fund	AA	16.98%
Brandywine Global Bond Fund	AA-	17.21%
		<u>100.00%</u>

Concentration of Credit Risk – The long-term objective of the Supplemental Retirement Plan is to achieve a total return equivalent to or greater than the Plan's long-term benefit obligation over the time horizon. The Board of Trustees has selected an asset allocation policy designed to achieve a return equal to or greater than the long-term objective. The excess return over the long-term objective is designed both to reduce the probability of missing the target return over the long-term and to provide for any future growth or benefit enhancements desired.

The Board of Trustees will seek to limit the overall level of risk, as defined by tracking error or the standard deviation of excess return, relative to the comparison benchmark and volatility, as measured by standard deviation, consistent with the chosen asset allocation policy.

Illustration 2-5 shows permissible asset classes, with target investment percentages.

Illustration 2-5 Statement of Investment Policy Supplemental Retirement Plan Concentrations at June 30, 2014		
Asset Class	Policy Percent	Target Range Percent
Supplemental Retirement Plan Pension Trust Fund Investments:		
Tactical Asset Allocation Funds		
PIMCO All-Asset Fund	10%	5% - 15%
Equity Mutual Funds		
Vanguard Total Stock Market Fund	25%	20% - 30%
Vanguard Developed Markets Fund	17%	15% - 25%
State Street Emerging Markets Fund	7%	5% - 10%
Portfolio Advisors Private Equity Fund	1%	0% - 5%
Real Assets		
Pimco Commodity Real Return Strategy	4%	2% - 7%
ASB Allegiance Real Estate Fund	6%	3% - 8%
RREEF III	0%	0% - 2%
Fixed Income		
PIMCO Total Return Fund	15%	10% - 20%
Brandywine Global Bond Fund	15%	10% - 20%
Cash	<u>0%</u>	0% - 5%
	<u>100%</u>	

For Domestic Equity, International Equity and REITs, the maximum weighting, on a market value basis, in any one company for active Investment Managers is 5% of the portfolio value. For domestic fixed income, international fixed income, hedge funds and cash equivalents the maximum weighting, on a market value basis, in any one security for active investment managers is 2% of the portfolio value. This does not apply to U.S. government and agency issues. The plan is rebalanced in the event any individual asset class differs from policy by more than 20% of the target weight, but with a minimum deviation threshold of 2% of the total portfolio value.

Concentrations. At June 30, 2014, the Supplemental Retirement Plan’s investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP) Investments

The County has appointed a Board of Trustees to oversee certain policies and procedures related to the operation and administration of the Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program. The Board of Trustees has the authority to invest the funds in the best interest of the Trust to satisfy the purpose of the Trust.

Illustration 2-6 reflects the fair value of the County’s LoSAP Trust investments as of June 30, 2014.

Illustration 2-6		
LoSAP Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2014		
	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
LoSAP Pension Trust Fund Investments:		
Mass Mutual Annuity	\$ <u>12,836</u>	Not Applicable

Concentrations. At June 30, 2014, the LoSAP Plan’s investments were 100% invested in an insurance annuity fund and are subject to concentration of credit risk.

Other Post-Employment Benefits (OPEB) Master Trust Investments

The County has appointed a Finance Board pursuant to *the Code of Virginia* §15.2-1547 to oversee certain policies and procedures related to the operation and administration of the Other Post-Employment Benefits Master Trust. The Finance Board has the authority to implement the investment policy and guidelines in the best interest of the Trust to best satisfy the purposes of the Trust.

§51.1-803 of the *Code of Virginia* authorizes the County’s Other Post-Employment Benefits Master Trust to invest its funds with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with the same aims. Such investments are not subject to custodial credit risk.

Illustration 2-7 reflects the fair value of the County's Other Post-Employment Benefits Master Trust fixed income investments as of June 30, 2014. Weighted-average maturity expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. Duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes.

Illustration 2-7		
Other Post-Employment Benefits Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2014		
	Fair Value	Weighted-Average Maturity
Other Post-Employment Benefits Master Trust Fund:		
Local Government Investment Pool (LGIP)	\$ 856	0.003(a)
Money Market Mutual Funds	1,174	0.003(a)
Domestic Equity Funds	22,364	Not applicable
International Equity Funds	11,497	Not applicable
Other Equity Funds	6,669	Not applicable
Bond Funds		
Metropolitan West Total Return	\$ 6,172	4.66(b)
Vanguard Intermediate-Term	2,168	5.20(b)
AllianceBernstein High Income	<u>1,668</u>	3.94(b)
Total Bond Funds	10,008	
Municipal Bonds	1,699	2.072(a)
Corporate Bonds	<u>1,671</u>	2.136(a)
Total Other Post-Employment Benefits Trust Fund Investments	<u>\$ 55,938</u>	

The Other Post-Employment Benefits Master Trust's rating and credit exposure as of June 30, 2014 is shown in Illustration 2-8.

Illustration 2-8		
Other Post-Employment Benefits Master Trust (OPEB) Credit Risk at June 30, 2014		
Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Other Post-Employment Benefits Master Trust Fund Investments:		
Local Government Investment Pool (LGIP)	AAA	1.53%
Money Market Mutual Funds	AAA	2.10%
Domestic Equity Funds	Not rated	39.98%
International Equity Funds	Not rated	20.55%
Other Equity Funds	Not rated	11.92%
Fixed Income		
Metropolitan West Total Return	AA	11.03%
Vanguard Intermediate-Term	A	3.88%
AllianceBernstein High Income	BB	2.98%
Municipal Bonds	AA or Higher	3.04%
Corporate Bonds	AA or Higher	<u>2.99%</u>
		<u>100.00%</u>

Concentration of credit risk:

Permissible asset classes, with target investment percentages are shown in illustration 2-9.

Illustration 2-9 OPEB Master Trust Fund Concentrations at June 30, 2014		
Asset Class	Policy Percent	Target Range Percent
OPEB Master Trust Fund Investments:		
Domestic Equity	32%	22% - 42%
International Equity	20%	10% - 30%
REIT	5%	0% - 10%
Inflation Hedged	5%	0% - 10%
Cash Equivalent	0%	0% - 20%
Fixed Income	38%	28% - 58%
	<u>100%</u>	

For equities not more than 4% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 5% of those outstanding. Not more than 20% of stock, valued at market, may be held in any one industry category. The emerging markets allocation, if any, should be limited to 10% of the total portfolio. Fixed income securities of any one issuer shall not exceed 10% of the total bond portfolio. This does not apply to issues of the U.S. Treasury, Federal Agencies or to debt issued by any issuer containing a full U.S. government guarantee. Not counting specific direct hedging transactions, gross investments in commodities, options, futures and foreign exchange cannot exceed 8% of the total portfolio. There are no investments in any of these categories as of June 30, 2014. Additionally, the OPEB Finance Board has directed the County's Treasury Management division to move funds to the investment manager (PFM) over time to essentially dollar-cost-average into the equity market. Until those funds are deployed, they are invested in relatively short-term investments consistent with the type of investments the County includes in its own portfolio. At June 30, 2014, the OPEB Master Trust Fund's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

Reconciliation of Cash and Investments

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2014 is shown in Illustration 2-10.

Illustration 2-10					
Reconciliation of Cash and Investments to Entity-Wide Financial Statements at June 30, 2014					
Investments					
Total Primary Government and Component Units					\$ 1,067,643
Supplemental Retirement Pension Plan Trust Fund					32,885
LoSAP Trust Fund					12,836
Other Post-Employment Benefits (OPEB) Master Trust Fund					<u>55,938</u>
Total Investments					1,169,302
Add: Cash on Hand					60
Deposits					<u>7,923</u>
Total Cash and Investments					1,177,285
Less: Supplemental Retirement Pension Plan Trust Fund's cash and investments					(33,144)
LoSAP Trust Fund cash and investments					(12,836)
OPEB Master Trust Fund cash and investments					(55,940)
Private Purpose Trust Funds					(788)
Agency Funds' equity in pooled cash and investments					(710)
School Board Agency Funds' cash and investments					<u>(10,454)</u>
Total Reporting Entity Cash and Investments					<u>\$ 1,063,403</u>
	Governmental	Business-		Component	Total
	Activities	Type	Total	Units	Reporting
		Activities			Entity
Primary Government:					
Equity in Pooled Cash and Investments	\$ 674,743	17,030	691,773	270,039	961,812
Investments	24,127	--	24,127	--	24,127
Restricted Cash and Temporary					
Investments	36,278	13,978	50,256	25,958	76,214
Restricted Investments	<u>1,250</u>	<u>--</u>	<u>1,250</u>	<u>--</u>	<u>1,250</u>
Total Cash and Investments	<u>\$ 736,398</u>	<u>31,008</u>	<u>767,406</u>	<u>295,997</u>	<u>1,063,403</u>

Restricted cash and investments consist of amounts required by bond financing terms to be segregated in a debt service reserve account, a closure fund required by the Virginia Resource Authority (VRA) for the Landfill, capitalized interest accounts required to be used for debt service, unspent debt proceeds required to be used for capital projects, and retainages as depicted in Illustration 2-11.

Illustration 2-11			
Restricted Cash and Investments at June 30, 2014			
	Restricted Cash & Temporary Investments		Restricted Investments
PRIMARY GOVERNMENT			
General Fund:			
IDA Lease Revenue Bonds	\$ 1,092	\$	--
Total General Fund	1,092		--
Capital Projects Funds:			
General Obligation Bonds	23,950		--
VRA Lease Revenue Bonds	2,684		--
Retainages	1,102		--
Total Capital Projects Funds	27,736		--
Enterprise Funds:			
VRA Closure Fund	13,516		--
Parks & Recreation	398		--
Retainages	64		--
Total Enterprise Funds	13,978		--
Internal Service Funds:			
PWSIG	7,450		--
Insurance Pool Collateral	--		1,250
Total Internal Service Funds	7,450		1,250
Total Primary Government	50,256		1,250
COMPONENT UNIT			
School Board:			
School Bonds	25,958		--
Total School Board	25,958		--
Total Reporting Entity	\$ 76,214	\$	1,250

NOTE (3) - PROPERTY TAXES RECEIVABLE

The County's real estate and personal property taxes are levied each July 1, on the assessed value as of the prior January 1, for all property located in the County. Real estate taxes are due in two installments on July 15 and December 5 and personal property taxes are due on October 5. After October 5, personal property taxes are due 30 days following the levy date until the end of the fiscal year. Penalties and interest are assessed on taxes not paid by the due dates. Property tax levies are recorded as receivables and revenue, net of allowance for estimated uncollectibles on the payment due dates. Property taxes due, but not collected within 60 days after fiscal year-end, are reflected as deferred inflows of resources.

Assessed values are established at 100% of appraised market value. The personal property tax is limited to vehicles and all business property. A valuation of all property is completed annually. The assessed value of real and personal property at January 1, 2013, upon which the July 1, 2013, levy was based, was approximately \$50 billion.

Current real estate and personal property tax collections for the year ended June 30, 2014, were 99.7% and 97.0%, respectively of the July 1, 2013, tax levy. Real property taxes attach an enforceable lien on property if not paid on the due date. Personal property taxes must be paid before the County vehicle license can be issued. Collections received on or before June 30, 2014, related to property taxes due on July 15 of the following fiscal year are recorded as deferred inflow of resources at June 30, 2014.

The County calculates its allowance for uncollectible accounts using historical collection data. Taxes receivable as of June 30, 2014, is detailed in Illustration 3-1.

Illustration 3-1			
Property Taxes Receivable at June 30, 2014			
	Gross Tax Receivable	Allowance for Uncollectible Accounts	Net Tax Receivable
Real estate taxes	\$ 4,548	2,728	1,820
Personal property taxes	5,451	2,929	2,522
Total	\$ 9,999	5,657	4,342

NOTE (4) – UNEARNED REVENUE/DEFERRED INFLOW OF RESOURCES

Unearned revenue consists of two components: unearned revenue and deferred inflows of resources. Unearned revenue, as shown in Illustration 4-1, represents amounts for which asset recognition criteria were met, but for which revenue recognition criteria were not met.

Illustration 4-1	
Unearned Revenue at June 30, 2014	
PRIMARY GOVERNMENT	
Other Unearned Revenue – Prepaid recreation fees, developer fees, health premiums, and other unearned revenue	\$ 51,823
Total Primary Government	51,823
COMPONENT UNIT	
School Board	9,546
Total Reporting Entity	\$ 61,369

Deferred inflow of resources, as shown in Illustration 4-2, represents amounts for which asset recognition criteria, but which were not available to finance expenditures of the current period under the accrual basis of accounting.

Illustration 4-2	
Deferred Inflow of Resources at June 30, 2014	
PRIMARY GOVERNMENT	
Prepaid Taxes – Taxes due subsequent to June 30, 2014, but paid in advance by taxpayers	\$ 216,843
Unavailable lease revenue – Uncollected revenues associated with direct financing leases	3,998
Total Reporting Entity	\$ 220,841

Deferred inflow of resources for General fund represents amounts for which the revenue recognition were not met under the modified accrual basis of accounting for the period ended June 30, 2014.

Illustration 4-3		
Deferred Inflow of Resources at June 30, 2014		
GENERAL FUND		
Prepaid Taxes – Taxes due subsequent to June 30, 2014, but paid in advance by taxpayers	\$	216,843
Unavailable taxes – Taxes not paid with sixty days of June 30, 2014		3,193
Unavailable lease revenue – Uncollected revenues associated with direct financing leases		19,255
Total Reporting Entity	\$	239,291

NOTE (5) – INVESTMENT IN DIRECT FINANCING LEASES/ACCOUNTS RECEIVABLE

The County has investments in direct financing leases, consisting of financing arrangements with various volunteer fire and rescue companies and other organizations operating within the County. Under the terms of these financing arrangements, the County obtains leasehold interests in specific properties, and uses those leasehold interests as collateral to obtain financing. The County uses the proceeds from these financings to reimburse the organizations for capital expenses related to the renovation or construction of facilities. In separate-but-related agreements, the County subleases the original leasehold interests and any existing and future improvements back to the organizations; each sublease contains a clause which transfers title of the properties, as well as any existing and future improvements of the properties back to each respective organization at the time the related debt is fully extinguished.

Illustration 5-1 shows the investment in direct financing leases.

Illustration 5-1				
Investment in Direct Financing Leases at June 30, 2014				
		Volunteer Fire & Rescue Companies	Other	Total
Total minimum lease payments to be received	\$	16,923	2,332	19,255
Less: Deferred inflow of resources		3,804	194	3,998
Net investment in direct financing leases	\$	13,119	2,138	15,257

Illustration 5-2 shows the scheduled minimum lease payments as of June 30, 2014.

Illustration 5-2				
Scheduled Minimum Lease Payments at June 30, 2014				
		Volunteer Fire & Rescue Companies	Other	Total
FY 2015	\$	1,709	636	2,345
FY 2016		1,672	636	2,308
FY 2017		1,632	636	2,268
FY 2018		1,579	424	2,003
FY 2019		1,526	--	1,526
FY 2020-2024		6,657	--	6,657
FY 2025-2029		2,148	--	2,148
Total minimum lease payments	\$	16,923	2,332	19,255

Accounts receivable, as shown in Illustration 5-3, are recorded at net of allowance for uncollectible accounts.

Illustration 5-3					
Accounts Receivable at June 30, 2014					
	Component Units				Total
	Primary Government	School Board	ADC	Convention & Visitors Bureau	
Accrued interest	\$ 1,366	--	--	--	1,366
Enterprise operations	820	--	--	--	820
Utility/Consumption taxes	1,662	--	--	--	1,662
Transient occupancy taxes	958	--	--	--	958
Stormwater management fee	340	--	--	--	340
Cable franchise tax	326	--	--	--	326
Premiums due from participants	2,976	--	--	--	2,976
Other	7,091	1,373	29	1	4,081
	15,539	1,373	29	1	16,942
Allowance for doubtful accounts	(5,154)	--	--	--	(5,154)
Total	\$ 10,385	1,373	29	1	11,788

NOTE (6) - DUE FROM AND TO OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units are detailed in Illustration 6-1.

Illustration 6-1			
Due from Other Governmental Units at June 30, 2014			
PRIMARY GOVERNMENT			
General Fund:			
From other localities	\$	153	
From the Commonwealth			
Local sales taxes		9,960	
Other		6,482	
From the Federal Government		2,295	
Total General Fund	\$		18,890
Capital Projects Fund:			
From the Commonwealth		6,340	
From the Federal Government		751	7,091
Nonmajor Governmental Funds:			
From the Federal Government			470
Internal Service Funds:			
From other localities			4
Landfill Enterprise Fund			
From other localities			28
Total Primary Government			26,483
COMPONENT UNITS			
School Board:			
From the Commonwealth		14,459	
From the Federal Government		11,584	
Total School Board			26,043
Adult Detention Center:			
From other localities			1,449
Total Reporting Entity	\$		53,975

Illustration 6-2 details the amounts due to other governmental units at June 30, 2014.

Illustration 6-2		
Due to Other Governmental Units at June 30, 2014		
PRIMARY GOVERNMENT		
General Fund:		
To Other Localities	\$	164
To the Commonwealth		25
Total General Fund		189
Streets and Roads – Capital Project fund:		
To Other Localities		163
Other - Capital Projects Fund:		
To the Federal Government		38
Total Primary Government		390
COMPONENT UNIT		
School Board:		
To the Federal Government		189
Total Reporting Entity		\$ 579

NOTE (7) – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

Inter-fund balances and transfers are generally made for the purpose of providing operational support for the receiving fund. During the year ended June 30, 2014, the County did not make any significant inter-fund transfers that were not routine and not consistent with the activities of the fund making the transfer.

Illustration 7-1 details the amounts due from and due to other funds at June 30, 2014.

Illustration 7-1		
Due From and Due To Other Funds at June 30, 2014		
	Due from Other Funds	Due to Other Funds
General Fund	\$ 10,293	--
Major Enterprise Fund – Landfill	--	1,206
Major Enterprise Fund – Parks & Recreation	--	9,087
Total	\$ 10,293	10,293

Illustration 7-2 details the transfers between funds for the year ended June 30, 2014.

Illustration 7-2			
Inter-fund Transfers for the Year Ended June 30, 2014			
Transfer to General Fund from:			Transfer from General Fund to:
Streets and Roads – Capital Projects Fund	\$ 8,200	12,417	Streets and Roads – Capital Projects Fund
Other Capital Projects Fund	2,679	13,268	Other Capital Projects Fund
Fire & Rescue Fund	7,962	762	Fire & Rescue Levy Fund
Nonmajor Governmental Funds	6,258	4,367	Nonmajor Governmental Funds
Landfill Enterprise Fund	1,752	6,801	Landfill – Enterprise Fund
Internal Service Funds	1,116	15,186	Internal Service Funds
	--	1,253	Parks & Recreation – Enterprise Fund
	--	35	Innovation – Enterprise Fund
Total General Fund Transfers In	27,967	54,089	Total General Fund Transfers Out
Transfer to Streets and Roads - Capital Projects Fund from:			Transfer from Streets and Roads - Capital Projects Fund to:
General Fund	12,417	8,200	General Fund
Other Capital Projects Fund	12,750	7	Other Capital Projects Fund
Total Streets and Roads – Capital Projects Fund Transfers In	25,167	8,207	Total Streets and Roads – Capital Projects Fund Transfers Out
Transfer to Other Capital Projects Fund from:			Transfer from Other Capital Projects Fund to:
General Fund	13,268	2,679	General Fund
Streets and Roads Capital Projects Fund	7	12,750	Streets and Roads Capital Projects Fund
Nonmajor Governmental Funds	1,513	96	Fire & Rescue Levy Fund
Total Other Capital Projects Fund Transfers In	14,788	15,525	Total Other Capital Projects Fund Transfers Out
Transfers to Fire & Rescue Levy Fund from:			Transfers from Fire & Rescue Levy Fund to:
General Fund	762	7,962	General Fund
	--	90	Internal Service Fund
Total Fire & Rescue Levy Special Revenue Fund Transfers In	762	8,052	Total Fire & Rescue Levy Special Revenue Fund Transfers Out
Transfer to Nonmajor Governmental Funds from:			Transfer from Nonmajor Governmental Funds to:
General Fund	4,367	6,258	General Fund
Other Capital Projects Fund	96	1,513	Other Capital Projects Fund
Internal Service Fund	131	136	Internal Service Fund
Total Nonmajor Governmental Funds Transfers In	4,594	7,907	Total Nonmajor Governmental Fund Transfers Out
Transfers to Landfill Enterprise Fund from:			Transfers from Landfill Enterprise Fund to:
General Fund	6,801	1,752	General Fund
Total Landfill Enterprise Fund Transfers In	6,801	1,752	Total Landfill Enterprise Fund Transfers Out
Transfers to Innovation Enterprise Fund from:			Transfers from Innovation Enterprise Fund to:
General Fund	35	--	
Total Innovation Enterprise Fund Transfers In	35	--	Total Innovation Enterprise Fund Transfers Out
Transfers to Parks & Recreation Enterprise Fund from:			Transfers from Parks & Recreation Enterprise Fund to:
General Fund	1,253	--	
Total Parks & Recreation Enterprise Fund Transfers In	1,253	--	Total Parks & Recreation Enterprise Fund Transfers Out
Transfers to Internal Service Funds from:			Transfers from Internal Service Funds to:
General Fund	15,186	1,116	General Fund
Nonmajor Governmental Funds	136	131	Nonmajor Governmental Funds
Fire & Rescue Levy Fund	90	--	
Total Internal Service Funds Transfers In	15,412	1,247	Total Internal Service Funds Transfers Out
Total Primary Government Transfers In	\$ 96,779	96,779	Total Primary Government Transfers Out

NOTE (8) – RECEIVABLES /PAYABLES WITH COMPONENT UNITS

Receivables/payables transactions between the primary government and component units are generally made for the purpose of providing operational support for the receiving fund. Illustration 8-1 summarizes the amounts due from the primary government and due to the component units at June 30, 2014.

Illustration 8-1		
Due To Primary Government/Due From Component Units at June 30, 2014		
	Due To Primary Government	Due From Component Unit
PRIMARY GOVERNMENT		
Governmental Activities	\$ --	4,744
COMPONENT UNITS		
School Board	4,744	--
Total Reporting Entity	\$ 4,744	4,744

NOTE (9) - CAPITAL ASSETS

Illustration 9-1 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2014.

Illustration 9-1 Governmental Activities – Changes in Capital Assets					
	June 30, 2013	Additions	Deletions	Transfers	June 30, 2014
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 111,999	--	(620)	--	111,379
Construction in progress	27,978	18,463	(14,975)	43	31,509
Total capital assets not being depreciated	139,977	18,463	(15,595)	43	142,888
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	237,733	2,594	(925)	--	239,402
Equipment	46,175	13,261	(776)	(43)	58,617
Vehicles	41,263	5,011	(1,951)	(204)	44,119
Infrastructure	187,027	8,976	--	--	196,003
Intangibles	33,636	958	--	--	34,594
Library collections	19,939	1,253	(2,275)	--	18,917
Total buildings and other capital assets being depreciated	565,773	32,053	(5,927)	(247)	591,652
Less accumulated depreciation for:					
Buildings and improvements to sites	(93,465)	(6,859)	50	--	(100,274)
Equipment	(36,424)	(2,995)	665	--	(38,754)
Vehicles	(28,317)	(4,861)	1,912	--	(31,266)
Infrastructure	(32,441)	(4,051)	--	--	(36,492)
Intangibles	(31,672)	(1,022)	--	--	(32,694)
Library collections	(15,833)	(1,530)	2,275	--	(15,088)
Total accumulated depreciation	(238,152)	(21,318)	4,902	--	(254,568)
Buildings and other capital assets, net	327,621	10,735	(1,025)	(247)	337,084
Governmental activities capital assets, net	\$ 467,598	29,198	(16,620)	(204)	479,972

Depreciation expense was charged to the following functions of the governmental activities:

General government	\$ 1,383
Judicial administration	760
Public safety	5,584
Public works	503
Health and welfare	223
Parks, recreational and cultural	5,415
Community development	5,283
Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets	<u>2,167</u>
Total	\$ 21,318

Illustration 9-2 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2014.

Illustration 9-2					
Business-Type Activities – Changes in Capital Assets					
	June 30, 2013	Additions	Deletions	Transfers	June 30, 2014
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 24,195	--	--	--	24,195
Construction in progress	5,559	2,409	(4,890)	--	3,078
Total capital assets not being depreciated	29,754	2,409	(4,890)	--	27,273
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	82,408	4,833	--	--	87,241
Equipment	5,142	646	(579)	--	5,209
Vehicles	6,728	108	(707)	--	6,129
Total buildings and other capital assets being depreciated	94,278	5,587	(1,286)	--	98,579
Less accumulated depreciation for:					
Buildings and improvements to sites	(66,768)	(3,283)	--	--	(70,051)
Equipment	(3,692)	(287)	558	--	(3,421)
Vehicles	(4,141)	(402)	631	--	(3,912)
Total accumulated depreciation	(74,601)	(3,972)	1,189	--	(77,384)
Buildings and other capital assets, net	19,677	1,615	(97)	--	21,195
Business-type activities capital assets, net	\$ 49,431	4,024	(4,987)	--	48,468

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

Landfill	\$ 2,897
Parks, recreational & cultural	<u>1,075</u>
Total	<u>\$ 3,972</u>

Illustration 9-3 summarizes the changes in capital assets of the Adult Detention Center component unit activities for the year ended June 30, 2014.

Illustration 9-3					
Adult Detention Center Component Unit – Changes in Capital Assets					
	June 30, 2013	Additions	Deletions	Transfers	June 30, 2014
Adult Detention Center:					
Capital assets not being depreciated:					
Land	\$ 31	--	--	--	31
Total capital assets not being depreciated	31	--	--	--	31
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	85,544	--	--	--	85,544
Equipment	777	--	(7)	--	770
Vehicles	670	--	--	204	874
Total buildings and other capital assets being depreciated	86,991	-	(7)	204	87,188
Less accumulated depreciation for:					
Buildings and improvements to sites	(16,091)	(2,218)	--	--	(18,309)
Equipment	(347)	(120)	6	--	(461)
Vehicles	(574)	(41)	-	--	(615)
Total accumulated depreciation	(17,012)	(2,379)	6	--	(19,385)
Buildings and other capital assets, net	69,979	(2,379)	(1)	204	67,803
Adult Detention Center capital assets, net	\$ 70,010	(2,379)	(1)	204	67,834

Depreciation expense was charged to the following Adult Detention Center activities:

Public safety	\$ <u>2,379</u>
---------------	-----------------

Illustration 9-4 summarizes the construction in progress at June 30, 2014.

Illustration 9-4			
Construction in Progress at June 30, 2014			
	Amount Authorized	Expended to Date	Project Balance
PRIMARY GOVERNMENT			
800 MHz Radio Communications System	\$ 12,045	7,485	4,560
Financial Information Management System Replacement	10,300	246	10,054
Record Management System Replacement (RMS)	10,672	1,993	8,679
Computer-Aided Dispatch (CAD) System	6,533	2,308	4,225
Land Use Information System	4,000	1,771	2,229
Business Continuity and Disaster Recovery	2,300	1,114	1,186
Tax Administration System Replacement	1,852	--	1,852
INET Upgrade	1,607	1,254	353
Real Estate Assessment System Upgrade	700	498	202
Human Resource Information System Upgrade	544	479	65
Virtual Desktop Pilot Program	300	124	176
Q-matic-Queuing Systems for Land Development	350	105	245
Social Security Information System	622	110	512
Radio Tower Site Acquisition	30	4	26
Central District Police Station	28,337	637	27,700
Montclair Community Library	13,651	1,131	12,520
Gainesville Community Library	12,356	1,561	10,795
Dumfries Triangle Pumpers	1,190	50	1,140
Garfield Police Station Improvements	466	333	133
Westnet Expansion at Fire Stations	95	88	7
Nokesville Fire & Rescue Reconstruction	9,523	289	9,234
Bacon Race Fire Station	8,884	14	8,870
Coles Fire Station Reconstruction	5,606	127	5,479
Gainesville Fire & Rescue Station Renovation	4,401	159	4,242
Owens Building Power Redundancy	1,616	63	1,553
Wet Lab at Discover Building	1,302	1,227	75
Molinari Juvenile Shelter Generator	32	13	19
Juvenile Detention Center Security Software	710	424	286
Animal Shelter Improvements	96	51	45
Brentsville Courthouse/Jail Restoration	1,213	599	614
Rippon Lodge Restoration	315	55	260
Fleet Calibration Building	300	14	286
Fuller Heights Park-Phase I	6,680	4,660	2,020
Catharpin Park – Phase II	813	317	496
Potomac Heritage Trail	3,083	518	2,565
Rollins Ford Parks – Phase I	635	387	248
Silver Lake Improvements	2,544	107	2,437
Lake Ridge Trail	499	33	466
Broad Run Trail	596	444	152
Long Park	532	242	290
Neabsco Trail	335	269	66
Silver Lake Therapeutic Riding/Rainbow	178	140	38
Hellwig Field – Restroom Restoration	70	64	6
Locust Shade Park Retaining Wall	17	1	16
Catharpin Trail	30	1	29
Total	\$ 157,960	31,509	126,451

The \$3,078 construction in progress balance of business-type activities represents capital improvements at the landfill complex, including the construction and installation of landfill liners to improve the landfill and protect public health, groundwater and the environment and is recorded in the Landfill enterprise fund. The Parks & Recreation enterprise fund did not have any construction in progress at June 30, 2014.

Illustration 9-5 summarizes the changes in capital assets of the School Board component unit activities for the year ended June 30, 2014.

Illustration 9-5				
School Board Component Unit – Changes in Capital Assets				
	June 30, 2013	Additions/Transfers	Deletions/Transfers	June 30, 2014
School Board:				
Capital assets not being depreciated:				
Land	\$ 67,373	--	--	\$ 67,373
Construction in progress	102,856	78,437	(128,632)	52,661
Total capital assets not being depreciated	170,229	78,437	(128,632)	120,034
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	1,205,601	128,575	--	1,334,176
Library books	3,631	509	(685)	3,455
Equipment	36,449	1,318	(960)	36,807
Intangibles	3,410	106	--	3,516
Vehicles	85,016	10,148	(5,112)	90,052
Total buildings and other capital assets being depreciated	1,334,107	140,656	(6,757)	1,468,006
Less accumulated depreciation for:				
Buildings and improvements to sites	(309,527)	(24,926)	--	(334,453)
Library books	(2,156)	(691)	685	(2,162)
Equipment	(18,899)	(2,799)	767	(20,931)
Intangibles	(660)	(493)	--	(1,153)
Vehicles	(48,079)	(6,289)	4,926	(49,442)
Total accumulated depreciation	(379,321)	(35,198)	6,378	(408,141)
Buildings and other capital assets, net	954,786	105,458	(379)	1,059,865
School Board capital assets, net	\$ 1,125,015	183,895	(129,011)	\$ 1,179,899

Depreciation expense was charged to the following School Board component unit functions:

Instruction		
Regular	\$	25,016
Special		366
Other		44
Support Services		
General administration		1,064
Student services		9
Curricular/staff development		11
Pupil transportation		6,154
Operations		40
Maintenance		116
Central business services		2,350
Food service		28
		<hr/>
Total	\$	35,198

Illustration 9-6 summarizes the changes in capital assets of the CVB component unit for the year ended June 30, 2014.

Illustration 9-6				
Convention & Visitors Bureau Component Unit— Changes in Capital Assets				
	June 30, 2013	Additions/Transfers	Deletions/Transfers	June 30, 2014
Convention & Visitors Bureau:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 142	1	--	143
Leasehold Improvements	13	--	--	13
Telephone System	14	--	--	14
Total capital assets being depreciated:	169	1	--	170
Less accumulated depreciation for:				
Furniture and equipment	(107)	(11)	--	(118)
Leasehold improvements	(1)	(1)	--	(2)
Telephone system	(11)	(1)	--	(12)
Total accumulated depreciation	(119)	(13)	--	(132)
CVB capital assets, net	\$ 50	(12)	--	38

Depreciation expense was charged to the following Convention & Visitors Bureau component unit functions:

Community development	\$ <u>13</u>
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NOTE (10) - JOINT VENTURES

A. Potomac and Rappahannock Transportation Commission

The Potomac and Rappahannock Transportation Commission (PRTC), was created in fiscal year 1987 to levy a 2% Motor Fuel Tax authorized by the Commonwealth. The PRTC is a joint venture of the contiguous jurisdictions of Prince William and Stafford Counties and the Cities of Manassas, Manassas Park, and Fredericksburg and was established to improve transportation systems, composed of transit facilities, public highways and other modes of transport. While each jurisdiction effectively controls PRTC's use of Motor Fuel Tax proceeds from that jurisdiction, they do not have an explicit, measurable equity interest in PRTC.

The PRTC's governing structure consists of a seventeen member board of commissioners that includes thirteen locally elected officials from the six member jurisdictions, three appointed commissioners from the General Assembly and one ex-officio representative representing the from the Virginia Department of Rail and Public Transportation (VDRPT).

On December 16, 1997, the PRTC issued \$7,445 in Transportation Facilities Lease Revenue Refunding Bonds, Series 1997. The 1997 Bonds were issued to refinance certain of PRTC's outstanding indebtedness, originally incurred to finance the costs of the acquisition, design and construction of transportation facilities. The 1997 Bonds are limited obligations of PRTC payable solely from and secured by a pledge of (1) prior to March 1, 2000, a refunding escrow account, and (2) on and after March 1, 2000, (a) the County's portion of fuel tax revenues, (b) payments by the County to PRTC pursuant to the lease, subject to appropriation, and (c) certain funds and accounts established by indenture, including a debt service reserve fund.

In addition to lease payments to be made to PRTC, the County is also required to fund its share of PRTC's administrative expenses, certain costs of the commuter rail operations, and operating deficits of the County's commuter bus service. Funding sources include the motor fuel tax proceeds and other appropriated County resources. The County did not appropriate resources to be paid to PRTC in fiscal year 2014. The motor fuel tax proceeds were sufficient to cover all costs.

Copies of PRTC's financial statements may be obtained by writing to PRTC Finance Division, 14700 Potomac Mills Road, Woodbridge, Virginia 22192.

B. Peumansend Creek Regional Jail Authority

The Peumansend Creek Regional Jail Authority (the Authority) was created in fiscal year 1994 to construct and operate a 336 prisoner regional correctional facility. The Authority is a joint venture of the jurisdictions of Arlington, Caroline, Loudoun and Prince William Counties and the Cities of Alexandria and Richmond. The formation of the Authority was enabled by Public Law 102-25 and 102-484 that conveyed 150 acres at Fort A.P. Hill from the U.S. Department of the Army to Caroline County on the condition that Caroline County and at least three other jurisdictions named in the legislation construct and operate a regional correctional facility on the site. The City Manager, County Manager or County Executive of the member jurisdictions forms the Authority. The Authority has six member jurisdictions. The Authority employs a Superintendent who is responsible for the operation of the Jail. Each jurisdiction pays the per diem charge for the number of guaranteed beds set forth in the Service Agreement.

The County and the other participating jurisdictions have no explicit, measurable equity interest in the Authority, but do have an ongoing financial responsibility for their share of the Authority's operating costs. The County made payments to the Authority in fiscal year 2014 of \$993 to pay its share of the Authority's operating costs.

On March 20, 1997, the Authority issued \$10,220 Regional Jail Facility Revenue Bonds, Series 1997 and \$12,000 Regional Jail Facility Grant Anticipation Notes, Series 1997. The obligations were issued for the purpose of financing the Authority's planning, design, acquisition, construction and equipping of the Regional Jail Facility; funding a debt service reserve fund for the 1997 Bonds through the purchase of a surety bond from MBIA Insurance Corporation; funding payment of interest on the 1997 Notes through April 1, 2000; funding certain working capital expenditures incident to placing the Regional Jail in operation; and paying the costs of issuing the obligations. The Authority began accepting female prisoners in September 1999, and began full operation in November 1999.

Copies of the Authority's financial statements may be obtained by writing to Peumansend Creek Regional Jail Authority, P.O. Box 1460, Bowling Green, Virginia 22427.

NOTE (11) - LONG-TERM DEBT

The following bonds and capital lease obligations were issued in fiscal year 2014:

- On March 5, 2013, the Board of County Supervisors approved Resolution No. 13-157 authorizing the sale of General Obligation School Bonds to be sold to the Virginia Public School Authority in an amount not to exceed \$69,280 for the purpose of financing various school projects. On July 17, 2013, the County sold to the Virginia Public School Authority Prince William County Special Obligation School Financing Bonds Series 2013 in the par amount of \$59,990.
- On June 18, 2013, the Board of County Supervisors approved Resolution No. 13-395 authorizing the sale of General Obligation Bonds to be sold in an amount not to exceed \$32,000 for the purpose of road and parks capital improvement projects. On July 24, 2013, the County sold the Prince William County General Obligation Bonds Series 2013 in the par amount of \$28,635.

For information on interest rates, see Schedules 22 and 23.

Bonds Payable

The majority of the County's bonds payable are general obligations of the County and are secured by its full faith and credit. Some of the County's bonds are subject to arbitrage, and as such, actuarial calculations are made and liabilities are recorded annually.

A portion of the bonds are intended to be repaid from specific revenue sources as outlined below:

- The outstanding IDA Lease Revenue Refunding Bond, Series 2005, of \$4,355, is a limited obligation of the IDA, payable solely from a pledge of rent and receipts to be derived from a financing lease between the IDA and the County and certain funds held under an indenture of trust, including a debt service reserve account. The balance in this reserve account at June 30, 2014, was \$1,092 and is included in the restricted cash balance shown in Illustration 2-11.
- The outstanding Parks & Recreation enterprise fund Refunding Bonds of \$11,135 are paid from revenues of Forest Greens Golf Course, Generals Ridge Golf Course, and Splashdown Water Park.

The Commonwealth imposes no legal debt limitation on counties. Except for Virginia Public School Authority general obligation issuances, a referendum must be approved by the voters prior to the issuance of general obligation bonds. The County established a self-imposed limit on its total bonded debt of 3% of the net assessed valuation of taxable property. The County includes general obligation bonds, appropriation debt supported by tax revenue, and School Board bonds and literary fund loans in its determination of total bonded debt. As of June 30, 2014, the County's total bonded debt, as defined above, was \$730,222 less than the self-imposed limitation. In addition, there are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all such limitations and restrictions.

The annual debt service requirements of general obligation and lease revenue bonds outstanding in governmental funds as of June 30, 2014, including interest payments, are shown in Illustration 11-1. Refer to Schedule 22 for information related to maturity dates and interest rates for these obligations.

Illustration 11-1			
Governmental Activities – Debt Service Requirements – General Obligation and Revenue Bonds			
	Principal	Interest	Total
Designated for Roads, Parks & Other General County Projects			
Year Ending June 30:			
2015	\$ 15,279	6,434	21,713
2016	12,672	5,850	18,522
2017	12,740	5,289	18,029
2018	12,700	4,759	17,459
2019	10,730	4,190	14,920
2020 thru 2024	50,885	14,764	65,649
2025 thru 2029	30,035	5,146	35,181
2030 thru 2034	9,091	889	9,980
Subtotal	154,132	47,321	201,453
Designated for School Board Projects			
Year Ending June 30:			
2015	48,346	27,436	75,782
2016	48,298	25,069	73,367
2017	46,895	22,807	69,702
2018	46,850	20,703	67,553
2019	44,255	18,611	62,866
2020 thru 2024	196,135	63,361	259,496
2025 thru 2029	119,980	24,835	144,815
2030 thru 2032	45,679	3,835	49,514
Subtotal	596,438	206,657	803,095
Total	\$ 750,570	253,978	1,004,548

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2014, including interest payments, are shown in Illustration 11-2.

Illustration 11-2			
Business-type Activities – Debt Service Requirements – Revenue Bonds			
	Principal	Interest	Total
Year Ending June 30:			
2015	\$ 580	426	1,006
2016	590	411	1,001
2017	610	393	1,003
2018	630	369	999
2019	650	344	994
2020 thru 2024	3,675	1,321	4,996
2025 thru 2029	4,400	547	4,947
Subtotal	11,135	3,811	14,946
Add: unamortized premium on refunding of revenue bonds	18		
Total	\$ 11,153		

A. Operating and Capital Leases

The County leases real estate and equipment under operating and capital leases expiring at various dates through 2023. All leases are non-cancelable except they are contingent upon the Board appropriating funds for each year's payments. The County also has various short-term leases for real estate and equipment with initial or remaining non-cancelable lease terms of less than one year as of June 30, 2013. Total rental expense under operating leases of the primary government for the year ended June 30, 2014, was \$6,714. Illustration 11-3 summarizes the minimum lease commitments under the County's operating leases.

Illustration 11-3	
Minimum Lease Commitments – Operating Leases	
	Primary Government
Year Ending June 30:	
2015	\$ 6,373
2016	6,300
2017	4,906
2018	4,392
2019	3,290
2020-2024	3,463
Total minimum payments	\$ 28,724

Illustration 11-4 presents the assets that were acquired through capital lease obligations.

Illustration 11-4		
Assets Acquired Through Capital Lease Obligations		
	Governmental Activities	ADC Component Unit
Other capital assets:		
Buildings	\$ 91,537	\$ 6,459
Improvements	13,576	105
Machinery and Equipment	2,299	--
Vehicles	1,458	--
Less: Accumulated Depreciation	(34,690)	(3,826)
Total assets acquired through capital lease obligations	\$ 74,180	\$ 2,738

Illustration 11-5 presents a summary of minimum lease commitments on all capital leases.

Illustration 11-5	
Minimum Lease Commitments – Capital Lease Obligations	
	Primary Government
Year Ending June 30:	
2015	\$ 19,534
2016	18,822
2017	19,394
2018	15,467
2019	18,230
2020 thru 2024	66,741
2025 thru 2029	27,227
2030 thru 2032	1,940
Total minimum payments	187,355
Less: Interest	(41,763)
Present value of future minimum payments	\$ 145,592

B. Changes in Long-Term Liabilities:

Changes in long-term liabilities of governmental activities for the year ended June 30, 2014 are shown in Illustration 11-6.

Illustration 11-6						
Governmental Activities – Changes in Long-Term Liabilities						
	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
General obligation bonds:						
Designated for Roads, Parks and Other General County projects	\$ 139,376	28,635	(13,879)	154,132	138,853	15,279
Designated for School Board projects	582,469	59,990	(46,021)	596,438	548,092	48,346
Subtotal	721,845	88,625	(59,900)	750,570	686,945	63,625
Capital lease obligations	158,661	--	(13,069)	145,592	132,467	13,125
Unpaid losses and related liabilities (Note 20)	18,853	30,049	(31,596)	17,306	11,430	5,876
Net Pension/OPEB obligations	4,613	1,936	(4,613)	1,936	1,936	--
Surplus distribution payable	4,575	967	(560)	4,982	4,417	565
Compensated absences	29,476	13,487	(12,265)	30,698	29,057	1,641
Unamortized Premium	72,131	10,309	(9,708)	72,732	65,529	7,203
Total	\$ 1,010,154	145,373	(131,711)	1,023,816	931,781	92,035

Long-term liabilities of governmental activities are generally liquidated by the General Fund. Funds of the Intra-County Services internal service fund are used to liquidate approximately 5% of compensated absences.

Changes in long-term liabilities of business-type activities for the year ended June 30, 2014 are shown in Illustration 11-7.

Illustration 11-7						
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	\$ 13,280	--	(2,145)	11,135	10,555	580
Unamortized premium on issuance of revenue bonds	19	--	(1)	18	17	1
Revenue bonds, net	13,299	--	(2,146)	11,153	10,572	581
Capital Lease obligations	889	--	(293)	596	295	301
Compensated absences	827	637	(580)	884	837	47
Accrued closure liability (Note 13)	12,291	3,775	(2,599)	13,467	8,817	4,650
Total	\$ 27,306	4,412	(5,618)	26,100	20,521	5,579

Changes in deferred inflows of resources of business-type activities for the year ended June 30, 2014 are shown in Illustration 11-8.

Illustration 11-8						
Business-Type Activities – Changes in Deferred Inflow of Resources						
	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
Unamortized deferred loss on refunding	\$ (678)	--	(50)	(628)	(578)	(50)

Changes in long-term liabilities of the component units for the year ended June 30, 2014 is shown in Illustration 11-9.

Illustration 11-9							
Component Units – Changes in Long-Term Liabilities							
	Beginning				Ending	Due in More	Due Within
	Balance	Additions	Reductions		Balance	Than One	One Year
						Year	
School Board:							
Compensated absences	\$ 28,622	10,622	(9,475)		29,769	19,634	10,135
Pollution remediation	680	468	(699)		449	--	449
Claims liabilities	12,825	71,235	(70,423)		13,637	4,313	9,324
Total School Board component unit	42,127	82,325	(80,597)		43,855	23,947	19,908
Adult Detention Center:							
Compensated absences	3,162	395	(421)		3,136	2,988	148
Total Adult Detention Center component unit	3,162	395	(421)		3,136	2,988	148
Total	\$ 45,289	82,720	(81,018)		46,991	26,935	20,056

C. Defeasance of Long-Term Debt

In prior years the County defeased certain bonds, some of which have been called and repaid. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the County's financial statements. At June 30, 2014, \$128,870 in principal of bonds outstanding is considered defeased by the County.

D. Component Unit Debt

The *Code of Virginia* establishes the School Board as a legal entity holding title to all school assets but having no taxing authority. The County must issue debt through bond referendum, Virginia Public School Authority or Literary Fund. Historically, the County has reported all School Board assets along with the related debt in the School Board component unit column of its CAFR. GASB 34 provided specific guidance that requires localities to separate internal activities (within the primary government) from intra-entity activities (between the primary government and its component units). This guidance prevents local governments from allocating debt incurred "on-behalf" of school boards to the School Board component unit column.

Therefore, the School Board assets are included in the component unit column while the debts related to those assets are included in the Primary Government – Governmental Activities column on Exhibit 1. At June 30, 2014, the County has outstanding debt of \$596,438 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net position of the County. Similarly, assets of the Adult Detention Center are included in the component unit column, while the debts related to those assets are included in the Primary Government – Governmental Activities column on Exhibit 1. At June 30, 2014, the County has outstanding debt of \$21,680 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net position of the County, respectively.

To assist the readers in understanding this relationship and to more accurately reflect the total entity's financial condition, a total Reporting Entity column has been added to match the asset and related debt information.

NOTE (12) – FUND BALANCES / NET POSITION

Illustration 12-1 details the fund balances of the County’s Governmental funds and Adult Detention Center (ADC) component unit at June 30, 2014.

Illustration 12-1 Fund Balances / Net Position at June 30, 2014							
	Governmental Activities					ADC Component Unit	
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Governmental Funds	Total Primary Government		
Nonspendable in the form of:							
Inventory	\$ 202	--	--	--	202	--	
Prepaid expenditures	20	240	--	--	260	--	
Restricted for:							
General government administration							
Debt service	1,069	--	--	--	1,069	--	
Defaulted subdivision	200	--	--	--	200	--	
Public safety							
Police	62	--	--	--	62	--	
Fire and rescue	2,362	--	77,831	--	80,193	--	
Site development	--	--	--	2,846	2,846	--	
Public works							
Stormwater management	--	--	--	5,781	5,781	--	
Transportation	--	--	--	1,037	1,037	--	
Community development							
Development services	--	--	--	4,108	4,108	--	
Housing	--	--	--	4,700	4,700	--	
Committed for:							
General government administration							
General government operations	29,524	--	--	--	29,524	--	
Technology upgrades	7,952	--	--	--	7,952	--	
General government capital projects	--	18,648	--	--	18,648	--	
Judicial administration							
Courthouse complex master plan	209	347	--	--	556	--	
JDRC replacement files	--	143	--	--	143	--	
Public safety							
Police operations	1,205	--	--	--	1,205	--	
AED replacement	1,850	--	--	--	1,850	--	
E911 operations	5,237	--	--	--	5,237	--	
EMS operations	1,573	--	--	--	1,573	--	
Fire marshal inspections	1,216	--	--	--	1,216	--	
Public safety capital projects	--	11,512	--	--	11,512	--	
Adult detention center	--	--	--	--	--	3,100	
Public works							
Unspent bond proceeds	--	26,634	--	--	26,634	--	
Street and roads projects	5,380	24,762	--	--	30,142	--	
Public transit	1,270	--	--	--	1,270	--	
Public works capital projects	--	2,239	--	--	2,239	--	
Parks, recreational and cultural							
Current parks projects	1,300	10,723	--	--	12,023	--	
Future parks projects	10,273	--	--	--	10,273	--	
Libraries	--	621	--	--	621	--	
Community development							
Economic development projects	--	6,477	--	--	6,477	--	
Tourism	746	--	--	--	746	--	
Assigned for:							
General government administration							
General government administration	2,416	--	--	--	2,416	--	
Judicial administration							
Judicial administration	472	--	--	--	472	--	
Public safety							
Public safety	879	--	--	--	879	1,815	
Public works							
Public works	1,832	--	--	--	1,832	--	
Health and welfare							
Health and welfare	293	--	--	--	293	--	
Parks, recreational and cultural							
Parks, recreational and cultural	264	--	--	--	264	--	
Community development							
Community development	286	--	--	--	286	--	
Unassigned	69,669	--	--	--	69,669	5,859	
Total	\$ 147,761	102,346	77,831	18,472	346,410	10,774	

For further information about each classification of fund balance, see Note 1M.

Non-spendable Fund Balance. The amounts that are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balances. The portion of fund equity appropriated for expenditures or legally segregated for a specific future use. Committed and Assigned fund balances represent the County's managerial plans for future use of financial resources. Unassigned fund balance is the residual classification for the general fund. The County's restricted fund balance includes amounts restricted for debt service, unspent bond proceeds, cash equivalents, grants, and related to revenues restricted in the Special Revenue funds.

Committed Fund Balance. The County's highest level of decision-making authority is the Board of County Supervisors. The formal action required to establish, modify, or rescind a fund balance commitment is a resolution of the Board of County Supervisors.

Assigned Fund Balance. Assignment of fund balance occurs only through the encumbrance of funds for particular purposes for which there is no existing fund balance restriction or commitment. Department directors have the authority to approve such encumbrances; the County Executive has the authority to modify or rescind any fund balance assignment per §100.12.6(a) of the County's Purchasing Regulations. Fund balance assignments resulting from the encumbrance of funds are governed through the County's Purchasing Regulations.

Fund Balance Classification. The County considers restricted amounts to have been spent first when both restricted and unrestricted fund balance is available. When amounts from multiple fund balance classifications are eligible to be expended, the County considers the amounts to be spent first from the category with the most stringent constraints and last from the category with the least stringent constraints.

Net Position. The reporting entity reported \$168,908 of restricted net position at June 30, 2014. Of this amount, \$96,303 is restricted by enabling legislation.

Illustration 12-2 details the encumbrances of the County's Governmental funds and Adult Detention Center (ADC) component unit at June 30, 2014.

Illustration 12-2							
Encumbrances at June 30, 2014							
	Governmental Activities						ADC Component Unit
	General Fund	Capital Projects Funds	Fire & Rescue Levy Funds	Other Governmental Funds	Total Primary Government		
Encumbrances	\$ 6,442	92,973	2,979	1,294	103,688	1,815	

NOTE (13) – LANDFILL / CLOSURE AND POST CLOSURE CARE COST

At the end of fiscal year 2014, the Landfill enterprise fund has generated sufficient revenue to meet bond coverage requirements.

State and federal laws and regulations require the County to place a final cover on its Independent Hill landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each financial statement date. The \$13,467 reported as landfill closure and post closure care liability at June 30, 2014, represents the cumulative amount reported to date based on the use of 100% of the Phase I landfill, 20% of the Phase 2 landfill, and 40% of the total landfill capacity for the southern portion of the landfill, including Phases I, II and III. The total maximum exposure liability for closure and post closure care for all County solid waste facilities during the life of the landfill, as reported to the Virginia Department of Environmental Quality in December 2013, is \$36,284. The County will recognize the remaining total estimated cost of closure and post closure care for the southern portion of the landfill of \$26,606 as the remaining estimated capacity of the southern portion of the landfill is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2014. The County expects to close the southern portion of the landfill site in the year 2033 and the entire landfill in 2060. The total current cost of landfill closure and post closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

NOTE (14) - DEFINED BENEFIT PENSION PLANS

A. Virginia Retirement System

Plan Description:

The County and the Adult Detention Center component unit contribute to the Virginia Retirement System (VRS), an agent and cost-sharing, multiple-employer defined benefit pension plan administered by the VRS.

Professional and non-professional employees of the School Board are also covered by the VRS. Professional employees participate in a VRS statewide teacher cost sharing pool, and non-professional employees participate as a separate group in the agent multiple-employer retirement system.

All full-time, salaried permanent (professional) employees of the School Board and employees of the County and the Adult Detention Center are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

The VRS System administers three different benefit plans for local government employees – Plan 1, Plan 2, and the Hybrid Plan. Each plan has a different eligibility and benefit structure as set out below:

1. VRS Plan 1:

VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

Eligible Members. Employees are in VRS Plan 1 if their membership date is before July 1, 2010 and were vested as of January 1, 2013.

Hybrid Opt-In Election. VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan.

Retirement Contributions. Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. The County elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The County makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and the County's contributions to provide funding for the future benefit payment.

Creditable Service. Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position and may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine eligibility for retirement and to calculate the retirement benefit and the VRS Health Insurance Credit.

Vesting. Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for the plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in their personal contributions into the Plan.

Calculating the Benefit. The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation. A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier. The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% as elected by the County.

Normal Retirement Age. Normal Retirement Age is age 65.

Earliest Unreduced Retirement Eligibility. Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility. Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement. The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility for COLA. For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

Exceptions to COLA Effective Dates. The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013;
- The member retires on disability;
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP);
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program; or
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage. Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.

Purchase of Prior Service. Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

2. VRS Plan 2:

VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

Eligible Members. Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election. VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Plan during a special election window held January 1 through April 30, 2014. The Hybrid Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Plan.

Retirement Contributions. Retirement Contributions are the same as VRS Plan 1.

Creditable Service. Creditable Service is the same as VRS Plan 1.

Vesting. Vesting is the same as VRS Plan 1.

Calculating the Benefit. See the definition detailed under VRS Plan 1.

Average Final Compensation. A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier. The multiplier is the same as VRS Plan 1 for service earned, purchased or granted prior to January 1, 2013, which is 1.70%. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

Normal Retirement Age. The Normal Retirement Age is the Normal Social Security retirement age.

Earliest Unreduced Retirement Eligibility. Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility. Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement. The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Eligibility for COLA. The eligibility for COLA increases is the same as VRS Plan 1.

Exceptions to COLA Effective Dates. The exceptions are the same as VRS Plan 1.

Disability Coverage. Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Purchase of Prior Service. Purchase of Prior Service is the same as VRS Plan 1.

3. The Hybrid Plan:

The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")

- The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member's and County's contributions into the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may receive distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible employees are in the Hybrid Plan if their membership date is on or after January 1, 2014. This includes members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. Employees who are covered by enhanced benefits for hazardous duty employees are not eligible to participate in the Hybrid Plan.

Retirement Contributions. A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the County to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the County. Additionally, members may choose to make voluntary contributions to the defined

contribution component of the plan, and the County is required to match those voluntary contributions according to specified percentages.

Creditable Service Defined Benefit Component. Under the defined benefit component of the Hybrid Plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position and may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine eligibility for retirement and to calculate the retirement benefit and the VRS Health Insurance Credit.

Creditable Service Defined Contributions Component. Under the defined contribution component of the Hybrid Plan, creditable service is used to determine the member's vesting for the County's contribution into the Plan.

Vesting Defined Benefit Component. Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Plan remain vested in the defined benefit component. Members are always 100% vested in their personal contributions into the plan.

Vesting Defined Contributions Component. Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the personal contributions into the plan.

Withdrawals. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of the County's contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of County contributions;
- After three years, a member is 75% vested and may withdraw 75% of County contributions; or
- After four or more years, a member is 100% vested and may withdraw 100% of County contributions.

Distribution is not required by law until age 70½.

Calculating the Benefit Defined Benefit Component. Calculating the benefit is the same as detailed under VRS Plan 1.

Calculating the Benefit Defined Contribution Component. The benefit is based on contributions made by the member and any matching contributions made by the County, plus net investment earnings on those contributions.

Average Final Compensation. Average final compensation is calculated the same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier. The retirement multiplier is 1.0%.

For members that opted into the Hybrid from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans prior to opting out.

Normal Retirement Age Defined Benefit Component. Normal retirement age is the same as VRS Plan 2.

Normal Retirement Age Defined Contribution Component. Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility Defined Benefit Component. Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Earliest Unreduced Retirement Eligibility Defined Contribution Component. Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) Defined Benefit Component. COLA is the same as VRS Plan 2.

Cost-of-Living Adjustment (COLA) Defined Contribution Component. Not applicable.

Eligibility for COLA. The eligibility for COLA increases is the same as VRS Plan 1 and VRS Plan 2.

Exceptions to COLA Effective Dates. The exceptions are the same as VRS Plan 1 and VRS Plan 2.

Disability Coverage. Hybrid Plan members are eligible to participate in the County’s Local Disability Program equivalent to the Commonwealth of Virginia’s Local Disability Program (VLDP). Hybrid Plan members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under the County’s Local Disability Program are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service Defined Benefit Component. Purchase of Prior Service is the same as VRS Plan 1.

Purchase of Prior Service Defined Contribution Component. Not applicable.

As of June 30, 2013, the date of the most recent actuarial valuation, there were 3,525 active participants and 1,627 retirees and beneficiaries receiving benefits on that date. In addition, there were 523 vested and 912 non-vested inactive participants entitled to receive future benefits from the Plan.

The VRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Funding Policy:

VRS Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. Beginning July 1, 2012, new employees were required to pay the 5.00% member contribution. Existing employees were also required to begin paying the 5.00% member contribution. However, the County opted to phase in over a period of five years as permitted by the Code of Virginia by providing a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County’s contribution rate for the fiscal year ended June 30, 2014 was 13.52% of the annual covered payroll.

Annual Pension Cost:

For the fiscal year ended June 30, 2014, the annual pension cost of \$41,767 for VRS was equal to the required and actual contributions.

Illustration 14-1 summarizes the required three-year trend information for the County.

Illustration 14-1 Virginia Retirement System Three Year Trend Information for Prince William County						
Fiscal Year Ending:	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation (NPO)		
	Employer Portion	Employee Portion partly paid by Employer				
June 30, 2012	\$ 21,064	10,166	100%	\$ --		
June 30, 2013	\$ 29,107	10,765	100%	\$ --		
June 30, 2014	\$ 30,491	11,276	100%	\$ --		

The fiscal year 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2013 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.50% to 5.35% per year for local general government employees, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for VRS Plan 1 employees and 2.25% for VRS Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%.

The actuarial value of the County’s pension assets is equal to the modified market value of assets, which cannot be less than 80% or more than 120% of the market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period by recognizing excess return or (shortfall) of expected returns of

7% at the rate of 20% per year. This approach dampens year-to-year fluctuations in the contribution rates. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

Funded Status and Funding Progress:

As of June 30, 2013, the most recent actuarial valuation date, the plan was 74.8% funded. The actuarial accrued liability for benefits was \$981,989 and the actuarial value of assets was \$734,871 resulting in an unfunded actuarial accrued liability (UAAL) of \$247,118. The covered payroll (annual payroll of active employees covered by the plan) was \$217,874 and the ratio of the UAAL to the covered payroll was 113.4%.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 3C, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

B. Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel

Summary of Significant Accounting Policies:

Basis of accounting. The Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel (Plan) Trust Fund financial statements are prepared using the accrual basis of accounting. The Plan does not issue a stand-alone financial report, and it is not included in the financial report of another entity. Member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the term of the Plan.

Method used to value investments. Investments are reported at fair value. Fair value of investments is based on quoted market prices.

Plan Description:

Plan administration. The Plan is a single-employer defined benefit pension plan. Each police officer and salaried Fire & Rescue Department employee employed by Prince William County prior to July 1, 1985, is eligible to participate in the Plan as of July 1, 1985, if they were covered by and participating in the VRS and elected to participate in the Plan. Each police officer and salaried Fire & Rescue Department employee, hired after June 30, 1985, becomes a participant on his or her date of employment. The Plan provides retirement and death benefits to plan members and beneficiaries.

These benefit provisions, and the contributions required to pay them, were established and may be amended by authority of the Plan's Board of Trustees.

Plan membership. As of July 1, 2013, the date of the most recent actuarial valuation, there were 1,026 active participants and 198 retirees and beneficiaries receiving benefits on that date. The latter number does not include retirees for whom all future payments will be offset by VRS benefits. In addition, as of July 1, 2013, there were 258 vested and 37 non-vested inactive participants entitled to receive future benefits from the Plan.

Benefits provided. The Plan is designed to provide a benefit upon the retirement of participants, the amount of which takes into account the length of service and the compensation paid by the County to such employees with recognition given to the benefits that will be provided by the VRS. Normal retirement date is the earlier of the participant's 55th birthday or the completion of 25 years of credited service. Benefits, at the participants' election, are i) the larger of 1.5% of the participant's final average compensation times credited service or 1.65% of the final average compensation in excess of \$1.2 multiplied by the years of credited service; ii) a temporary annuity of \$0.54 per month for 15 years for participants who left employment prior to March 30, 2001, and then elect benefit commencement on or after such date or a temporary annuity of \$0.64 per month for 15 years for participants employed on or after March 30, 2001; or iii) a lump sum benefit of the participant contribution plus the employer's contributions during the period of employment. Final average compensation for participants hired before July 1, 2010 is the base salary of an employee for the 36 consecutive calendar months producing the highest total, selected from the 120 calendar months immediately preceding actual retirement or termination, divided by 36 (or total months of service if less). Final average compensation for participants hired after June 30, 2010 is the base salary of an employee for the 60 consecutive calendar months producing the highest total, selected from the 120 calendar months immediately preceding actual retirement or termination, divided by 60 (or total months of service if less).

Participants shall vest 100% in the benefit provided under the Plan upon attainment of the participant's normal retirement date. Participants are considered vested and eligible for early retirement after 20 years of credited service, but the benefits are

reduced 0.5% for each month the commencement date precedes the normal retirement date. As an alternative, the member may elect a temporary annuity of \$0.32 thousand per month for 15 years, multiplied by the ratio of the number of completed years of service at early retirement date to 25 or the withdrawal benefit. Any participant or spouse receiving a monthly benefit for at least one year is eligible for the pension increase each July 1st. The benefit will be increased by 100% of the first 3% increase in the cost-of-living index plus 50% of the increase in the cost-of-living index in excess of 3%. Increases in the cost-of-living index in excess of 7% are not recognized. Increases do not apply to supplemental benefits or early retirement pensions.

Contributions. These benefit provisions, and the contributions required to pay them, were established and may be amended by authority of the Plan's Board of Trustees. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year. The County is not required to contribute the difference between the actuarially determined rate and the contribution rate of plan members to the Plan Trust Fund. For the year ended June 30, 2014, the average active member contribution rate was 1.37% of annual pay, and the County's average contribution rate was 1.37% of annual payroll.

The Schedule of County Contributions, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 3B, presents multiyear trend information about yearly contributions into the Plan relative to actuarially determined contributions and total covered-employee payroll.

Investments:

Investment policy. The Statement of Investment Policy for the Plan is administered by the Plan Board. Any changes to the Statement of Investment Policy must be voted on by the Plan Board in order to be adopted. The last revision to the policy was July 26, 2012.

Fair value of investments is based on quoted market prices.

For Domestic Equity, International Equity and REITs, the maximum weighting, on a market value basis, in any one company for active Investment Managers is 5% of the portfolio value. For domestic fixed income, international fixed income, hedge funds and cash equivalents the maximum weighting, on a market value basis, in any one security for active Investment Managers is 2% of the portfolio value. This does not apply to U.S. government and agency issues. The plan is rebalanced in the event any individual asset class differs from policy by more than 20% of the target weight, but with a minimum deviation threshold of 2% of the total portfolio value.

The following was the Board's adopted asset allocation policy as of June 30, 2014:

Illustration 14-2 Statement of Investment Policy Supplemental Retirement Plan Concentrations at June 30, 2014		
Asset Class	Policy Percent	Target Range Percent
Supplemental Retirement Plan Pension Trust Fund Investments:		
Tactical Asset Allocation Funds		
PIMCO All-Asset Fund	10%	5% - 15%
Equity Mutual Funds		
Vanguard Total Stock Market Fund	25%	20% - 30%
Vanguard Developed Markets Fund	17%	15% - 25%
State Street Emerging Markets Fund	7%	5% - 10%
Portfolio Advisors Private Equity Fund	1%	0% - 5%
Real Assets		
Pimco Commodity Real Return Strategy	4%	2% - 7%
ASB Allegiance Real Estate Fund	6%	3% - 8%
RREEF III	0%	0% - 2%
Fixed Income		
PIMCO Total Return Fund	15%	10% - 20%
Brandywine Global Bond Fund	15%	10% - 20%
Cash	<u>0%</u>	0% - 5%
	<u>100%</u>	

Concentrations. At June 30, 2014, the Supplemental Retirement Plan's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

Rate of return. For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the County:

The components of the net pension liability of the County at June 30, 2014, were as follows:

Illustration 14-3 Prince William County Supplemental Retirement Plan Net Pension Liability				
Fiscal Year Ending:	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Net Position as % of Total Pension Liability
June 30, 2014	\$ 33,265	(33,144)	\$ 121	99.63%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement. Illustration 14-4 reflects the actuarial methods and assumptions as follows:

Illustration 14-4	
Prince William County Supplemental Retirement Plan	
Actuarial Methods and Assumptions	
Valuation Date	July 1, 2013
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Investment Rate of Return	7.0% net of investment expense
Payroll Growth	4.5%, including inflation
Inflation	3.0%
Mortality	RP-2000 Combined Healthy Blue Collar tables with generational projection by Scale AA

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2013.

The projected return for Domestic Equity is based on the 20-year return, reduced for expected decline in profit margins, while returns for other equity classes is based on the return for domestic equity adjusted for risk. The return for Domestic Fixed Income is based on the 20-year return, reduced for anticipated increases in interest rates. Returns for other fixed income and real assets are based on the return for fixed income, adjusted for risk. Additionally, the return for diversified assets assumes a blend of equity and fixed income, enhanced due to the properties of the strategy used by Prince William County.

Return for the portfolio is based on a weighted average of these returns, with the weightings based on our asset allocation, producing a real return. The overall real return is adjusted for inflation. This expected return (50% probability) is further reduced for risk to yield a return with greater than a 50% chance of success.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Illustration 14-5			
Prince William County Supplemental Retirement Plan			
Asset Class, Index, Mean Expected Rate of Return at June 30, 2014			
Asset Class	Cap Mkt Estimates	Police & Fire Pension Allocation	Police & Fire Pension Weighted Average
Diversified	6.0%	10.0%	0.6%
Domestic Equity	7.5%	25.0%	1.9%
International Equity Developed	8.0%	17.0%	1.4%
International Equity Emerging	8.7%	7.0%	0.6%
Private Equity	10.0%	1.0%	0.1%
Commodities	4.0%	4.0%	0.2%
Real Estate	5.0%	6.0%	0.3%
Fixed Income US Investment Grade	3.0%	15.0%	0.5%
Fixed Income International	2.9%	15.0%	0.4%
Cash	2.0%	<u>0.0%</u>	0.0%
		<u>100.0%</u>	
Real Return			5.3%
Inflation			2.5%
Return w/Inflation			7.8%
Risk Adjustment			<u>-0.8%</u>
Total Expected Return			<u>7.0%</u>

Discount rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.0%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

Illustration 14-6			
Prince William County Supplemental Retirement Plan			
Sensitivity of Liability			
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
County's net pension liability	\$ 2,395	\$ 121	\$ (1,955)

The Changes in Net Pension Liability and Related Ratios, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 3A, presents multiyear trend information about whether the actuarial value of the plan liabilities and assets are increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

C. Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP)

Summary of Significant Accounting Policies:

Basis of accounting. The Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP) Trust Fund financial statements are prepared using the accrual basis of accounting. The LoSAP Plan does not issue a stand-alone financial report, and it is not included in the financial report of another entity. Employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the term of the Plan.

Method used to value investments. Investments are reported at fair value. Fair value of investments is based on quoted market prices.

Plan Description:

Plan administration. The LoSAP award program provides benefits for certified volunteer fire department and rescue squad members and is administered by the Plan's Board of Trustees. LoSAP was authorized by the Board of County Supervisors on October 22, 1991, and became effective July 1, 1997.

Certified active duty fire department and rescue squad volunteers are eligible to participate in the Plan upon attainment of the minimum age of 21 years, and a minimum of twelve months of creditable service, and a minimum of 360 hours of creditable service. Each certified active duty fire department and rescue squad volunteer becomes a participant on July 1 coinciding with or the next following year when all the eligibility requirements are met. The Plan provides retirement and death benefits to plan members and beneficiaries.

Plan membership. As of July 1, 2013, the date of the most recent actuarial valuation, there were 662 active participants, 374 vested and 288 non-vested, and 121 retirees and beneficiaries receiving benefits on that date. In addition, as of July 1, 2013, there were 982 vested and zero non-vested inactive participants entitled to receive future benefits from the Plan.

Benefits provided. LoSAP is designed to provide a benefit upon the retirement of participants, the amount of which takes into account the length of service. Normal retirement date is first day of the month coinciding with or next following attainment of age 60. Benefits are \$0.01 monthly times years of service with a 50% joint and survivor annuity. Normal Retirement Benefit accrues based on service to date. The Plan also provides a pre-retirement death benefit or disability benefit after a minimum service of five years. The pre-retirement death benefit provides a life annuity to the surviving spouse equal to 50% of the accrued benefit. For non-married participants a life annuity to a named beneficiary equals 25% of the accrued benefit. Additional death benefit for active members, \$10 is provided to designated beneficiary. The disability benefit provides an immediate annuity equal to 100% of the accrued benefit.

Participants shall vest upon termination after five years of service, a percentage, ranging from 50% for five years of service to 100% for ten or more years of service, of the accrued benefit, deferred to normal retirement date.

Contributions. These benefit provisions, and the contributions required to pay them, were established and may be amended by authority of the LoSAP's Board of Trustees. The LoSAP Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year. The County is not required to contribute the difference between the actuarially determined rate and the contribution rate of plan members to the LoSAP Trust Fund. For the year ended June 30, 2014, the County's contribution was \$2,115 to the LoSAP Trust Fund. The County paid contributions on behalf of each of the Volunteer Fire and Rescue Companies according to their respective actuarial valuations.

The Schedule of County Contributions, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 3B, presents multiyear trend information about yearly contributions into the Plan relative to actuarially determined contributions and total covered-employee payroll.

Investments:

Investment policy. The investment policy for the Plan is administered by the LoSAP's Board of Trustees. Any changes to the investment policy must be voted on by the LoSAP Board in order to be adopted. Currently, the LoSAP Fund invests 100% into an insurance annuity fund.

Fair value of investments is based on quoted market prices.

Concentrations. At June 30, 2014, the LoSAP Trust Fund’s investments were 100% invested in an insurance annuity fund and are subject to concentration of credit risk.

Rate of return. For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.95%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the County:

The components of the net pension liability of the County at June 30, 2014, were as follows:

Illustration 14-7 Prince William County LoSAP Plan Net Pension Liability				
Fiscal Year Ending:	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Net Position as % of Total Pension Liability
June 30, 2014	\$ 14,651	(12,836)	\$ 1,815	87.61%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement. Illustration 14-8 reflects the actuarial methods and assumptions as follows:

Illustration 14-8 Prince William County LoSAP Plan Actuarial Methods and Assumptions	
Valuation Date	July 1, 2013
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Investment Rate of Return	6.0% net of investment expense
Payroll Growth	N/A
Inflation	N/A
Mortality	RP2000 Mortality Table projected to 2013 using Scale AA

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2013.

Discount rate. The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the actuarially determined contribution amount. This amount includes an additional 3% to compensate for the annuity investment rate of return of 3%. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until year 67, then a blend of the expected long term rate of return and a current municipal bond rate was used as the discount rate.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 6.0% blended with the long-term municipal bond rate of 3.66% beginning at year 67, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99%) or 1-percentage point higher (6.99%) than the current rate:

Illustration 14-9 Prince William County LoSAP Plan Sensitivity of Liability			
	1% Decrease (4.99%)	Current Discount Rate* (5.99%)	1% Increase (6.99%)
County's net pension liability	\$ 4,481	\$ 1,815	\$ (286)

*Blended rate of 6.0% and a blend of the expected long term rate of return and a current municipal bond rate of 3.66% beginning at year 67 was used.

The Changes in Net Pension Liability and Related Ratios, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 3A, presents multiyear trend information about whether the actuarial value of the plan liabilities and assets are increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

NOTE (15) – OTHER POST-EMPLOYMENT BENEFIT PLANS

County Sponsored Plans

1. Prince William County Post-Retirement Medical Benefits Premium Plan (County Premium Plan)

Plan Description. The Prince William County Premium Plan is a single-employer defined benefit post-employment healthcare plan that covers eligible retired employees and Consolidated Omnibus Budget Reconciliation Act (COBRA) eligible employees of the County including all departments and agencies. The County Premium Plan provides limited health, dental and vision insurance benefits to eligible retirees and their eligible family members. In order to receive the subsidy, the participant must be eligible to retire or eligible for COBRA coverage and have coverage under the medical plan prior to termination. All employees who are retiree eligible or COBRA eligible have access to medical coverage. Dependents, including surviving spouses, are permitted access to medical coverage. No access to medical coverage is permitted after age 65. Eligible employees must elect coverage immediately upon retirement. Employees who terminate prior to retirement eligibility are not eligible for the Premium Plan. Terminated employees can elect COBRA coverage for up to eighteen months if previously enrolled in the County Premium Plan. As of the end of the current fiscal year, there were 258 retirees and 44 post-employed under COBRA option who participated in the County’s group insurance plans.

The County Premium Plan does not issue a stand-alone financial report.

Funding Policy. Article X of the Trust Agreement also assigns to the Board of County Supervisors the authority to establish and amend contribution requirements of the County with 30 days’ notice. Retired plan members and beneficiaries are required to pay 100% of published blended premium rates to the County, which totaled \$1,912. The County may contribute to the Trust such amounts as it deems appropriate to pre-fund and/or pay benefits provided under a Plan it sponsors. The County is not obligated by the Trust Agreement to make any contributions. Therefore, contributions are recognized when due and the County has made a formal commitment to provide the contributions.

The County Premium Plan participates in the County Trust Fund of the OPEB Master Trust Fund. The following is a summary of the Statement of Fiduciary Net Position of the OPEB Master Trust Fund:

Illustration 15-1					
Summary of the Statement of Fiduciary Net Position					
OPEB Master Trust Fund					
		County	Schools	LODA	Total OPEB Master Trust Fund
Total assets	\$	25,278	24,563	7,899	\$ 57,740
Total liabilities		<u>2,204</u>	<u>5</u>	<u>641</u>	<u>2,850</u>
Net position	\$	<u>23,074</u>	<u>24,558</u>	<u>7,258</u>	\$ <u>54,890</u>

The following is a summary of the Changes in Fiduciary Net Position of the OPEB Master Trust Fund:

Illustration 15-2					
Summary of the Changes in Fiduciary Net Position					
OPEB Master Trust Fund					
		County	Schools	LODA	Total OPEB Master Trust Fund
Total additions	\$	7,027	6,110	7,896	\$ 21,033
Total deductions		<u>2,198</u>	<u>1</u>	<u>638</u>	<u>2,837</u>
Change in Net position		4,829	6,109	7,258	18,196
Net position, beginning of year		<u>18,245</u>	<u>18,449</u>	---	<u>36,694</u>
Net position, end of year	\$	<u>23,074</u>	<u>24,558</u>	<u>7,258</u>	\$ <u>54,890</u>

The employer contribution rate was actuarially determined. For fiscal year 2014, the County Premium Plan actuarially determined contribution amounts were contributed by the County to the Other Post-Employment Benefits (OPEB) Master Trust Fund in the amount of \$2,085. When \$2,870 of the benefits paid on behalf of retirees and COBRA insured by the County were

measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$958.

Annual OPEB Cost. For fiscal year 2014, the County Premium Plan annual OPEB cost (expense) was equal to the actuarially determined contribution. The County Premium Plan's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB Master Trust Fund, and the net OPEB obligation for fiscal year 2014 and the two preceding years were as follows:

Illustration 15-3
Other Post-Employment Benefits – Net OPEB Obligation Premium Plan
Prince William County, Including ADC Component Unit

Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Plus Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost*	County Contribution to Trust Fund*	Pay-As-You-Go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) Beginning	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2012	\$ 3,543	--	--	3,543	(3,543)	--	--	--	--
June 30, 2013	\$ 2,072	--	--	2,072	(2,072)	--	--	--	--
June 30, 2014	\$ 2,085	--	--	2,085	(2,085)	--	--	--	--

* This includes \$362, \$198 and \$199 respectively, allocated to ADC component unit based on proportion of ADC premiums paid budget.

Benefits paid on behalf of retirees and COBRA insured are invoiced to the OPEB Master Trust Fund, so no Net OPEB Asset exists.

Illustration 15-4
Other Post-Employment Benefits – Percentage of Annual OPEB Cost
Prince William County Premium Plan, Including ADC Component Unit

Fiscal Year Ending:	Annual OPEB Cost*	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2012	\$ 3,543	100%	\$ --
June 30, 2013	\$ 2,072	100%	\$ --
June 30, 2014	\$ 2,085	100%	\$ --

* This includes \$362, \$198 and \$199 respectively, allocated to ADC component Unit based on proportion of ADC premiums paid budget.

Funded Status and Funding Progress. The funded status of the Premium Plan, as of June 30, was as follows:

Illustration 15-5
Other Post-Employment Benefits – County Sponsored Plans
Schedule of Funding Progress for Prince William County Premium Plan

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
July 1, 2011	\$ 8,298	\$ 34,887	\$ 26,589	23.8%	\$ 220,389	12.1%
July 1, 2012	\$ 10,930	\$ 21,881	\$ 10,951	50.0%	\$ 237,034	4.6%
July 1, 2013	\$ 13,908	\$ 23,873	\$ 9,965	58.3%	\$ 247,366	4.0%

*Covered payroll was recalculated to match actuarial valuation date.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

Biennially calculated actuarially determined contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2012.

Significant actuarial valuation methods and assumptions used for the premium and credit plans include (a) current marital status and elected insurance coverage assumed to continue into retirement, (b) 50% of employees elect insurance coverage at retirement, (c) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (d) projected payroll growth rate of 3.5% per year, (e) inflation rate of 2.5% and rate of increase in medical insurance claims from 8% decreasing each year to an ultimate rate of 4.2% per year, (f) mortality based on RP 2000 Combined Healthy Table, Combined Healthy Table with Blue Collar adjustment and Combined Disabled Tables, (g) eligible retirement and disability rates, withdrawal rates and ages of retirement based on VRS statistical tables, (h) assumed cost and retiree contributions computed using fiscal year 2013 premium rates by current enrollment, (i) gross claims weighted and projected using paid medical and prescription claims for employees pre age 65 retirees from July 1, 2011 to June 30, 2012 with a 9% annual increase to fiscal year 2013 and (j) Line of Duty (or service-related) disabilities are assumed to receive LODA benefits and hence will not receive any benefits from this plan.

2. Prince William County Post-Retirement Medical Benefits Credit Plan (RHICP)

Plan Description. The Prince William County Post-Retirement Medical Benefits Credit Plan (RHICP) is a single-employer defined benefit post-employment healthcare plan that covers eligible employees or former employees of the County including all departments and agencies. The RHICP provides \$0.0055 per month, per year of service (maximum 30 years) paid for life towards the purchase of a medical insurance plan, benefit referred to as the RHICP. Disabled employees receive the full 30-year allowance. However, employees disabled in-service, where the County pays the entire cost of insurance, do not receive the subsidy. The medical insurance plan can be the County Premium Plan or any health plan of the retiree’s choosing. In order to receive the subsidy, the retiree must have 15 years of service with the County and must be receiving a pension payment from the VRS or the County Supplemental Retirement Plan. Terminated vested employees are allowed. The health insurance credit cannot be used for spousal coverage. The retirees are granted the option to participate by paying 100% of their monthly health insurance premium towards the County Premium Plan less \$0.0055 times years of service for a maximum health insurance credit of \$0.165 from the County. For the year ended June 30, 2014, the County paid \$1,240 to 734 eligible retirees for the RHICP.

The County RHICP does not issue a stand-alone financial report.

Funding Policy. Article X of the Trust Agreement also assigns to the Board of County Supervisors the authority to establish and amend contribution requirements of the County with 30 days’ notice. Retired plan members and beneficiaries do not pay for coverage under the RHICP. The County may contribute to the Trust such amounts as it deems appropriate to pre-fund and/or pay benefits provided under a Plan it sponsors. The County is not obligated by the Trust Agreement to make any contributions. Therefore, contributions are recognized when due and the County has made a formal commitment to provide the contributions.

The County RHICP participates in the County Trust Fund of the OPEB Master Trust Fund. The following is a summary of the Statement of Fiduciary Net Position of the OPEB Master Trust Fund:

Illustration 15-6				
Summary of the Statement of Fiduciary Net Position				
OPEB Master Trust Fund				
	County	Schools	LODA	Total OPEB Master Trust Fund
Total assets	\$ 25,278	24,563	7,899	57,740
Total liabilities	<u>2,204</u>	<u>5</u>	<u>641</u>	<u>2,850</u>
Net position	\$ <u>23,074</u>	<u>24,558</u>	<u>7,258</u>	<u>54,890</u>

The following is a summary of the Changes in Fiduciary Net Position of the OPEB Master Trust Fund:

Illustration 15-7				
Summary of the Changes in Fiduciary Net Position				
OPEB Master Trust Fund				
	County	Schools	LODA	Total OPEB Master Trust Fund
Total additions	\$ 7,027	6,110	7,896	21,033
Total deductions	2,198	1	638	2,837
Change in Net position	<u>4,829</u>	<u>6,109</u>	<u>7,258</u>	<u>18,196</u>
Net position, beginning of year	<u>18,245</u>	<u>18,449</u>	--	<u>36,694</u>
Net position, end of year	<u>\$ 23,074</u>	<u>24,558</u>	<u>7,258</u>	<u>54,890</u>

The employer contribution rate was actuarially determined. For fiscal year 2014, the County RHICP actuarially determined contribution amounts were contributed by the County to the OPEB Master Trust Fund in the amount of \$2,107. When \$1,240 of the benefits paid to the County's retirees were measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$1,240.

Annual OPEB Cost. For fiscal year 2014, the RHICP annual OPEB cost (expense) was equal to the actuarially determined contribution. The County RHICP's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB Master Trust Fund, and the net OPEB obligation for fiscal year 2014 and the two preceding years were as follows:

Illustration 15-8									
Other Post-Employment Benefits – Net OPEB Obligation RHICP									
Prince William County, Including ADC Component Unit									
Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Plus Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost*	County Contribution to Trust Fund*	Pay-As-You-Go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) Beginning	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2012	\$ 1,844	--	--	1,844	(1,844)	--	--	--	--
June 30, 2013	\$ 2,082	--	--	2,082	(2,082)	--	--	--	--
June 30, 2014	\$ 2,107	--	--	2,107	(2,107)	--	--	--	--

* This includes \$160, \$167 and \$170, respectively, allocated to ADC component unit based on proportion of RHICP budget.

Benefits paid to retirees are invoiced to the OPEB Master Trust Fund, so no Net OPEB Asset exists.

Illustration 15-9			
Other Post-Employment Benefits – Percentage of Annual OPEB Cost			
Prince William County RHICP, Including ADC Component Unit			
Fiscal Year Ending:	Annual OPEB Cost*	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2012	\$ 1,844	100%	\$ --
June 30, 2013	\$ 2,082	100%	\$ --
June 30, 2014	\$ 2,107	100%	\$ --

* This includes \$160, \$167 and \$170, respectively, allocated to ADC component unit based on proportion of RHICP budget.

Funded Status and Funding Progress. The funded status of the plan, as of June 30, was as follows:

Illustration 15-10
Other Post-Employment Benefits – County Sponsored Plans
Schedule of Funding Progress for Prince William County RHICP

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
July 1, 2011	\$ 5,350	\$ 23,334	\$ 17,984	22.9%	\$ 220,389	8.2%
July 1, 2012	\$ 6,787	\$ 26,077	\$ 19,290	26.0%	\$ 237,034	8.1%
July 1, 2013	\$ 8,195	\$ 27,378	\$ 19,183	29.9%	\$ 247,366	7.8%

*Covered payroll was recalculated to match actuarial valuation date.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

Biennially calculated actuarially determined contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2012.

Significant actuarial valuation methods and assumptions used for the premium and credit plans include (a) 100% of employees and 100% of non-line-of-duty disability assumed to elect health insurance credit at retirement, (b) general active participants with 15 or more years of service begin Credit Plan benefits at age 65; Public Safety participants with 15 or more years of service begin at age 60, (c) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (d) projected payroll growth rate of 3.5% per year, (e) mortality based on RP 2000 Combined Healthy Table, Combined Healthy Table with Blue Collar adjustment and Combined Disabled Tables, (f) eligible retirement and disability rates, withdrawal rates and ages of retirement based on VRS statistical tables. There is no applicable inflation or healthcare cost trend rates.

3. Prince William County Line of Duty Act Plan (LODA Plan)

The Line of Duty Act is promulgated by § 9.1-400, et. seq. of the *Code of Virginia (1950)*, as amended. On June 5, 2012, the Board of County Supervisors authorized Resolution No. 12-588, pursuant to paragraph B2 of Item 258 of the Commonwealth Appropriations Act, to make an irrevocable election not to participate in the Commonwealth’s Line of Duty Act Fund effective July 1, 2012. The County has assumed all responsibility for existing, pending and prospective claims for benefits approved and the associated administrative costs incurred by the State Comptroller of behalf of Prince William County.

Plan Description. The Prince William County LODA Plan is a single-employer defined benefit post-employment plan that provides death, disability and healthcare benefits for public safety employees and volunteer firefighters who hold specified hazardous duty positions and who die or who become permanently disabled in the line of duty. The LODA Plan includes a \$100 life insurance benefit for death occurring as a direct or proximate result of duties, a \$25 death benefit for death by presumptive clause within five years of retirement, and lifetime medical benefits for the disabled employee and their surviving spouse with certified children covered to age 21 or age 25 if continuously enrolled in college, comparable to the medical coverage held by the deceased or disabled employee or volunteer at the time of the qualifying incident.

In order to be eligible to receive LODA benefits, the disabled or deceased employee or volunteer must be certified by the Virginia Department of Accounts. To be eligible for the healthcare benefit portion of the plan, the employee or volunteer must subscribe to healthcare coverage under a medical plan prior to the date of incident. Eligible employees and/or family members are either enrolled in a County-sponsored group healthcare plan or reimbursed for their healthcare premiums. Surviving spouses who remarry or children who marry and have access to other medical insurance coverage are no longer eligible for the healthcare benefits under the LODA Plan. Certified LODA retirees and their beneficiaries are required to pay 0% of the published blended premium rate for any of the County sponsored group healthcare plans. Uncertified beneficiaries (i.e. dependent children added post LODA certification) are required to pay a differential tier rate.

As of June 30, 2014, 37 retirees or survivors participated in the County's group insurance plans and six retirees or survivors received premium reimbursements.

The County LODA Plan does not issue a stand-alone financial report.

Funding Policy. Article X of the Trust Agreement also assigns to the Board of County Supervisors the authority to establish and amend contribution requirements of the County with 30 days' notice. Retired plan members and beneficiaries do not pay for coverage under the RHICP. The County may contribute to the Trust such amounts as it deems appropriate to pre-fund and/or pay benefits provided under a Plan it sponsors. The County is not obligated by the Trust Agreement to make any contributions. Therefore, contributions are recognized when due and the County has made a formal commitment to provide the contributions.

The County LODA Plan participates in the LODA Trust Fund of the OPEB Master Trust Fund. The following is a summary of the Statement of Fiduciary Net Position of the OPEB Master Trust Fund:

Illustration 15-11				
Summary of the Statement of Fiduciary Net Position				
OPEB Master Trust Fund				
	County	Schools	LODA	Total OPEB Master Trust Fund
Total assets	\$ 25,278	24,563	7,899	57,740
Total liabilities	<u>2,204</u>	<u>5</u>	<u>641</u>	<u>2,850</u>
Net position	\$ <u>23,074</u>	<u>24,558</u>	<u>7,258</u>	<u>54,890</u>

The following is a summary of the Changes in Fiduciary Net Position of the OPEB Master Trust Fund:

Illustration 15-12				
Summary of the Changes in Fiduciary Net Position				
OPEB Master Trust Fund				
	County	Schools	LODA	Total OPEB Master Trust Fund
Total additions	\$ 7,027	6,110	7,896	21,033
Total deductions	<u>2,198</u>	<u>1</u>	<u>638</u>	<u>2,837</u>
Change in Net position	4,829	6,109	7,258	18,196
Net position, beginning of year	<u>18,245</u>	<u>18,449</u>	--	<u>36,694</u>
Net position, end of year	\$ <u>23,074</u>	<u>24,558</u>	<u>7,258</u>	<u>54,890</u>

The employer contribution rate was actuarially determined. For fiscal year 2014, the County LODA Plan actuarially determined contribution amount was \$2,778 plus actuarial NOO Adjustments and Interest on NOO of \$64. The beginning fiscal year 2014 Net OPEB Obligation of \$4,613 plus 7% interest of \$323 was contributed to the OPEB Master Trust Fund. Payments made to the OPEB Master Trust Fund by the County on behalf of retirees and beneficiaries for benefits and administration costs were \$7,778, resulting in a \$0 Net OPEB Obligation (NOO) at June 30, 2014. Payments to the County LODA Plan on behalf of uncertified beneficiaries totaled \$17 for fiscal year 2014. When \$656 of benefits and administrative costs were measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$638.

Annual OPEB Cost and Net OPEB Obligation. For fiscal year 2014, the County LODA Plan annual OPEB cost (expense) was greater than the Actuarially Determined Contribution. The County LODA Plan's annual OPEB cost, the percentage of OPEB cost contributed to the OPEB Master Trust Fund, and the net OPEB obligation for fiscal year 2014 were as follows:

Illustration 15-13
Other Post-Employment Benefits – Net OPEB Obligation LODA Plan
Prince William County, Including ADC Component Unit

Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Plus Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost*	County Contribution to Trust Fund	Pay-As-You-Go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) Beginning	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2013	\$ 5,312	--	--	5,312	--	(699)	4,613	--	4,613
June 30, 2014	\$ 2,778	64	323	3,165	(7,778)	--	(4,613)	4,613	--

* This includes \$480 and \$348 allocated to the ADC component unit.

Illustration 15-14
Other Post-Employment Benefits – Percentage of Annual OPEB Cost
Prince William County LODA Plan, Including ADC Component Unit

Fiscal Year Ending:	Annual OPEB Cost*	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2013	\$ 5,312	13.2%	\$ 4,613
June 30, 2014	\$ 3,165	245.8%	--

* This includes \$480, and \$348 allocated to the ADC component unit.

Funded Status and Funding Progress. The funded status of the plan, as of June 30, was as follows:

Illustration 15-15
Other Post-Employment Benefits – County Sponsored Plans
Schedule of Funding Progress for Prince William County LODA Plan

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
July 1, 2012	\$ --	\$ 48,743	\$ 48,743	0.0%	\$ 68,204	71.5%
July 1, 2013	\$ --	\$ 24,235	\$ 24,235	0.0%	\$ 79,081	30.6%

*Covered payroll was recalculated to match actuarial valuation date.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

Biennially calculated actuarially determined contributions are used as a guide to determine the annual OPEB cost which is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Contribution amounts are developed using the projected unit credit actuarial cost method. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of July 1, 2012.

Significant actuarial valuation methods and assumptions used for the County LODA Plan includes (a) current marital status and elected insurance coverage assumed to continue upon LODA certification, (b) 100% of employees elect insurance coverage upon LODA certification, (c) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (d) projected payroll growth rate of 3.5% per year, (e) inflation rate of 2.5% and rate of increase in medical insurance claims from 8% decreasing each year to an ultimate rate of 4.2% per year, (f) mortality based on RP 2000 Combined Healthy Table with Blue Collar adjustment and Combined PBGC 2012 ERISA 4044 Disabled Mortality Tables, (g) eligible retirement and disability rates, ages of retirement based on statistical rates, (h) assumed cost contributions computed using fiscal year 2012 claims data by current certified LODA retirees and beneficiaries.

County Sponsored Plans – Health Insurance Internal Service Fund Recap

Funding Policy:

The OPEB Master Trust Fund was established as of June 30, 2009. During fiscal year 2014, the County contributed the actuarially determined contribution amounts for the County Premium Plan, County RHICP and County LODA Plan, plus actuarial NOO Adjustments and Interest on NOO, totaling \$7,357. The County LODA plan also contributed the prior fiscal year Net OPEB Obligation of \$4,613 plus \$323 interest, transferring all liability to the OPEB Master Trust Fund. Plan members received \$4,766 benefits and contributed \$1,930 premiums, resulting in \$2,836 net benefits paid by the County. The County currently pays these benefits on a pay-as-you-go basis and seeks reimbursement from the OPEB Master Trust Fund according to the Trust Agreement at year end.

Annual OPEB Cost and Net OPEB Obligation:

The County’s annual other postemployment benefits (OPEB) cost (expense) is calculated based on the actuarially determined contributions of the County, and amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The actuarially determined contributions represent a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

For the year ended June 30, 2014, the County’s annual OPEB cost for County Premium Plan, the County’s RHICP, and the County LODA Plan, based on the actuarially determined contribution for OPEB funding was \$7,357 (\$3,226 amortization, \$3,808 actuarial normal cost, funded) plus \$323 interest on LODA NOO for fiscal year 2013, which was equal to the actual OPEB payment of \$7,357.

OPEB costs for retiree and COBRA claims and claims administration, net of premiums paid, of \$2,836, which were fully accrued in the OPEB Master Trust Fund statements and Health Insurance Internal Service Fund statements, and were billed according to the Trust Agreement to the OPEB Master Trust Fund for reimbursement, are not included.

Illustration 15-16 shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the County’s net OPEB obligations for all County sponsored plans:

Illustration 15-16
Other Post-Employment Benefits – Net OPEB Obligation All Plans
Prince William County, including ADC Component Unit

Fiscal Year Ending:	Actuarially Determined Contribution*	Less NOO Amortization Plus Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost*	County Contribution to Trust Fund*	Pay-As-You-Go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) Beginning	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2012	\$ 5,529	--	--	5,529	(5,529)	--	--	--	\$ --
June 30, 2013	\$ 9,466	--	--	9,466	(4,154)	(699)	4,613	--	\$ 4,613
June 30, 2014	\$ 6,970	64	323	7,357	(11,970)	--	(4,613)	4,613	\$ --

* This includes \$522, \$845, and \$717 respectively allocated to ADC component unit based on proportion of ADC premiums paid, RHICP budget and LODA allocation.

Illustration 15-17
Other Post-Employment Benefits – Percentage of Annual OPEB Cost All Plans
Prince William County, including ADC Component Unit

Fiscal Year Ending:	Annual OPEB Cost*	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) Ending
June 30, 2012	\$ 5,529	100.0%	\$ --
June 30, 2013	\$ 9,466	51.3%	\$ 4,613
June 30, 2014	\$ 7,357	162.7%	\$ --

* This includes \$522, \$845, and \$717 respectively allocated to ADC component unit based on proportion of ADC premiums paid, RHICP budget and LODA allocation.

Funded Status and Funding Progress:

The funded status of County plans as of July 1, 2012, the date of the most recent actuarial valuations, the actuarial accrued liability for benefits was \$75,486 and the actuarial value of assets was \$22,103, resulting in an unfunded actuarial accrued liability (UAAL) \$53,383. The covered payroll (annual payroll of active employees covered by the plans) was \$247,366, and the ratio of the UAAL to the covered payroll was 21.6%. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at June 30, 2014 was 24 years for County Premium Plan and County RHICP, 29 years for County LODA Plan.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 3C, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Component Unit Sponsored Plans

4. Prince William County Public Schools Retiree Medical Program (Schools Premium Plan)

The Prince William County Public Schools Retiree Medical Program (Schools Premium Plan) is sponsored and administered by the School Board and reported separately in their audited financial statements. Copies of these financial statements may be obtained by writing to the School Board's Finance Division at P.O. Box 389, Manassas, Virginia 20108.

VRS Health Insurance Credit Program

Plan Description:

Retirees of the County, as well as the Adult Detention Center, who have rendered at least fifteen years of total creditable service under the VRS, are granted the option to participate in the VRS Health Insurance Credit Program by paying 100% of their monthly health insurance premium less a \$0.0015 times years of service for a maximum credit of \$0.045 from the VRS. Title 51.1 of the *Code of Virginia* assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. As of the end of the current fiscal year, there were 844 retirees that received the VRS health insurance credit. The health insurance credit is financed by payments from the County to the VRS. For the year ended June 30, 2014, the County paid \$371. The surplus funds are not considered advance funded because the County, its employees, and retirees have no vested rights to access the excess funds. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. As of June 30, 2013, the date of the most recent actuarial valuation, there were 3,209 active participants and 747 retirees receiving benefits on that date.

The VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. A copy of that report may be obtained by writing the VRS at P.O. Box 2500, Richmond, Virginia 23218-2500.

Funding Policy and Annual Benefit Contribution:

In accordance with Title 51.1 of the *Code of Virginia* the County is required to contribute an actuarial percentage of its employees’ annual reported compensation to the VRS to fund the VRS Health Insurance Credit Program. The County’s contribution rate for the fiscal year ended June 30, 2013 was 0.18% of annual covered payroll.

The required contributions for the County were determined as part of an actuarial valuation performed as of June 30, 2013 using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.00% investment rate of return, and (b) projected payroll growth rate of 3.00%. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the County assets is equal to the 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 pay on a closed basis. The remaining amortization period at June 30, 2013, was 30 years for the County.

Trend information:

Illustration 15-18 summarizes the required three-year trend information for the County.

Illustration 15-18 Virginia Retirement System – Health Insurance Credit Program Three Year Trend Information for Prince William County				
Fiscal Year Ending:	Annual Benefit Cost (ABC) Employer Portion	Percentage of ABC Contributed	Net Benefit Obligation (NBO)	
June 30, 2012	\$ 378	100%	\$ --	
June 30, 2013	\$ 363	100%	\$ --	
June 30, 2014	\$ 371	100%	\$ --	

Funded Status and Funding Progress:

As of June 30, 2013, the most recent actuarial valuation date, the VRS Health Insurance Credit Program was 40.1% funded. The actuarial accrued liability for benefits was \$6,246 and the actuarial value of assets was \$2,504, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,742. The covered payroll (annual payroll of active employees of covered by the plan) was \$198,448, and the ratio of the UAAL to the covered payroll was 1.9%. Covered payroll was reduced to exclude constitutional officers, employees of constitutional officers, general registrars, employees of general registrars, and local social service employees. Annual salaries of prior valuations include all employees within Prince William County, including constitutional officers, employees of constitutional officers, general registrars, employees of general registrars, and local social service employees, whose actuarial accrued liability is not with Prince William County.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 3C, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

NOTE (16) – OTHER POST-EMPLOYMENT BENEFITS (OPEB) MASTER TRUST FUND

Description:

The Prince William County Other Post-Employment Benefits (OPEB) Master Trust Fund is an agent multiple-employer defined benefit post-employment benefits trust fund. As such, it is reported in accordance to GASB Statement No. 43, paragraph 13, in the aggregate. Individual plan information of the participating employer agents is reported in Note (15).

The OPEB Master Trust was established by the Prince William County Board of County Supervisors on June 23, 2009 by Resolution No. 09-544 to provide funding for benefit payments on behalf of retiree and Consolidated Omnibus Budget Reconciliation Act (COBRA) participants. On June 30, 2009, funds were transferred to establish three separate trust fund sub-accounts for County, Park Authority and Schools. Although the assets of the Trust fund are commingled for investment purposes, each plan’s assets may be used only for the payment of benefits to the members of that plan, in accordance to the terms of the Trust Agreement. Assets accumulated to pay for plan costs or benefits of members from one agent employer cannot be used for plan costs or benefits of another agent employer.

On March 13, 2012, the Board of County Supervisors authorized Resolution No. 12-236 to merge the functions of the Prince William County Park Authority component unit into County Government by creating the Prince William County Department of Parks & Recreation, ending the separate corporate existence of the Park Authority on July 1, 2012 in order to provide parks and recreation services to the public by the most effective and efficient means. Participants in the Park Authority Premium Plan and Retiree Health Insurance Plan (RHICP) are participants in the County Premium Plan and RHICP, and the County has assumed all assets and liabilities connected with the plan.

The Line of Duty Act (LODA) is authorized by the *Code of Virginia* §9.1-400 et seq. On June 5, 2012, the Board of County Supervisors authorized Resolution No. 12-588, pursuant to paragraph B2 of Item 258 of the Commonwealth Appropriations Act, to make an irrevocable election not to participate in the Commonwealth Line of Duty Act Fund on July 1, 2012. The County has assumed all responsibility for existing, pending or prospective claims for benefits approved and associated administrative costs made by the State Comptroller of behalf of Prince William County.

On June 17, 2014, the Board of County Supervisors authorized Resolution No. 14-391 establishing the Line of Duty Act sub-account to fund covered employees and authorized annual contributions to the OPEB Master Trust Fund. The beginning liability for fiscal year 2014 was also transferred to the OPEB Master Trust Fund.

Employer contributions to the OPEB Master Trust are irrevocable. Plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the Trust Agreement. Plan assets are legally protected from creditors of the Employers or Plan Administrators.

The OPEB Master Trust does not issue a stand-alone financial report.

The following is a summary of the Statement of Fiduciary Net Position of the OPEB Master Trust Fund:

Illustration 16-1 Summary of the Statement of Fiduciary Net Position OPEB Master Trust Fund				
	County	Schools	LODA	Total OPEB Master Trust Fund
Total assets	\$ 25,278	24,563	7,899	\$ 57,740
Total liabilities	<u>2,204</u>	<u>5</u>	<u>641</u>	<u>2,850</u>
Net position	\$ <u>23,074</u>	<u>24,558</u>	<u>7,258</u>	\$ <u>54,890</u>

The following is a summary of the Changes in Fiduciary Net Position of the OPEB Master Trust Fund:

Illustration 16-2 Summary of the Changes in Fiduciary Net Position OPEB Master Trust Fund				
	County	Schools	LODA	Total OPEB Master Trust Fund
Total additions	\$ 7,027	6,110	7,896	\$ 21,033
Total deductions	<u>2,198</u>	<u>1</u>	<u>638</u>	<u>2,837</u>
Change in Net position	4,829	6,109	7,258	18,196
Net position, beginning of year	<u>18,245</u>	<u>18,449</u>	<u>--</u>	<u>36,694</u>
Net position, end of year	\$ <u>23,074</u>	<u>24,558</u>	<u>7,258</u>	\$ <u>54,890</u>

Summary of Significant Accounting Policies:

Basis of Accounting. The OPEB Master Trust’s financial statements are prepared using the accrual basis of accounting. Plan members do not contribute directly to the OPEB Master Trust Fund, but pay their respective employers 100% of published blended rates for premium plans. Each Employer may contribute to the Trust such amounts as it deems appropriate to pre-fund and/or pay benefits provided under a Plan it sponsors. An Employer is not obligated by the Trust Agreement to make any contributions. Therefore, contributions are recognized when due and the Employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Trust Agreement.

Method Used to Value Investments. Investments are reported at fair value, which for OPEB Master Trust is determined by the mean and most recent bid and asked prices as obtained from dealers that make market in such securities. Securities for which

market quotations are not readily available are valued at fair value as determined by the custodian under the direction of the OPEB Master Trust Fund Finance Board Trustees with assistance of a valuation service.

Contribution Information:

Illustration 16-3 summarizes the membership in the OPEB Master Trust of each plan as of July 1, 2012, the latest actuarial valuations.

Illustration 16-3 OPEB Master Trust Fund Membership Information				
	County			School Board
	Premium Plan	County RHICP	County LODA Plan	Premium Plan
Active plan members	2,832	3,806	2,643	10,533
Retirees and beneficiaries receiving benefits	182	762	32	466
Terminated plan members entitled to but not yet receiving benefits	--	--	--	--

Funded Status and Funding Progress – All Participating OPEB Plans:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements in Schedule 3, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Illustration 16-4 summarizes the funded status and Employer contributions of all plans as of the most recent actuarial valuation date.

Illustration 16-4 Other Post-Employment Benefits – OPEB Master Trust Fund Participating Plans Schedule of Funding Progress							
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	
July 1, 2011	\$ 25,366	\$ 126,241	\$ 100,875	20.1%	\$ 692,075	14.6%	
July 1, 2012	\$ 31,390	\$ 107,597	\$ 76,207	29.2%	\$ 783,660	9.7%	
July 1, 2013	\$ 40,552	\$ 139,899	\$ 99,347	29.0%	\$ 753,326	13.2%	

*Covered payroll was recalculated to match actuarial valuation date.

The schedule of employer contributions, shown in Illustration 16-3, presents trend information about the amounts contributed to all plans by employers in comparison to an amount that is actuarially determined in accordance to the parameters of GASB Statement No. 45. The actuarially determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Illustration 16-5 Other Post-Employment Benefits – OPEB Master Trust Fund Participating Plans Schedule of Employer Contributions		
Fiscal Year Ending:	Total Actuarially Determined Contributions	Percentage Contributed
June 30, 2012	\$ 7,566	100%
June 30, 2013	\$ 7,970	100%
June 30, 2014	\$ 15,570	109%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information about the actuarial methods and assumptions, as of the latest actuarial valuations, is shown in Illustration 16-6.

Illustration 16-6				
Other Post-Employment Benefits – OPEB Master Trust Fund Participating Plans				
Actuarial Methods and Assumptions				
	County Premium Plan	County RHICP	County LODA Plan	School Board Premium Plan
Valuation Date	July 1, 2012	July 1, 2012	July 1, 2012	July 1, 2012
Actuarial Cost Method	Projected Unit Cost	Projected Unit Cost	Projected Unit Cost	Entry Age
Amortization Method	Level % of Projected Pay, open	Level % of Projected Pay, open	Level % of Projected Pay, closed	Level % of Pay, closed
Remaining Amortization Period	24 years	24 years	29 years	29 years
Asset Valuation Method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Investment Rate of Return	7.0%	7.0%	7.0%	7.0%
Payroll Growth	3.5%	3.5%	3.5%	2.5%
Inflation	2.5%	n/a	2.5%	2.5%
Healthcare Cost Trend Rate	8.0% base, 9.0% sensitivity, initial 4.2% base, 5.2% sensitivity, ultimate	n/a n/a	8.0% base, 9.0% sensitivity, initial n/a	8.0% initial 5.0% ultimate

Concentrations:

Permissible asset classes, shown with target investment percentages, include:

Illustration 16-7		
OPEB Master Trust Fund Concentrations at June 30, 2014		
Asset Class	Policy Percent	Target Range Percent
OPEB Master Trust Fund Investments:		
Domestic Equity	32%	22% - 42%
International Equity	20%	10% - 30%
REIT	5%	0% - 10%
Inflation Hedged	5%	0% - 10%
Cash Equivalent	0%	0% - 20%
Fixed Income	38%	28% - 58%
	<u>100%</u>	

For equities not more than 4% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 5% of those outstanding. Not more than 20% of stock, valued at market, may be held in any one industry category. The emerging markets allocation, if any, should be limited to 10% of the total portfolio. Fixed income securities of any one issuer shall not exceed 10% of the total bond portfolio. This does not apply to issues of the U.S. Treasury, Federal Agencies or to debt issued by any issuer containing a full U.S. government guarantee. Not counting specific direct hedging transactions, gross investments in commodities, options, futures and foreign exchange cannot exceed 8% of the total portfolio. There are no investments in any of these categories as of June 30, 2014. Additionally, the OPEB Finance Board has directed the County's Treasury Management Division to move funds to the Fund's investment manager over time to essentially dollar-cost-average into the equity market. Until those funds are deployed, they are invested in relatively short-term investments consistent with the type of investments the County includes in its own

portfolio. At June 30, 2014, the OPEB Master Trust Fund's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

NOTE (17) - INTERJURISDICTIONAL AGREEMENT

The County has entered into a contractual agreement with Fairfax County for the purpose of exchanging solid waste. The agreement allows for the sharing of solid waste facilities between counties. Revenues and expenses generated by this agreement are recorded in the Landfill enterprise fund with billing for any balances to occur during the second half of the fiscal year or reconciliation at the end the fiscal year. Neither party is obligated to make payment unless the funds have been appropriated. The agreement is cancelable by giving 120 days written notice. The amounts due from and due to Fairfax County are \$28 and \$0 respectively at June 30, 2014.

NOTE (18) - RELATED ORGANIZATIONS

A. Industrial Development Authority

The Prince William Industrial Development Authority (IDA) was duly created by the Board pursuant to the Industrial Development and Revenue Bond Act, Title 15.1, Chapter 33, *Code of Virginia*. The IDA is a political subdivision of the Commonwealth governed by seven directors appointed by the Board. The IDA is empowered, among other things, to acquire, construct, improve, maintain, equip, own, lease and dispose of parking and other facilities in the Commonwealth and to finance the same by the issuance of its revenue bonds. The IDA has no taxing power.

The Board approves the issuance of industrial development bonds solely to qualify such bonds for tax exemption. These bonds do not constitute indebtedness of the County and are secured solely by revenues received from the borrowers. The County has no financial responsibility for the day-to-day financial transactions of the IDA.

B. Service Authority

The Prince William County Service Authority (Service Authority) is authorized under the Virginia Water and Sewage Authorities Act; Title 15.1, Chapter 28 of the *Code of Virginia*, pursuant to resolution adopted by the Board on January 11, 1983. It was chartered by the State Corporation Commission. The members of the Service Authority are appointed by the Board; however, there is no ability of the Board to direct the members of the Service Authority with respect to carrying out the Service Authority's fiscal and management functions. The Service Authority currently operates and sets the rates and charges for the sewer system in the County. The Service Authority's operations and capital funds are principally financed by user charges and bond issues. The Service Authority is an independent public body, who is solely responsible for all its outstanding debt.

C. Upper Occoquan Sewage Authority

The Upper Occoquan Sewage Authority (UOSA) was created under the provisions of the Virginia Water and Sewer Authorities Act to be the single regional entity to construct, finance and operate the regional sewage treatment facility mandated by the Occoquan policy for the upper portion of the Occoquan Watershed. UOSA is a joint venture formed on March 3, 1971, by a concurrent resolution of the governing bodies of the Counties of Fairfax and Prince William and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight person Board of Directors consisting of 2 members appointed to four year terms by the governing body of each jurisdiction. The County has an ongoing financial responsibility for its share of UOSA's operating costs, construction costs, and annual debt service.

The Prince William County Service Authority operates the sewer system in the County, including the portion of its system located in the UOSA service area. In 1992, the Service Authority contractually assumed the obligation to pay the amounts due from the County to UOSA under a Service Agreement, subject to an annual contribution to those payments by the County which declines over a period of years to zero in 2021. On December 11, 2012, the County and the Service Authority modified this agreement whereby the Service Authority assumed full responsibility for funding the County's obligation to UOSA in the future. Furthermore, the Service Authority granted and formally acknowledged a non-cash credit of \$13,782 to the County equivalent to payments the County made under the prior agreement. The County may use this credit to purchase sewer and water availability or any Service Authority asset offered for sale. The non-cash credit will be reduced by such value of any purchase of sewer and water availability or asset.

D. Northern Virginia Criminal Justice Training Academy-Emergency Vehicle Operations Center (EVOC)

The Northern Virginia Criminal Justice Training Academy (NVCJTA) was re-chartered by the Commonwealth of Virginia in 1997. It was originally established in 1965 as the Northern Virginia Police Academy.

In 1980, the NVCJTA entered into an agreement with the Old Dominion Speedway in Manassas for the use of the facility as an Emergency Vehicle Operations Center (EVOC). It is anticipated that access to this facility will be terminated. Therefore, the NVCJTA has entered into an agreement to lease finance the construction and equipping of a new EVOC on its property located in Nokesville, VA.

There are four participating jurisdictions included in the financing of the new EVOC: Prince William County, Loudoun County, Arlington County and Alexandria City. The four jurisdictions are responsible for the debt service, and the operating and capital expenditures will be charged to all participating jurisdictions on a pro rata share basis.

The County's share of both operating and debt service expenditures has been set at 30 percent per the Memorandum of Understanding between NVCJTA and the County and approved by the Board of County Supervisors via Resolution No. 05-770 on September 6, 2005.

The Industrial Development Authority of Loudoun County VA issued \$18,650 of Lease Revenue Bonds on November 21, 2006, to finance the construction and equipping of the EVOC. Prince William County is responsible for debt service on 30% of the total issue, or \$5,505. The County's payment for fiscal year 2014 was \$453. The County's General Fund committed share of the NVCJTA's remaining debt service (including interest), which approximates 30% of total NVCJTA principal and interest requirements as of June 30, 2014 is shown in Illustration 18-1.

Year Ending June 30:		
2015	\$	442
2016		430
2017		418
2018		407
2019		395
2020 thru 2024		1,791
2025 thru 2026		618
Total	\$	4,501

E. Northern Virginia Transportation Authority (NVTA)

The Northern Virginia Transportation Authority (NVTA) was established under the provisions of the Code of Virginia, Title 15.2, Chapter 48.2. NVTA embraces the Counties of Arlington, Fairfax, Loudon, and Prince William, and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park. It provides a technical advisory committee to provide recommendations on the development of transportation projects, funding strategies, and other matters.

NVTA is funded through an increase in sales and use tax rate of 0.3%. Per the Memorandum of Agreement between NVTA and the County, 30% of the revenues received by NVTA shall be received by the County on a prorated share. These will be used to fund additional urban or secondary road construction, for other capital improvements that reduce congestion, for other transportation capital improvements in NVTA's most recent long range transportation plan, or for public transportation purposes. The remaining 70% of the increased sales and use tax will be distributed by NVTA to provide for regional projects across the counties and cities included within the authority.

NOTE (19) - COMMITMENTS AND CONTINGENCIES

Virginia Railway Express

In January 1990, the Northern Virginia Transportation District Commission (NVTC) entered into a bond purchase agreement with certain underwriters for the sale of \$79,350 of its bonds. The bonds were issued in February 1990. The proceeds of the issue were used to finance certain costs associated with the establishment of commuter rail service, the Virginia Railway Express (VRE) in the northern Virginia area surrounding Washington, D.C. In July 1993, \$37,625 of refunding bonds were issued to advance refund a portion of the 1990 bonds. In April 1998, \$31,700 of refunding bonds were issued to advance refund the

remaining 1990 bonds. As of June 30, 2014, the amount of outstanding NVTC bonds issued for the Virginia Railway Express was \$6,555.

In May 2005, NVTC and PRTC entered into a capitalized lease obligation on behalf of VRE in the amount of \$25,100 for the acquisition of 11 cab cars. As of June 30, 2014, the outstanding balance on the capitalized lease was approximately \$16,536. In fiscal year 2008 VRE entered into an agreement with the Federal Railroad Administration for a loan of up to \$72.5 million to purchase 50 Gallery railcars. In fiscal year 2009 the terms were amended to include ten additional Gallery railcars. A series of sixteen promissory notes were originally authorized and during fiscal year 2012 the balance on the individual notes were combined into a consolidated note. The note is secured by the revenues of VRE and the railcars. The amount of notes outstanding at June 30, 2014 was \$59,699.

The County, through its membership in the PRTC, has joined with other jurisdictions through a Master Agreement to bear certain costs associated with operating and insuring the rail service as well as servicing the debt issued by NVTC. The Master Agreement requires that the County's governmental officers charged with preparing its annual budget include an amount equal to its share of the costs of the VRE. Each jurisdiction's share is determined by a formula set out in the Master Agreement. It is estimated the County's share of this cost will be approximately \$5,748 annually and will be paid with the 2.1% Motor Fuel Tax collected by the PRTC or the County's General Fund if fuel tax revenues are not sufficient.

NOTE (20) – SELF INSURANCE

The County and Adult Detention Center are 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 Prince William County Self-Insurance Group Casualty Pool provides coverage to the County and the Adult Detention Center. The Casualty Pool has a \$750 per occurrence retention of coverage, except ambulances and fire trucks, \$1,000 per occurrence retention of coverage, and it purchases commercial excess insurance with a \$10,000 per occurrence and \$20,000 annual aggregate limit, except for automobile liability coverage, which has a \$10,000 annual aggregate limit and public official liability which has a \$10,000 aggregate limit. The Prince William County Self-Insurance Group Workers' Compensation Association provides coverage to the County and the Adult Detention Center. The Association has a \$1,500 per occurrence retention, and it purchases commercial excess coverage which provides statutory limits for workers' compensation claims and a \$1,000 excess of the \$1,500 per occurrence retention limit for employers' liability coverage.

The County's pre-65 retirees with over 15 years of service and permanent employees are eligible to enroll in one of three health insurance plans and a dental plan. All three health insurance plans include comprehensive medical, preventive care, vision, and prescription drug coverage. Three of the health insurance plans are self-insured with a \$225 specific individual stop loss limit. The basis for estimating incurred but not reported (IBNR) claims at year-end is an annual analysis performed by the plan's administrator. The County also offers an HMO option to limited employees and a dental option which are fully insured. The County expended \$30,342 for claims, administration and premiums in fiscal year 2014.

The County's Self-Insurance Group Casualty Pool, Workers' Compensation and Other Self-Insurance plans are fully funded. Losses are charged to operations as incurred. The liability for unpaid losses for self-insurance is determined using case-basis evaluations and a provision for incurred but not reported losses that is based upon actuarial projections. Actuarial projections of ultimate losses are based on a composite of the self-insurance members' experience and property and casualty insurance industry data, which is used to supplement the limited historical experience and includes the effects of inflation and other factors. Claims liabilities include allocated loss adjustment expenses and are reported net of estimated claims. Due to the limited historical experience of the Prince William Self-Insurance Group Casualty Pool, Workers' Compensation and Other Self-Insurance, there exists a significant range of variability around the best estimate of the ultimate cost of settling all unpaid claims. Accordingly, the amount of the liability for unpaid losses and related expenses and the related provisions included in financial statements may be more or less than the actual cost of settling all unpaid claims. Adjustments to claim liabilities are made continually, based on subsequent developments and experience, and are included in operations as made.

Illustration 20-1 presents a reconciliation of the changes in the aggregate liabilities for claims for the current and prior fiscal years. These claims liabilities are included in accrued liabilities in the accompanying statement of fund net position (Exhibit 7).

Illustration 20-1					
Prince William County Self-Insurance					
Other Self Insurance, Casualty Pool and Workers' Compensation Association, Health Insurance					
Changes in the Aggregate Liabilities for Claims					
	Other Self- Insurance	Casualty Pool	Workers' Compensation Association	Health Insurance*	
Unpaid claims June 30, 2011	\$	250	857	12,279	2,863
Total claims incurred, fiscal year 2012		(29)	204	3,024	28,212
Total claims paid, fiscal year 2012		(25)	(448)	(1,893)	(27,917)
Unpaid claims June 30, 2012	\$	196	613	13,410	3,158
Total claims incurred, fiscal year 2013		--	394	4,186	28,591
Total claims paid, fiscal year 2013		(18)	(379)	(2,849)	(28,449)
Unpaid claims June 30, 2013	\$	178	628	14,747	3,300
Total claims incurred, fiscal year 2014		83	486	(592)	30,072
Total claims paid, fiscal year 2014		(17)	(441)	(1,366)	(29,772)
Unpaid claims June 30, 2014	\$	244	673	12,789	3,600

* The Health Insurance column excludes certain HMO, dental and vision premiums, flexible spending payments and retiree insurance credit expenses.

NOTE (21) – SUBSEQUENT EVENTS

On April 8, 2014 the Board of County Supervisors approved Resolution No. 14-212 authorizing the sale of General Obligation School Bonds to be sold to the Virginia Public School Authority in an amount not to exceed \$91,910 for the purpose of financing various school projects. On September 23, 2014 the County sold to the Virginia Public School Authority Prince William County Special Obligation School Financing Bonds Series 2014 in the par amount of \$82,545.

On October 7, 2014, the Board of County Supervisors approved Resolution No. 14-596 authorizing execution and delivery of the necessary financing and leasing documents required for the refinancing of various road and public safety projects and approve the sale of bonds by Virginia Resource Authority in the par amount not to exceed \$46,745. On November 5, 2014 the Virginia Resource Authority sold VRA Series 2014 bonds that included \$35,675 on behalf of the County.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

(continued)

For the year ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With Final Budget Positive (Negative)	2013
	Original	Final			
BUDGETARY REVENUES:					
FROM LOCAL SOURCES:					
GENERAL PROPERTY TAXES:					
Real property taxes	\$ 518,873	518,873	516,161	(2,712)	496,742
Real and personal property taxes of public service corporations	18,154	18,154	17,738	(416)	18,401
Personal property taxes	145,646	91,346	91,017	(329)	80,247
Penalties and interest	5,428	5,428	4,996	(432)	5,268
Total general property taxes	688,101	633,801	629,912	(3,889)	600,658
OTHER LOCAL TAXES:					
Short term rental tax	204	204	178	(26)	137
Local sales taxes	57,656	57,656	56,511	(1,145)	55,169
Consumer's utility taxes	13,566	13,566	13,766	200	13,490
Bank stock taxes	971	971	1,638	667	1,495
Motor vehicle licenses	8,060	8,060	7,907	(153)	7,877
Taxes on recordation and wills	8,343	8,343	7,879	(464)	10,277
Business, professional and occupational license tax	23,564	23,564	23,772	208	22,913
Public utility gross receipts tax	1,221	1,221	1,410	189	1,341
Transient occupancy tax	3,510	3,510	3,096	(414)	3,369
Total other local taxes	117,095	117,095	116,157	(938)	116,068
PERMITS, PRIVILEGE FEES AND REGULATORY LICENSES:					
Animal licenses	196	196	254	58	248
Development permits and licenses	-	-	-	-	(3)
Fire protection permits	178	319	511	192	457
Health protection permits	151	151	177	26	167
Cable franchise fees	1,150	1,150	1,267	117	1,208
Permits and other licenses	286	145	290	145	103
Total permits, privilege fees and regulatory licenses	1,961	1,961	2,499	538	2,180
FINES AND FORFEITURES:					
	3,096	3,096	3,251	155	3,259
FROM USE OF MONEY AND PROPERTY:					
Use of money	7,607	5,556	5,208	(348)	6,234
Use of property	1,112	1,124	1,474	350	1,241
Total revenue from use of money and property	8,719	6,680	6,682	2	7,475
CHARGES FOR SERVICES:					
Court costs	3,925	3,855	3,942	87	4,805
Correction and detention	833	925	1,315	390	954
Commonwealth's Attorney	89	89	137	48	124
Parks and recreation	765	886	955	69	1,188
Mental health and mental retardation	671	727	721	(6)	833
Welfare and social services	247	253	215	(38)	345
Library	549	663	567	(96)	548
Planning and community development	3	35	28	(7)	29
Public safety	1,152	1,031	1,389	358	1,382
Ambulance and rescue	4,700	4,700	4,900	200	4,609
Other charges	678	632	571	(61)	590
Total charges for services	13,612	13,796	14,740	944	15,407
Total revenue from local sources	832,584	776,429	773,241	(3,188)	745,047

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

For the year ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With Final Budget	2013
	Original	Final		Positive (Negative)	
THE FEDERAL GOVERNMENT:					
Payments in lieu of taxes	99	99	69	(30)	66
Categorical aid grants:					
Aging programs	1,140	1,110	725	(385)	820
USDA	79	79	114	35	77
Welfare programs	9,867	10,370	10,930	560	10,336
Mental health/retardation and substance abuse programs	2,588	2,585	2,628	43	2,672
Homeland Security Grants	361	571	711	140	1,433
Police federal forfeitures and grant programs	330	275	593	318	364
Expenditure reimbursement for social services	330	330	267	(63)	267
Other	438	2,077	2,206	129	2,262
Total revenue from the federal government	15,232	17,496	18,243	747	18,297
THE COMMONWEALTH:					
NONCATEGORICAL AID:					
PPTRA revenue	-	54,300	54,288	(12)	54,288
Communications sales and use tax	20,490	20,490	19,487	(1,003)	19,824
Anti-Annexation public safety	8,677	8,677	9,188	511	8,761
Mobile home tax	28	28	37	9	36
Rental car tax	995	995	980	(15)	1,029
Rolling stock tax	97	97	96	(1)	88
Total noncategorical aid	30,287	84,587	84,076	(511)	84,026
SHARED EXPENDITURES:					
Commonwealth's Attorney	1,417	1,417	1,680	263	1,496
Sheriff	1,731	1,731	1,727	(4)	1,627
Director of Finance	560	560	652	92	593
Registrar	84	84	76	(8)	79
Clerk of the Court	572	572	241	(331)	323
Total shared expenditures	4,364	4,364	4,376	12	4,118
CATEGORICAL AID:					
Public safety	2,477	1,549	2,480	931	1,938
Fire programs	949	949	1,873	924	1,008
Library	524	524	544	20	509
Public assistance and welfare administration	8,600	9,266	6,982	(2,284)	7,493
Public health	221	228	297	69	493
Total categorical aid	12,771	12,516	12,176	(340)	11,441
OTHER CATEGORICAL AID:					
Aging program	323	336	350	14	316
Community services	13,198	13,976	13,866	(110)	11,822
Juvenile detention	1,878	1,923	1,915	(8)	1,899
Criminal justice services	968	1,029	1,029	-	963
Police extraditions	2	32	31	(1)	23
Sheriff extraditions	55	25	24	(1)	36
Victim/witness program	164	164	88	(76)	44
Other	582	668	738	70	1,276
Total other categorical aid	17,170	18,153	18,041	(112)	16,379
Total revenue from the Commonwealth	64,592	119,620	118,669	(951)	115,964

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

(continued)

For the year ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With	2013
	Original	Final		Final Budget Positive (Negative)	
LOCAL GOVERNMENTS:					
City of Manassas	5,020	5,021	5,103	82	4,778
City of Manassas Park	1,816	1,816	1,818	2	1,666
Other localities	-	-	-	-	10
Total revenues from local governments	6,836	6,837	6,921	84	6,454
MISCELLANEOUS:					
Expenditure refunds	546	530	1,152	622	700
Donations - Proffers	3,898	6,520	6,520	-	18,123
Donations - Other	158	187	295	108	471
Insurance recoveries	3	3	-	(3)	1,342
Other	176	233	97	(136)	615
Total miscellaneous revenues	4,781	7,473	8,064	591	21,251
Total budgetary revenues	924,025	927,855	925,138	(2,717)	907,013
BUDGETARY EXPENDITURES:					
GENERAL GOVERNMENTAL ADMINISTRATION:					
Board of Supervisors	3,800	3,418	3,051	367	3,072
County Attorney	3,426	3,445	3,347	98	3,512
Office of Executive Management	7,442	8,743	7,725	1,018	7,696
Technology and Support Services	489	11	10	1	2,512
Finance	17,249	16,956	16,802	154	16,430
Audit Services	789	797	773	24	777
Board of Equalization	54	54	31	23	27
Human Rights	557	586	581	5	533
Board of Registration/Elections	2,118	1,569	1,427	142	1,425
Mailroom and Print Shop	1,011	994	933	61	655
Contingency Reserve	750	359	100	259	-
Unemployment Insurance Reserves	76	186	186	-	149
Total general governmental administration	37,761	37,118	34,966	2,152	36,788
JUDICIAL ADMINISTRATION:					
Commonwealth Attorney	5,206	5,343	5,138	205	4,863
Sheriff	8,960	9,151	8,963	188	8,521
Juvenile and Domestic Relations Court	108	106	91	15	99
Clerk of Court/Judges Chambers	5,571	5,276	4,425	851	4,333
General District Court	262	267	204	63	206
Magistrates	221	223	221	2	222
Law Library	161	161	148	13	144
Total judicial administration	20,489	20,527	19,190	1,337	18,388
PUBLIC SAFETY:					
Public Works - Development	2,619	2,565	2,230	335	2,260
Police	87,708	89,924	86,806	3,118	84,502
Juvenile Court Services Unit	1,101	1,030	1,009	21	1,096
Adult Detention Center	23,978	23,962	23,962	-	22,777
Correction and Detention of Youth	5,419	5,446	5,212	234	5,240
Criminal Justice Services	3,246	3,415	3,330	85	3,277
Public Safety Communications	9,528	9,595	8,999	596	8,847
Fire Service	69,886	71,772	71,772	-	67,473
Northern Virginia Criminal Justice Training Academy	453	453	453	-	465
Total public safety	203,938	208,162	203,773	4,389	195,937

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

(continued)

For the year ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With	2013
	Original	Final		Final Budget Positive (Negative)	
PUBLIC WORKS:					
Public Works	30,695	28,953	27,489	1,464	26,811
Transportation	2,844	2,686	2,522	164	2,647
Property and Miscellaneous Insurance	6,701	1,629	968	661	606
Upper Occoquan Sewage Authority	-	-	-	-	214
Total public works	40,240	33,268	30,979	2,289	30,278
HEALTH AND WELFARE:					
Social Services	25,128	26,211	25,355	856	24,342
Public Health	4,000	4,010	3,930	80	4,123
Community Services Board	36,303	36,653	35,730	923	33,283
At-Risk Youth and Family Services	8,359	8,424	6,336	2,088	8,042
Office on Aging	5,698	5,702	5,198	504	5,276
Total health and welfare	79,488	81,000	76,549	4,451	75,066
EDUCATION:					
Schools	471,940	395,672	395,320	352	385,176
PARKS, RECREATIONAL AND CULTURAL:					
Parks and recreation	18,485	16,969	14,950	2,019	13,070
Library	13,711	13,832	13,557	275	13,480
Total parks, recreational and cultural	32,196	30,801	28,507	2,294	26,550
COMMUNITY DEVELOPMENT:					
Office of Planning	4,338	4,239	4,038	201	2,225
Economic and Community Development	2,595	3,755	3,649	106	2,288
Extension and Continuing Education	800	927	885	42	788
Tourism	1,099	1,115	1,115	-	1,029
Total community development	8,832	10,036	9,687	349	6,330
DEBT SERVICE:					
Principal retirement	24,639	72,872	72,872	-	69,766
Interest and other debt costs	17,954	42,312	42,142	170	41,970
Total debt service	42,593	115,184	115,014	170	111,736
Total budgetary expenditures	937,477	931,768	913,985	17,783	886,249
Excess (deficiency) of budgetary revenues over (under) budgetary expenditures	(13,452)	(3,913)	11,153	15,066	20,764
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN:					
Fire and rescue fund	7,922	7,962	7,962	-	6,102
Special revenue funds	5,691	6,300	6,258	(42)	6,233
Capital projects funds	1,230	10,879	10,879	-	3,228
Internal service funds	1,001	1,116	1,116	-	4,419
Enterprise funds	1,752	1,752	1,752	-	1,625
Total transfers in	17,596	28,009	27,967	(42)	21,607
TRANSFERS OUT:					
Fire and rescue fund	(762)	(762)	(762)	-	(441)
Special revenue funds	(3,305)	(4,367)	(4,367)	-	(4,580)
Capital projects funds	(8,198)	(25,685)	(25,685)	-	(26,632)
Internal service funds	(14,961)	(15,186)	(15,186)	-	(8,304)
Enterprise funds	(7,093)	(8,089)	(8,089)	-	(2,071)
Total transfers out	(34,319)	(54,089)	(54,089)	-	(42,028)

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

For the year ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013

(amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With	2013
	Original	Final		Final Budget Positive (Negative)	
NON-REVENUE RECEIPTS:					
Proceeds from refundings	-	-	-	-	46,180
Premium on refundings	-	-	-	-	9,048
Payments to escrow agent	-	-	-	-	(54,689)
Claims and judgment recoveries	-	-	9	9	100
Sale of surplus property	174	174	212	38	222
Total non-revenue receipts	174	174	221	47	861
Total other financing sources (uses)	(16,549)	(25,906)	(25,901)	5	(19,560)
Net change in budgetary fund balance	(30,001)	(29,819)	(14,748)	15,071	1,204
BUDGETARY FUND BALANCE, beginning of year	140,297	140,297	173,262	32,965	172,058
BUDGETARY FUND BALANCE, end of year	\$ 110,296	110,478	158,514	48,036	173,262
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 1)	\$ 7,607	7,607	6,682	(925)	7,475
Current Year Fair Value Adjustment	-	-	3,783	3,783	(12,675)
Use of money and property (Exhibit 5)	7,607	7,607	10,465	2,858	(5,200)
Cumulative Fair Value Adjustments of Prior Periods	-	-	(14,536)	(14,536)	(1,861)
BUDGETARY FUND BALANCE, end of year	110,296	110,478	158,514	48,036	173,262
Total adjustments	-	-	(10,753)	(10,753)	(14,536)
FUND BALANCE, end of year	\$ 110,296	110,478	147,761	37,283	158,726

COUNTY OF PRINCE WILLIAM, VIRGINIA
SPECIAL REVENUE FUND - Fire & Rescue Levy

Schedule 2

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

For the Year Ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013

(amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With Final Budget Positive (Negative)	2013
	Original	Final			
BUDGETARY REVENUES:					
General property taxes	\$ 33,040	33,040	33,529	489	32,314
From use of money and property	-	-	1,187	1,187	1,183
Miscellaneous	-	-	140	140	95
Total budgetary revenues	33,040	33,040	34,856	1,816	33,592
BUDGETARY EXPENDITURES:					
Public safety - Fire & Rescue	65,069	21,254	17,533	3,721	22,473
Debt service:					
Principal retirement	324	416	97	319	92
Interest and other debt costs	192	4	278	(274)	360
Total debt service	516	420	375	45	452
Total budgetary expenditures	65,585	21,674	17,908	3,766	22,925
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	762	762	762	-	441
Special revenue funds	550	-	-	-	-
Capital projects funds	-	-	-	-	1,418
Transfers out:					
General fund	(7,957)	(7,962)	(7,962)	-	(6,102)
Special revenue funds	(550)	-	-	-	-
Internal service funds	(53)	(90)	(90)	-	(53)
Sale of surplus property	-	-	628	628	19
Total other financing sources (uses)	(7,248)	(7,290)	(6,662)	628	(4,277)
Net change in budgetary fund balance	(39,793)	4,076	10,286	6,210	6,390
BUDGETARY FUND BALANCE, beginning of year	68,899	68,899	68,899	-	62,509
BUDGETARY FUND BALANCE, end of year	\$ 29,106	72,975	79,185	6,210	68,899
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 2)	\$ -	-	1,187	1,187	1,183
Current Year Fair Value Adjustment	-	-	652	652	(1,709)
Use of money and property (Exhibit 5)	-	-	1,839	1,839	(526)
Cumulative Fair Value Adjustments of Prior Periods	-	-	(2,006)	(2,006)	(297)
BUDGETARY FUND BALANCE, end of year	29,106	72,975	79,185	6,210	68,899
Total adjustments	-	-	(1,354)	(1,354)	(2,006)
FUND BALANCE, end of year	\$ 29,106	72,975	77,831	4,856	66,893

Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel
Changes in the County's Net Pension Liability and Related Ratios - Last 10 Fiscal Years

Fiscal Year	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	<i>Information for FY2013 and earlier is not available.</i>									
Total pension liability										
Service cost	\$ 1,602									
Interest	2,118									
Changes of benefit terms	238									
Differences between expected and actual experience	-									
Changes of assumptions	-									
Benefit payments, including refunds of member contributions	(1,905)									
Net change in total pension liability	\$ 2,053									
Total pension liability - beginning	<u>31,212</u>									
Total pension liability - ending (a)	\$ <u>33,265</u>									
Plan fiduciary net position										
Contributions - employer	1,007									
Contributions - member	1,007									
Net investment income	4,438									
Benefit payments, including refunds of member contributions	(1,905)									
Administrative expense	(109)									
Other	-									
Net change in plan fiduciary net position	\$ 4,438									
Plan fiduciary net position - beginning	<u>28,706</u>									
Plan fiduciary net position - ending (b)	\$ <u>33,144</u>									
County's net pension liability - ending (a)-(b)	\$ 121									
Plan fiduciary net position as a percentage of the total pension liability (b / a)	99.64%									
Covered-employee payroll	\$ 79,192									
County's net pension liability as a percentage of covered-employee payroll	0.15%									
Expected average remaining service years of all participants	8									
Annual money-weighted rate of return on plan investments	15.73%									

Notes to Schedule:

Benefit changes. There were several changes to benefit terms reflected in FY2014 including an increase to the rate of employee contributions to 1.44% and the change to COLAs for participants hired after June 30, 2010.

Projected benefit payments. Calculations assume that the County will continue to make all required actuarially determined contributions.

Based on that assumption, the plan's fiduciary net position is expected to make all future benefit payments of current plan members.

Changes of assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

COUNTY OF PRINCE WILLIAM, VIRGINIA
 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-POST EMPLOYMENT BENEFIT PLANS (UNAUDITED)

Schedule 3A
 Page 2 of 2

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and years)

Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP)
 Changes in the County's Net Pension Liability and Related Ratios - Last 10 Fiscal Years

Fiscal Year	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	<i>Information for FY2013 and earlier is not available.</i>									
Total pension liability										
Service cost	\$ 308									
Interest	821									
Changes of benefit terms	-									
Differences between expected and actual experience	-									
Changes of assumptions	-									
Benefit payments, including refunds of member contributions	(338)									
Net change in total pension liability	\$ 791									
Total pension liability - beginning	13,860									
Total pension liability - ending (a)	\$ 14,651									
Plan fiduciary net position										
Contributions - employer	\$ 2,115									
Contributions - member	-									
Net investment income	354									
Benefit payments, including refunds of member contributions	(338)									
Administrative expense	(61)									
Other	-									
Net change in plan fiduciary net position	\$ 2,070									
Plan fiduciary net position - beginning	10,766									
Plan fiduciary net position - ending (b)	\$ 12,836									
County's net pension liability - ending (a)-(b)	\$ 1,815									
Plan fiduciary net position as a percentage of the total pension liability (b / a)	87.61%									
Covered-employee payroll	\$ -									
County's net pension liability as a percentage of covered-employee payroll	N/A									
Expected average remaining service years of all participants	7									
Annual money-weighted rate of return on plan investments	2.95%									

Notes to Schedule:

Benefit changes. None.

Projected benefit payments. Calculations assume that all members and the County will continue to make all required actuarially

Changes of assumptions. There are no changes in actuarial assumptions reflected in the current schedule.

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF COUNTY CONTRIBUTIONS-POST EMPLOYMENT BENEFIT PLANS (UNAUDITED)
 Last Ten Fiscal Years
 (amounts expressed in thousands, except percentage and years)

Schedule 3B

Prince William County Supplemental Plan for Police Officers and Uniformed Fire and Rescue Personnel
Schedule of County Contributions - Last 10 Fiscal Years

Fiscal Year	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	<i>Information for FY2013 and earlier is not available.</i>									
Actuarially determined contribution	\$ 1,000									
Contributions in relation to the actuarially determined contribution		1,007								
Contribution deficiency (excess)	\$ (7)									
Covered-employee payroll	\$ 79,192									
Contributions as a percentage of covered employee payroll ¹	1.27%									

¹The rates shown are as a percentage of total covered employee payroll. Contribution rates are set and contributed based

Notes to Schedule:

Valuation date. Actuarially determined contribution rates are calculated as of the beginning of the fiscal year (July 1) for the two years immediately following the fiscal year. Actuarial valuations are performed every other year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Aggregate
Remaining amortization period	The benefits are funded as a level percent of payroll over the expected future working lifetime of current active participants
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	4.5%, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Rates based on RP2000 tables for males and females. In the 2011 actuarial valuation, assumed life expectancies were adjusted to assume generational mortality improvements by Scale AA.

Prince William County Volunteer Fire and Rescue Personnel Length of Service Award Program (LoSAP)
Schedule of County Contributions - Last 10 Fiscal Years

Fiscal Year	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	<i>Information for FY2013 and earlier is not available.</i>									
Actuarially determined contribution	\$ 2,115									
Contributions in relation to the actuarially determined contribution		2,115								
Contribution deficiency (excess)	\$ -									
Covered-employee payroll	N/A									
Contributions as a percentage of covered employee payroll	N/A									

Notes to Schedule:

Valuation date. Actuarially determined contribution rates are calculated as of the beginning of each fiscal year (July 1). Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate, level dollar
Amortization method	Aggregate, level dollar
Remaining amortization period	The benefits are funded as a level dollar amount over the expected future working lifetime of current active participants
Asset valuation method	Fair market value
Inflation	Not Applicable
Salary increases	Not Applicable
Investment rate of return	6.0%, net of pension plan investment expense, including inflation
Retirement age	100% at age 60
Mortality	Rates based on RP2000 Mortality Table projected to 2013 using Scale AA

COUNTY OF PRINCE WILLIAM, VIRGINIA
 SCHEDULE OF FUNDING PROGRESS-POST EMPLOYMENT BENEFIT PLANS (UNAUDITED)
 (amounts expressed in thousands, except percentage and years)

Schedule 3C

Virginia Retirement System Schedule of Funding Progress

Virginia Retirement System - Pension Plan
 Schedule of Funding Progress for Prince William County

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, 2008	\$ 630,911	711,015	80,104	88.7%	201,955	39.7%
June 30, 2009	\$ 653,184	770,028	116,844	84.8%	205,468	56.9%
June 30, 2010	\$ 666,023	866,833	200,810	76.8%	204,285	98.3%
June 30, 2011	\$ 691,071	913,427	222,356	75.7%	205,434	108.2%
June 30, 2012	\$ 699,180	965,457	266,277	72.4%	211,209	126.1%
June 30, 2013	\$ 734,871	981,989	247,118	74.8%	217,874	113.4%

Other Post-Employment Benefits (OPEB) Schedule of Funding Progress

Other Post-Employment Benefits - County Sponsored Plans
 Schedule of Funding Progress for Prince William County

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
July 1, 2011	\$ 14,002	59,478	45,476	23.5%	220,389	20.6%
July 1, 2012	\$ 17,717	96,701	78,984	18.3%	237,034	33.3%
July 1, 2013	\$ 22,103	75,486	53,383	29.3%	247,366	21.6%

Virginia Retirement System - Health Insurance Credit Program
 Schedule of Funding Progress for Prince William County

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, 2011	\$ 2,150	5,847	3,697	36.8%	184,120	2.0%
June 30, 2012	\$ 2,230	6,005	3,775	37.1%	191,157	2.0%
June 30, 2013	\$ 2,504	6,246	3,742	40.1%	198,448	1.9%

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The Transportation Districts receive their revenues from special tax levies, user fees, and interest earnings. These revenues are used primarily to pay debt service payments incurred in construction of streets and roads.

The Stormwater Management District and Gypsy Moth Levy receive its revenues from permits and development fees, charges for services, Federal and State grants, interest earnings and special tax levies. Expenditures consist of the cost of promoting storm water drainage and construction projects, maintaining water quality and protecting the environment.

Development Fee Services receive revenues from permits, privilege fees, and regulatory licenses related to land and building development. Expenditures consist primarily of the cost of conducting review, inspection, and planning services.

Housing receives its revenue primarily from Federal housing grants that are used to develop affordable housing opportunities for County residents.

COUNTY OF PRINCE WILLIAM, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combining Balance Sheet

As of June 30, 2014
With Comparative Totals for June 30, 2013
(amounts expressed in thousands)

	Transportation Districts	Stormwater Management District/Gypsy Moth Levy	Development Fee Services
ASSETS			
Equity in pooled cash and investments	\$ 1,068	8,123	7,257
Accounts receivable, net	7	99	66
Due from other governmental units	-	-	-
Prepaid items	-	-	-
Total assets	<u>\$ 1,075</u>	<u>8,222</u>	<u>7,323</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 38	80	107
Wages and benefits payable	-	79	256
Unearned revenue	-	2,282	6
Total liabilities	<u>38</u>	<u>2,441</u>	<u>369</u>
FUND BALANCES:			
Non-spendable	-	-	-
Restricted	1,037	5,781	6,954
Total fund balances	<u>1,037</u>	<u>5,781</u>	<u>6,954</u>
Total liabilities and fund balances	<u>\$ 1,075</u>	<u>8,222</u>	<u>7,323</u>

Housing	Totals		
	2014	2013	
4,465	20,913	19,278	ASSETS
105	277	203	Equity in pooled cash and investments
470	470	285	Accounts receivable, net
-	-	30	Due from other governmental units
5,040	21,660	19,796	Prepaid items
			Total assets
			LIABILITIES AND FUND BALANCE
			LIABILITIES:
150	375	364	Accounts payable
41	376	297	Wages and benefits payable
149	2,437	2,210	Unearned revenue
340	3,188	2,871	Total liabilities
			FUND BALANCES:
-	-	30	Non-spendable
4,700	18,472	16,895	Restricted
4,700	18,472	16,925	Total fund balances
5,040	21,660	19,796	Total liabilities and fund balances

COUNTY OF PRINCE WILLIAM, VIRGINIA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013
(amounts expressed in thousands)

Schedule 5
Page 1 of 2

	Transportation Districts	Stormwater Management District/Gypsy Moth Levy	Development Fee Services
REVENUES:			
General property taxes	\$ 2,900	1,156	-
Permits, privilege fees and regulatory licenses	-	-	14,890
Fines and forfeitures	-	-	1
From use of money and property	67	188	120
Charges for services	9	7,245	382
Intergovernmental revenues:			
Federal	-	-	-
State	-	22	-
Miscellaneous	-	1	229
Total revenues	<u>2,976</u>	<u>8,612</u>	<u>15,622</u>
EXPENDITURES:			
Public safety - Public Works	-	-	11,186
Public works - Public Works	462	-	-
Community development - Housing	-	-	-
Community development - Public Works	-	5,849	4,943
Total expenditures	<u>462</u>	<u>5,849</u>	<u>16,129</u>
OTHER FINANCING SOURCES (USES):			
Transfers in:			
General fund	-	-	3,545
Capital projects funds	-	24	72
Internal service funds	-	-	131
Transfers out:			
General fund	(2,500)	(805)	(2,875)
Internal service funds	-	(86)	(50)
Capital projects funds	-	(1,513)	-
Sale of surplus property	-	2	1
Total other financing sources (uses)	<u>(2,500)</u>	<u>(2,378)</u>	<u>824</u>
Net change in fund balances	14	385	317
FUND BALANCE, beginning of year	<u>1,023</u>	<u>5,396</u>	<u>6,637</u>
FUND BALANCE, end of year	<u>\$ 1,037</u>	<u>5,781</u>	<u>6,954</u>

Housing	Totals		
	2014	2013	
-	4,056	3,817	REVENUES:
-	14,890	14,174	General property taxes
-	1	1	Permits, privilege fees and regulatory licenses
(43)	332	(67)	Fines and forfeitures
5,436	13,072	11,833	From use of money and property
			Charges for services
			Intergovernmental revenues:
27,370	27,370	26,922	Federal
-	22	12	State
26	256	340	Miscellaneous
<u>32,789</u>	<u>59,999</u>	<u>57,032</u>	Total revenues
			EXPENDITURES:
-	11,186	10,020	Public safety - Public Works
-	462	244	Public works - Public Works
32,706	32,706	32,143	Community development - Housing
-	10,792	10,082	Community development - Public Works
<u>32,706</u>	<u>55,146</u>	<u>52,489</u>	Total expenditures
			OTHER FINANCING SOURCES (USES):
			Transfers in:
822	4,367	4,580	General fund
-	96	73	Capital projects funds
-	131	2	Internal service funds
			Transfers out:
(78)	(6,258)	(6,233)	General fund
-	(136)	-	Internal service funds
-	(1,513)	(1,407)	Capital projects funds
4	7	11	Sale of surplus property
<u>748</u>	<u>(3,306)</u>	<u>(2,974)</u>	Total other financing sources (uses)
831	1,547	1,569	Net change in fund balances
3,869	16,925	15,356	FUND BALANCE, beginning of year
<u>4,700</u>	<u>18,472</u>	<u>16,925</u>	FUND BALANCE, end of year

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
 (UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

For the Year Ended June 30, 2014
 With Comparative Totals for the Year Ended June 30, 2013
 (amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With Final Budget Positive (Negative)	2013
	Original	Final			
BUDGETARY REVENUES:					
General property taxes	\$ 2,861	2,861	2,900	39	2,728
From use of money and property	7	7	41	34	46
Charges for services	-	-	9	9	6
Total budgetary revenues	2,868	2,868	2,950	82	2,780
BUDGETARY EXPENDITURES:					
Public works - Public Works	385	567	462	105	244
Total budgetary expenditures	385	567	462	105	244
OTHER FINANCING SOURCES (USES):					
Transfers in:					
Capital projects funds	-	-	-	-	73
Transfers out:					
General fund	(2,500)	(2,500)	(2,500)	-	(2,515)
Total other financing sources (uses)	(2,500)	(2,500)	(2,500)	-	(2,442)
Net change in budgetary fund balance	(17)	(199)	(12)	187	94
BUDGETARY FUND BALANCE, beginning of year	1,103	1,103	1,103	-	1,009
BUDGETARY FUND BALANCE, end of year	\$ 1,086	904	1,091	187	1,103
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 6)	\$ 7	7	41	34	46
Current Year Fair Value Adjustment	-	-	26	26	(68)
Use of money and property (Schedule 5)	7	7	67	60	(22)
Cumulative Fair Value Adjustments of Prior Periods	-	-	(80)	(80)	(12)
BUDGETARY FUND BALANCE, end of year	1,086	904	1,091	187	1,103
Total adjustments	-	-	(54)	(54)	(80)
FUND BALANCE, end of year	\$ 1,086	904	1,037	133	1,023

SPECIAL REVENUE FUND - Stormwater Management District/Gypsy Moth Levy

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

(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

For the Year Ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013

(amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With Final Budget Positive (Negative)	2013
	Original	Final			
BUDGETARY REVENUES:					
General property taxes	\$ 1,137	1,137	1,156	19	1,089
Permits, privilege fees and regulatory licenses	-	-	-	-	2
From use of money and property	117	117	121	4	126
Charges for services	7,226	7,226	7,245	19	7,052
Intergovernmental revenues:					
State	-	-	22	22	12
Miscellaneous	17	17	1	(16)	-
Total budgetary revenues	8,497	8,497	8,545	48	8,281
BUDGETARY EXPENDITURES:					
Public works - Public Works	7,225	7,528	5,849	1,679	5,664
Total budgetary expenditures	7,225	7,528	5,849	1,679	5,664
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	-	-	-	-	170
Capital projects funds	-	24	24	-	-
Transfers out:					
General fund	(805)	(831)	(805)	26	(823)
Internal service funds	-	(86)	(86)	-	-
Capital projects funds	(1,128)	(1,513)	(1,513)	-	(1,407)
Sale of surplus property	-	-	2	2	8
Total other financing sources (uses)	(1,933)	(2,406)	(2,378)	28	(2,052)
Net change in budgetary fund balance	(661)	(1,437)	318	1,755	565
BUDGETARY FUND BALANCE, beginning of year	5,624	5,624	5,624	-	5,059
BUDGETARY FUND BALANCE, end of year	\$ 4,963	4,187	5,942	1,755	5,624
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 7)	\$ 117	117	121	4	126
Current Year Fair Value Adjustment	-	-	67	67	(184)
Use of money and property (Schedule 5)	117	117	188	71	(58)
Cumulative Fair Value Adjustments of Prior Periods	-	-	(228)	(228)	(44)
BUDGETARY FUND BALANCE, end of year	4,963	4,187	5,942	1,755	5,624
Total adjustments	-	-	(161)	(161)	(228)
FUND BALANCE, end of year	\$ 4,963	4,187	5,781	1,594	5,396

COUNTY OF PRINCE WILLIAM, VIRGINIA
SPECIAL REVENUE FUND - Development Fee Services

Schedule 8

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With Final Budget Positive (Negative)	2013
	Original	Final			
BUDGETARY REVENUES:					
Permits, privilege fees and regulatory licenses	\$ 14,004	14,004	14,890	886	14,172
Fines and forfeitures	-	-	1	1	1
From use of money and property	60	60	80	20	38
Charges for services	424	424	382	(42)	373
Miscellaneous	282	186	229	43	278
Total budgetary revenues	14,770	14,674	15,582	908	14,862
BUDGETARY EXPENDITURES:					
Public safety - Public Works	10,931	11,209	11,186	23	10,020
Community development - Public Works	5,245	4,878	4,943	(65)	4,418
Total budgetary expenditures	16,176	16,087	16,129	(42)	14,438
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	3,280	3,545	3,545	-	4,343
Capital projects funds	-	72	72	-	-
Internal service funds	131	131	131	-	2
Transfers out:					
General fund	(2,274)	(2,881)	(2,875)	6	(2,827)
Internal service funds	-	(50)	(50)	-	-
Other	-	-	1	1	-
Total other financing sources (uses)	1,137	817	824	7	1,518
Net change in budgetary fund balance	(269)	(596)	277	873	1,942
BUDGETARY FUND BALANCE, beginning of year	6,706	6,706	6,706	-	4,764
BUDGETARY FUND BALANCE, end of year	\$ 6,437	6,110	6,983	873	6,706
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 8)	\$ 60	60	80	20	38
Current Year Fair Value Adjustment	-	-	40	(40)	(54)
Use of money and property (Schedule 5)	60	60	120	(20)	(16)
Cumulative Fair Value Adjustments of Prior Periods	-	-	(69)	(69)	(15)
BUDGETARY FUND BALANCE, end of year	6,437	6,110	6,983	873	6,706
Total adjustments	-	-	(29)	(29)	(69)
FUND BALANCE, end of year	\$ 6,437	6,110	6,954	844	6,637

SPECIAL REVENUE FUND - Housing

Schedule of Budgetary Revenues, Budgetary Expenditures and Changes in Budgetary Fund Balance - Budget and Actual
(UNAUDITED - BUDGET PREPARED ON A NON-GAAP BASIS)

For the Year Ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013

(amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With Final Budget Positive (Negative)	2013
	Original	Final			
BUDGETARY REVENUES:					
From use of money and property	\$ 25	25	(43)	(68)	29
Charges for services	3,735	3,356	5,436	2,080	4,402
Intergovernmental revenues:					
Federal	31,313	30,146	27,370	(2,776)	26,922
State	-	-	-	-	62
Miscellaneous	25	25	26	1	-
Total budgetary revenues	35,098	33,552	32,789	(763)	31,415
BUDGETARY EXPENDITURES:					
Community development - Housing	34,718	32,917	32,706	211	32,143
Total budgetary expenditures	34,718	32,917	32,706	211	32,143
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	21	822	822	-	67
Special revenue fund	86	-	-	-	-
Internal service fund	131	-	-	-	-
Transfers out:					
General fund	(78)	(88)	(78)	10	(68)
Sale of surplus property	-	-	4	4	3
Total other financing sources (uses)	160	734	748	14	2
Net change in budgetary fund balance	540	1,369	831	(538)	(726)
BUDGETARY FUND BALANCE, beginning of year	3,869	3,869	3,869		4,595
BUDGETARY FUND BALANCE, end of year	\$ 4,409	5,238	4,700	(538)	3,869
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 9)	\$ 25	25	(43)	(68)	29
Current Year Fair Value Adjustment	-	-	-	-	-
Use of money and property (Schedule 5)	25	25	(43)	(68)	29
Cumulative Fair Value Adjustments of Prior Periods	-	-	-	-	-
BUDGETARY FUND BALANCE, end of year	4,409	5,238	4,700	(538)	3,869
Total adjustments	-	-	-	-	-
FUND BALANCE, end of year	\$ 4,409	5,238	4,700	(538)	3,869

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided on a cost-reimbursement basis by one department or agency to other departments or agencies of the County. The County has the following internal service funds:

Intra-County Services Fund

Comprised of the Construction Crew, which provide roads and sidewalk construction and maintenance on County property; Data Processing, which provides computer operations and software applications; and Vehicle Maintenance, which provides fleet operations services.

Self-insurance Funds

Three self-insurance programs provide the County with liability, property damage, casualty and workers' compensation insurance.

Health Insurance

The County established a Health Insurance Fund to self-insure for medical coverage for employees, to provide fully insured dental, vision, and flexible spending benefits, and to provide an additional insurance credit for retirees.

COUNTY OF PRINCE WILLIAM, VIRGINIA
INTERNAL SERVICE FUNDS

Schedule 10

Combining Statement of Net Position

As of June 30, 2014

With Comparative Totals for June 30, 2013

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals	
						2014	2013
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 51,779	231	-	-	25,007	77,017	74,356
Restricted cash and temporary investments	-	-	1,456	5,994	-	7,450	10,819
Investments	-	-	2,797	21,330	-	24,127	18,833
Accounts receivable, net	119	-	2	65	2,976	3,162	2,858
Due from other governmental units	4	-	-	-	-	4	4
Inventory	316	-	-	-	-	316	281
Prepays	1,520	-	53	7	14	1,594	474
Total current assets	53,738	231	4,308	27,396	27,997	113,670	107,625
Non-current assets:							
Restricted investments	-	-	500	750	-	1,250	1,250
Capital assets:							
Land and construction in progress	17,640	-	-	-	-	17,640	21,955
Buildings and other capital assets, net of depreciation	16,377	-	-	-	-	16,377	6,279
Total non-current assets	34,017	-	500	750	-	35,267	29,484
Total assets	87,755	231	4,808	28,146	27,997	148,937	137,109
LIABILITIES							
Current liabilities:							
Accounts payable	3,298	-	27	97	119	3,541	2,495
Wages and benefits payable	246	-	-	-	1	247	157
Unpaid losses, related liabilities and IBNR	-	244	391	1,641	3,600	5,876	5,535
Unearned revenue	-	-	-	-	2,889	2,889	2,786
Current portion of surplus distribution payable	-	-	330	235	-	565	681
Compensated absences	85	-	-	-	-	85	66
Total current liabilities	3,629	244	748	1,973	6,609	13,203	11,720
Non-current liabilities:							
Unpaid losses, related liabilities and IBNR	-	-	282	11,148	-	11,430	13,318
OPEB Obligation	-	-	-	-	-	-	4,613
Surplus distribution payable	-	-	1,700	2,717	-	4,417	3,894
Compensated absences	1,501	-	-	-	6	1,507	1,218
Total non-current liabilities	1,501	-	1,982	13,865	6	17,354	23,043
Total liabilities	5,130	244	2,730	15,838	6,615	30,557	34,763
NET POSITION							
Net investment in capital assets	34,017	-	-	-	-	34,017	28,234
Restricted for self-insurance funds	-	-	500	2,029	-	2,529	2,783
Unrestricted	48,608	(13)	1,578	10,279	21,382	81,834	71,329
Total net position	\$ 82,625	(13)	2,078	12,308	21,382	118,380	102,346

INTERNAL SERVICE FUNDS

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals	
						2014	2013
OPERATING REVENUES:							
Charges for services	\$ 32,449	-	1,352	4,062	40,395	78,258	72,864
Miscellaneous	3	-	-	-	2,958	2,961	2,468
Total operating revenues	32,452	-	1,352	4,062	43,353	81,219	75,332
OPERATING EXPENSES:							
Personal services	12,913	-	-	-	188	13,101	9,801
Contractual services	9,678	-	-	-	3,067	12,745	11,786
Materials/supplies	8,993	-	-	-	-	8,993	7,941
Depreciation	2,167	-	-	-	-	2,167	3,649
Other	79	1	348	551	20	999	1,185
Claims and premiums	-	-	499	279	34,580	35,358	32,883
OPEB cost	-	-	-	-	6,640	6,640	7,922
Losses and loss adjustment expenses	-	66	486	(592)	300	260	4,722
Total operating expenses	33,830	67	1,333	238	44,795	80,263	79,889
Operating income/(loss)	(1,378)	(67)	19	3,824	(1,442)	956	(4,557)
NON-OPERATING REVENUES/(EXPENSES):							
Interest income	747	3	67	403	686	1,906	(454)
Interest and other debt costs	(47)	-	-	-	-	(47)	-
Gain/(loss) on sale of capital assets	21	-	-	-	-	21	31
Declaration of surplus distribution	-	-	(417)	(550)	-	(967)	(3,556)
Total non-operating revenues/(expenses)	721	3	(350)	(147)	686	913	(3,979)
Income/(loss) before transfers and capital contributions	(657)	(64)	(331)	3,677	(756)	1,869	(8,536)
TRANSFERS:							
Transfers in:							
General fund	14,321	-	-	-	865	15,186	8,304
Special revenue funds	136	-	-	-	-	136	-
Fire and Rescue Levy funds	-	-	-	-	90	90	53
Transfers out:							
General fund	(1,113)	(3)	-	-	-	(1,116)	(4,419)
Special revenue funds	(131)	-	-	-	-	(131)	(2)
Total transfers	13,213	(3)	-	-	955	14,165	3,936
Capital contributions	-	-	-	-	-	-	2,160
Change in net position	12,556	(67)	(331)	3,677	199	16,034	(2,440)
NET POSITION, beginning of year	70,069	54	2,409	8,631	21,183	102,346	104,786
NET POSITION, end of year	\$ 82,625	(13)	2,078	12,308	21,382	118,380	102,346

COUNTY OF PRINCE WILLIAM, VIRGINIA
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2014
(amounts expressed in thousands)

Schedule 12

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from County agencies	\$ 32,364	-	1,046	3,852	25,604	62,866
Cash received from employees	-	-	-	-	14,958	14,958
Cash received from other entities	116	-	-	24	2,534	2,674
Payments for claims and premiums	-	(1)	(942)	(1,726)	(47,927)	(50,596)
Payments to suppliers for goods and services	(18,882)	-	(298)	(463)	(1,027)	(20,670)
Payments to employees for services	(12,519)	-	-	-	(184)	(12,703)
Net cash provided (used) by operating activities	1,079	(1)	(194)	1,687	(6,042)	(3,471)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Surplus distributions paid	-	-	(19)	-	-	(19)
Transfers in	14,457	-	-	-	955	15,412
Transfers out	(1,244)	(3)	-	-	-	(1,247)
Net cash provided (used) by non-capital financing activities	13,213	(3)	(19)	-	955	14,146
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(7,950)	-	-	-	-	(7,950)
Proceeds from the sale of capital assets	21	-	-	-	-	21
Interest paid on bonds, leases, and other debt	(47)	-	-	-	-	(47)
Net cash provided (used) by capital and related financing activities	(7,976)	-	-	-	-	(7,976)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from maturities of investments	-	-	-	4,000	-	4,000
Purchases of investments	-	-	(797)	(4,997)	-	(5,794)
Interest and dividends received on investments	747	3	26	229	686	1,691
Net cash provided (used) by investing activities	747	3	(771)	(768)	686	(103)
Net increase (decrease) in cash and cash equivalents	7,063	(1)	(984)	919	(4,401)	2,596
CASH AND CASH EQUIVALENTS, beginning of year	44,716	232	2,440	5,075	29,408	81,871
CASH AND CASH EQUIVALENTS, end of year	\$ 51,779	231	1,456	5,994	25,007	84,467
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income/(loss)	\$ (1,378)	(67)	19	3,824	(1,442)	956
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:						
Depreciation	2,167	-	-	-	-	2,167
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable, net of accrued interest	28	-	-	23	(281)	(230)
Due from other funds	-	-	-	25	(80)	(55)
Inventory	(35)	-	-	-	-	(35)
Prepaid items	(1,162)	-	48	-	(6)	(1,120)
Increase (decrease) in:						
Accounts payable and accrued liabilities, net of accrued interest	1,459	66	(306)	(227)	277	1,269
Unpaid losses and related expenses	-	-	45	(1,958)	(4,613)	(6,526)
Unearned revenue	-	-	-	-	103	103
Total adjustments	2,457	66	(213)	(2,137)	(4,600)	(4,427)
Net cash provided (used) by operating activities	\$ 1,079	(1)	(194)	1,687	(6,042)	(3,471)

Fiduciary & Agency Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others which cannot be used to support the County's programs. The County uses fiduciary funds to report the financial activities related to Other Post-Employment Benefits (OPEB) obligations and the related assets held to fund those obligations, as well as for trust arrangements with private organizations.

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Special Welfare Fund, the Community Service Board Payees Fund and the Housing FSS Recipients Fund are used to account for receipts and disbursements of monies for certain County welfare, mental health services and Federal Self-Sufficiency (FSS) program recipients.

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - OPEB Master Trust Fund

As of June 30, 2014

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Other Post-Employment Benefits (OPEB) LODA Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
ASSETS				
Restricted cash	\$ 1	1	-	2
Restricted investments, at fair value	25,277	22,762	7,899	55,938
Accounts receivable, net	-	1,800	-	1,800
Total assets	<u>25,278</u>	<u>24,563</u>	<u>7,899</u>	<u>57,740</u>
LIABILITIES				
Accounts payable	2,204	5	641	2,850
Total liabilities	<u>2,204</u>	<u>5</u>	<u>641</u>	<u>2,850</u>
NET POSITION				
Held in trust for OPEB benefits	23,074	24,558	7,258	54,890
Total net position	<u>\$ 23,074</u>	<u>24,558</u>	<u>7,258</u>	<u>54,890</u>

Statement of Changes in Fiduciary Net Position - OPEB Master Trust Fund

For the Year Ended June 30, 2014

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Other Post-Employment Benefits (OPEB) LODA Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
ADDITIONS				
Contributions:				
Employer	\$ 4,192	3,600	7,778	15,570
Investment income:				
Interest and dividends	638	564	45	1,247
Net appreciation in fair value of investments	2,259	2,000	75	4,334
Total investment income	2,897	2,564	120	5,581
Less investment expense	62	54	2	118
Net investment income	2,835	2,510	118	5,463
Total additions	7,027	6,110	7,896	21,033
DEDUCTIONS				
Other post-employment benefit payments	2,198	-	638	2,836
Administrative expenses	-	1	-	1
Total deductions	2,198	1	638	2,837
Change in net position	4,829	6,109	7,258	18,196
NET POSITION, beginning of year	18,245	18,449	-	36,694
NET POSITION, end of year	<u>\$ 23,074</u>	<u>24,558</u>	<u>7,258</u>	<u>54,890</u>

FIDUCIARY FUNDS

Statement of Fiduciary Net Position - Private Purpose Trust Funds

As of June 30, 2014

(amounts expressed in thousands)

	Private Purpose Trust Funds			Total
	Innovation	Historic	Library	
	Owners' Association	Preservation Foundation	Donations	
ASSETS				
Equity in pooled cash and investments	\$ 434	51	303	788
Accounts receivable, net	66	-	1	67
Prepaid items	47	-	-	47
Total assets	547	51	304	902
LIABILITIES				
Accounts payable	-	-	5	5
Total liabilities	-	-	5	5
NET POSITION				
Held in trust for other purposes	547	51	299	897
Total net position	\$ 547	51	299	897

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Position - Private Purpose Trust Funds

For the Year Ended June 30, 2014

(amounts expressed in thousands)

	Private Purpose Trust Funds			Total
	Innovation Owners' Association	Historic Preservation Foundation	Library Donations	
ADDITIONS				
Contributions:				
Member	\$ 81	-	-	81
Total contributions	81	-	-	81
Donations	-	21	71	92
Charges for services	-	2	-	2
Investment income:				
Interest and dividends	8	1	7	16
Total investment income	8	1	7	16
Net investment income	8	1	7	16
Total additions	89	24	78	191
DEDUCTIONS				
Administrative expenses	23	10	106	139
Total deductions	23	10	106	139
Change in net position	66	14	(28)	52
NET POSITION, beginning of year	481	37	327	845
NET POSITION, end of year	\$ 547	51	299	897

COUNTY OF PRINCE WILLIAM, VIRGINIA
AGENCY FUNDS
Combining Statement of Fiduciary Net Position
As of June 30, 2014
(amounts expressed in thousands)

Schedule 17

	Special	Community	Housing	Total
	Welfare	Services Board Payees	FSS Recipients	
ASSETS				
Equity in pooled cash and investments	\$ 107	74	529	710
Total assets	<u>\$ 107</u>	<u>74</u>	<u>529</u>	<u>710</u>
LIABILITIES				
Deposits and escrows	\$ 107	74	529	710
Total liabilities	<u>\$ 107</u>	<u>74</u>	<u>529</u>	<u>710</u>

COUNTY OF PRINCE WILLIAM, VIRGINIA
 AGENCY FUNDS

Schedule 18

Combining Statement of Changes In Assets and Liabilities

For the Year Ended June 30, 2014

(amounts expressed in thousands)

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
SPECIAL WELFARE				
Equity in pooled cash and investments	\$ 61	203	157	107
Total assets	<u>\$ 61</u>	<u>203</u>	<u>157</u>	<u>107</u>
Deposits and escrows	\$ 61	203	157	107
Total liabilities	<u>\$ 61</u>	<u>203</u>	<u>157</u>	<u>107</u>
COMMUNITY SERVICES BOARD PAYEES				
Equity in pooled cash and investments	\$ 76	672	674	74
Total assets	<u>\$ 76</u>	<u>672</u>	<u>674</u>	<u>74</u>
Deposits and escrows	\$ 76	672	674	74
Total liabilities	<u>\$ 76</u>	<u>672</u>	<u>674</u>	<u>74</u>
HOUSING FSS RECIPIENTS				
Equity in pooled cash and investments	\$ 477	61	9	529
Total assets	<u>\$ 477</u>	<u>61</u>	<u>9</u>	<u>529</u>
Deposits and escrows	\$ 477	61	9	529
Total liabilities	<u>\$ 477</u>	<u>61</u>	<u>9</u>	<u>529</u>
TOTAL AGENCY FUNDS				
Equity in pooled cash and investments	\$ 614	936	840	710
Total assets	<u>\$ 614</u>	<u>936</u>	<u>840</u>	<u>710</u>
Deposits and escrows	\$ 614	936	840	710
Total liabilities	<u>\$ 614</u>	<u>936</u>	<u>840</u>	<u>710</u>

**DISCRETELY PRESENTED
COMPONENT UNIT**

Adult Detention Center

The Adult Detention Center derives revenues from the County and charges for services. The Adult Detention Center statement includes revenues and expenditures for the general operation and capital projects of the Adult Detention Center.

COUNTY OF PRINCE WILLIAM, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER
Combining Balance Sheet
As of June 30, 2014
With Comparative Totals for June 30, 2013
(amounts expressed in thousands)

Schedule 19

	General Operating	Capital Projects	2014	2013
ASSETS				
Equity in pooled cash and investments	\$ 7,094	2,960	10,054	12,678
Accounts receivable, net	29	-	29	27
Due from other governmental units	1,449	-	1,449	1,437
Total assets	<u>\$ 8,572</u>	<u>2,960</u>	<u>11,532</u>	<u>14,142</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	\$ 249	-	249	560
Wages and benefits payable	509	-	509	424
Total liabilities	<u>758</u>	<u>-</u>	<u>758</u>	<u>984</u>
FUND BALANCES:				
Committed	140	2,960	3,100	6,172
Assigned	1,815	-	1,815	4,776
Unassigned	5,859	-	5,859	2,210
Total fund balances	<u>7,814</u>	<u>2,960</u>	<u>10,774</u>	<u>13,158</u>
Total liabilities and fund balances	<u>\$ 8,572</u>	<u>2,960</u>		

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

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

67,834 70,010

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

(3,136) (3,162)

Net position of governmental activities

\$ 75,472 80,006

COUNTY OF PRINCE WILLIAM, VIRGINIA
DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014
With Comparative Totals for the Year Ended June 30, 2013
(amounts expressed in thousands)

Schedule 20

	Governmental Fund Types		Totals	
	General Operating	Capital Projects	2014	2013
REVENUES:				
From use of money and property	\$ 121	-	121	171
Charges for services	498	-	498	505
Intergovernmental revenues:				
Federal	496	-	496	560
State	10,557	-	10,557	9,772
Local	28,346	-	28,346	26,265
Miscellaneous	77	-	77	103
Total revenues	40,095	-	40,095	37,376
EXPENDITURES:				
Public safety	42,479	-	42,479	43,626
Total expenditures	42,479	-	42,479	43,626
Excess (deficiency) of revenues over (under) expenditures	(2,384)	-	(2,384)	(6,250)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	40	40	40
Transfers out	(40)	-	(40)	(40)
Sale of surplus property	-	-	-	11
Total other financing sources (uses)	(40)	40	-	11
Net change in fund balances	(2,424)	40	(2,384)	(6,239)
FUND BALANCES, beginning of year	10,238	2,920		
FUND BALANCES, end of year	\$ 7,814	2,960		

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	204	11
Subtract depreciation expense	(2,379)	(2,293)
Subtract net book value of assets removed from service	(1)	-

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	3,162	3,029
Subtract current year's compensated absences liability	(3,136)	(3,162)
Change in Adult Detention Center net position	\$ (4,534)	(8,654)

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 21

DISCRETELY PRESENTED COMPONENT UNIT - Adult Detention Center

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

For the Year Ended June 30, 2014

With Comparative Totals for the Year Ended June 30, 2013

(amounts expressed in thousands)

	Budgeted Amounts		2014 Actual	Variance With Final Budget Positive (Negative)	2013
	Original	Final			
REVENUES:					
From use of money and property	\$ -	121	121	-	171
Charges for services	663	663	498	(165)	505
Intergovernmental revenues:					
Federal	483	511	496	(15)	560
State	9,637	9,637	10,557	920	9,772
From other localities:					
Manassas	2,993	2,993	3,622	629	2,803
Manassas Park	376	376	762	386	684
Prince William County	23,978	23,962	23,962	-	22,778
Miscellaneous	57	57	77	20	103
Total revenues	38,187	38,320	40,095	1,775	37,376
EXPENDITURES:					
Public safety - Adult Detention	46,175	46,295	42,479	(3,816)	38,585
Total expenditures	46,175	46,295	42,479	(3,816)	38,585
OTHER FINANCING SOURCES (USES):					
Transfers out:					
Capital projects funds	-	-	(40)	(40)	(40)
Sale of surplus property	-	-	-	-	11
Total other financing sources (uses)	-	-	(40)	(40)	(29)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(7,988)	(7,975)	(2,424)	5,551	(1,238)
FUND BALANCE, beginning of year	10,238	10,238	10,238	-	11,476
FUND BALANCE, end of year	\$ 2,250	2,263	7,814	5,551	10,238

DEBT OBLIGATIONS

The schedules of bonds, capital leases, and other long-term debt detail the maturity dates and variable interest rates of the governmental funds' and enterprise funds' general obligation bonds, revenue bonds, notes payable, capital leases, school bonds, and state literary funds.

Schedule of Bonds, Capital Leases and Other Long-Term Debt
As of June 30, 2014
(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2014					Total Outstanding (Not Matured) at June 30, 2014	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
General Obligation Bonds:												
1998 Referendum:	\$ 21,795	10,350	8-Jun-04	--	520	--	--	--	520	5.25	520	2015
		11,445	9-Nov-04	--	571	--	--	--	571	5.00	571	2015
1998 Referendum Total	<u>\$ 21,795</u>	<u>21,795</u>		<u>--</u>	<u>1,091</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,091</u>			
2002 Referendum:	\$ 79,350	10,000	8-Jun-04	--	500	--	--	--	500	5.25	500	2015
		26,555	9-Nov-04	--	1,329	--	--	--	1,329	5.00	1,329	2015
		22,085	12-Jun-07	--	2,212	--	--	--	2,212	5.00	1,106	2015 thru 2016
		15,755	6-Aug-08	--	3,941	--	--	--	3,941	3.50	789	2015
										3.75	788	2016 thru 2017
										4.00	788	2018 thru 2019
		4,955	29-Jul-10	--	3,302	--	--	--	3,302	3.00	551	2015
										4.00	551	2016
										3.00	550	2017 thru 2018
										5.00	550	2019
										3.00	550	2020
2002 Referendum Total	<u>\$ 79,350</u>	<u>79,350</u>		<u>--</u>	<u>11,284</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>11,284</u>			
2006 Referendum:	\$ 369,550	10,370	12-Jun-07	--	1,038	--	--	--	1,038	5.00	519	2015 thru 2016
		31,175	6-Aug-08	--	6,709	--	1,100	--	7,809	3.50	1,561	2015
										3.75	1,562	2016 thru 2017
										4.00	1,562	2018 thru 2019
		3,775	29-Jul-10	--	2,518	--	--	--	2,518	3.00	419	2015
										4.00	419	2016
										3.00	420	2017 thru 2018
										5.00	420	2019
										3.00	420	2020
Taxable - Local Build America Bonds		10,670	29-Jul-10	--	10,670	--	--	--	10,670	3.68	1,000	2021
										4.28	960	2022
										4.28	965	2023 thru 2026
										5.31	970	2027 thru 2031
		28,635	31-Jul-13	--	25,048	--	3,587	--	28,635	5.00	1,435	2015 thru 2021
										5.00	1,430	2022 thru 2024
										3.00	1,430	2025
										4.00	1,430	2026 thru 2027
										3.63	1,430	2028
										4.50	1,430	2029 thru 2031
										4.00	1,430	2032
										4.50	1,430	2033 thru 2034
2006 Referendum Total	<u>\$ 369,550</u>	<u>84,625</u>		<u>--</u>	<u>45,983</u>	<u>--</u>	<u>4,687</u>	<u>--</u>	<u>50,670</u>			
School Bonds	\$ 25,760	25,760	1-May-95	--	--	--	--	2,570	2,570	5.98	1,285	2015 thru 2016
	19,900	19,900	1-Apr-97	--	--	--	--	3,980	3,980	5.60	995	2015 thru 2018
	9,850	9,850	30-Apr-99	--	--	--	--	2,450	2,450	4.98	490	2015
										5.10	490	2016 thru 2019
	11,930	11,930	13-May-99	--	--	--	--	3,570	3,570	4.73	595	2015
										5.10	595	2016 thru 2018
										5.23	595	2019 thru 2020
	33,650	33,650	18-May-00	--	--	--	--	11,760	11,760	5.60	1,680	2015 thru 2021
	48,175	48,175	17-May-01	--	--	--	--	19,255	19,255	5.10	2,410	2015 thru 2017
										5.10	2,405	2018 thru 2022

Schedule of Bonds, Capital Leases and Other Long-Term Debt
As of June 30, 2014
(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2014										Interest Rate (%)	Maturing Annually	
	Authorized	Issued	Date Issued	General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt	Total Outstanding (Not Matured) at June 30, 2014	Amount		Fiscal Year	
General Obligation (cont'd):	52,660	52,660	16-May-02	--	--	--	--	23,675	23,675	5.10	2,635	2015	
School Bonds (cont'd)										5.10	2,630	2016 thru 2023	
	80,675	80,675	15-May-03	--	--	--	--	40,325	40,325	5.10	4,035	2015 thru 2016	
										4.10	4,035	2017	
										5.10	4,035	2018 thru 2019	
										5.10	4,030	2020 thru 2021	
										4.60	4,030	2022 thru 2024	
	48,795	48,795	13-May-04	--	--	--	--	26,835	26,835	5.10	2,440	2015 thru 2024	
										5.10	2,435	2025	
	62,320	62,320	12-May-05	--	--	--	--	37,380	37,380	5.10	3,115	2015 thru 2019	
										4.10	3,115	2020	
										5.10	3,115	2021 thru 2025	
										4.35	3,115	2026	
	61,605	61,605	11-May-06	--	--	--	--	40,040	40,040	5.10	3,080	2015 thru 2021	
										4.48	3,080	2022	
										4.60	3,080	2023 thru 2026	
										5.10	3,080	2027	
	64,975	64,975	10-May-07	--	--	--	--	45,475	45,475	5.10	3,250	2015 thru 2020	
										4.10	3,250	2021	
										5.10	3,250	2022 thru 2023	
										4.48	3,245	2024	
										4.50	3,245	2025 thru 2026	
										5.10	3,245	2027 thru 2028	
	45,890	45,890	15-May-08	--	--	--	--	34,415	34,415	5.10	2,295	2015 thru 2027	
										5.10	2,290	2028	
										4.60	2,290	2029	
	51,020	51,020	15-May-09	--	--	--	--	40,800	40,800	5.05	2,550	2015 thru 2019	
										4.05	2,550	2020	
										5.05	2,550	2021 thru 2025	
										4.05	2,550	2026	
										5.05	2,550	2027	
										4.30	2,550	2028	
										5.05	2,550	2029	
										4.25	2,550	2030	
	23,935	23,935	13-May-10	--	--	--	--	11,970	11,970	5.05	3,990	2015 thru 2016	
										3.05	3,990	2017	
Taxable - Local Build America Bonds	60,765	56,445	13-May-10	--	--	--	--	56,445	56,445	3.85	4,035	2018	
										4.22	4,035	2019	
										4.42	4,035	2020	
										4.52	4,035	2021	
										4.72	4,035	2022	
										4.82	4,030	2023	
										4.97	4,030	2024	
										5.07	4,030	2025	
										5.17	4,030	2026	
										5.56	4,030	2027 thru 2031	
Direct Payment Qualified School Construction Bonds ^A	9,800	9,685	8-Jul-10	--	--	--	--	7,410	7,410	-	570	2015 thru 2027	
	51,200	46,445	4-Aug-11	--	--	--	--	41,795	41,795	4.00	2,325	2015 thru 2016	
										5.00	2,325	2017	
										2.25	2,325	2018	
										5.00	2,325	2019	
										3.00	2,325	2020	
										5.00	2,325	2021	
										2.75	2,320	2022	
										3.00	2,320	2023 thru 2024	
										3.25	2,320	2025	
										3.38	2,320	2026	
										3.50	2,320	2027 thru 2028	
										4.00	2,320	2029 thru 2032	

Schedule of Bonds, Capital Leases and Other Long-Term Debt
As of June 30, 2014
(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2014		Date Issued	Adult					Total Outstanding (Not Matured) at June 30, 2014	Interest Rate (%)	Maturing Annually	
	Authorized	Issued		General County Related Debt	Road Related Debt	Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
General Obligation (cont'd):	79,600	65,675	1-Aug-12	--	--	--	--	62,390	62,390	5.00	3,285	2015 thru 2024
School Bonds (cont'd):										4.50	3,285	2025 thru 2028
										4.50	3,280	2029 thru 2033
	69,280	59,990	31-Jul-13	--	--	--	--	59,990	59,990	4.00	3,000	2015
										5.00	3,000	2016 thru 2029
										4.50	3,000	2030 thru 2032
										4.50	2,995	2033 thru 2034
Total School Bonds	\$ 911,785	\$ 879,380		--	--	--	--	572,530	572,530			
Refunding Bonds	\$ 67,165	67,165	15-Apr-03	444	2,727	--	--	174	3,345	4.00	3,345	2015
	47,175	47,175	1-Sep-04	1,471	--	--	--	6,894	8,365	5.00	3,690	2015
										5.00	3,685	2016
										4.13	990	2021
	50,000	48,260	29-Jul-10	--	38,570	--	2,910	4,000	45,480	3.00	1,615	2015
										4.00	4,115	2016
										3.00	770	2017
										5.00	5,000	2017
										3.00	780	2018
										5.00	5,000	2018
										5.00	6,190	2019
										3.00	5,895	2020
										4.00	710	2020
										2.75	4,845	2021
										4.00	1,700	2022
										5.00	3,100	2022
										5.00	3,830	2023
										5.00	1,930	2024
	59,000	35,550	29-Feb-12	--	34,135	--	1,415	--	35,550	4.00	1,650	2020
										4.00	3,295	2021
										4.00	3,275	2022
										4.00	3,695	2023
										5.00	5,590	2024
										5.00	6,610	2025
										5.00	3,695	2026
										5.00	3,690	2027
										5.00	2,025	2028 thru 2029
Refunding Bonds												
Taxable Bonds	26,000	16,035	29-Feb-12	--	4,328	--	732	10,590	15,650	0.42	390	2015
										0.53	1,465	2016
										1.12	5,010	2017
										1.42	4,815	2018
										1.73	2,010	2019
										1.93	1,960	2020
State Literary Fund Loans:												
Benton Middle School	5,000	5,000	1-Jul-02	--	--	--	--	2,250	2,250	4.00	250	2015 thru 2023
IDA Lease Revenue Bond - Refunding American Type Culture Collection (ATCC) Building	10,690	10,690	10-May-05	4,355	--	--	--	--	4,355	5.00	1,010	2015
										5.25	1,055	2016
										5.25	1,115	2017
										5.25	1,175	2018
Total General Obligation and Revenue Bonds	\$ 1,647,510	1,295,025		6,270	138,118	--	9,744	596,438	750,570			
Capital Leases:												
2005 VRA - Spicer Fire Station	\$ 3,300	3,300	8-Jun-05	1,175	--	--	--	--	1,175	4.86	110	2015
										4.69	110	2016
										4.93	110	2017
										4.61	110	2018
										4.81	105	2019
										4.10	105	2020 thru 2021
										4.14	105	2022
										4.23	105	2023
										4.26	105	2024
										4.31	105	2025

Schedule of Bonds, Capital Leases and Other Long-Term Debt
As of June 30, 2014
(amounts expressed in thousands)

Description				Total Outstanding at June 30, 2014					Total Outstanding (Not Matured) at June 30, 2014	Interest Rate (%)	Maturing Annually	
	Authorized	Issued	Date Issued	General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
Capital Leases (cont'd):												
2006 VRA - Transportation	21,240	21,240	7-Dec-05	--	2,120	--	--	--	2,120	4.79	1,060	2015 thru 2016
2005 LPC - Phase III Facility, Golf Course expansion	38,645	38,645	21-Sep-05	1,902	--	--	33	--	1,935	5.00	1,935	2015
2006 VRA - River Oaks Fire Station	5,000	5,000	29-Nov-06	3,250	--	--	--	--	3,250	4.66	250	2015 thru 2016
										4.70	250	2017 thru 2018
										4.74	250	2019 thru 2020
										4.78	250	2021 thru 2024
										4.82	250	2025 thru 2027
2006A COP - Adult Detention Center	34,505	34,505	1-Aug-06	--	--	5,175	--	--	5,175	4.25	1,725	2015
										4.00	1,725	2016
										4.50	1,725	2017
2007 VRA - Roads	14,795	14,795	7-Jun-07	--	9,590	--	--	--	9,590	4.50	745	2015
										4.49	740	2016
										4.72	740	2017
										4.10	740	2018
										4.79	740	2019 thru 2020
										4.83	735	2021 thru 2022
										4.87	735	2023
										4.35	735	2024 thru 2025
										4.39	735	2026 thru 2027
2007 VRA - Antioch Fire Station	5,275	5,275	7-Jun-07	3,395	--	--	--	--	3,395	4.80	265	2015 thru 2017
										4.10	260	2018
										4.79	260	2019 thru 2020
										4.83	260	2021 thru 2022
										4.87	260	2023
										4.35	260	2024 thru 2025
										4.39	260	2026 thru 2027
2008 VRA - Roads	6,255	6,255	19-Jun-08	--	4,680	--	--	--	4,680	3.87	315	2015
										4.61	315	2016
										4.65	315	2017
										4.69	315	2018
										4.72	315	2019
										4.80	315	2020
										4.81	310	2021 thru 2022
										4.85	310	2023 thru 2024
										4.88	310	2025 thru 2026
										4.92	310	2027 thru 2029
2008 VRA - Birchdale Fire Station	4,455	4,455	19-Jun-08	3,330	--	--	--	--	3,330	3.87	225	2015
										4.59	225	2016
										5.63	225	2017
										4.67	225	2018
										4.71	225	2019
										4.79	225	2020
										4.81	220	2021 thru 2022
										4.84	220	2023 thru 2024
										4.88	220	2025 thru 2026
										4.92	220	2027 thru 2029
2009 VRA - Roads	37,945	37,945	19-Jun-08	--	30,345	--	--	--	30,345	5.13	1,900	2015 thru 2019
										5.13	1,895	2020 thru 2021
										4.83	1,895	2022 thru 2025
										4.86	1,895	2026
										4.90	1,895	2027
										4.94	1,895	2028
										4.98	1,895	2029
										4.69	1,895	2030
Refunding LPC	15,550	15,550	19-Oct-05	4,930	--	--	--	--	4,930	4.00	950	2015
										4.00	965	2016
										4.00	555	2017
										4.13	580	2018
										4.00	600	2019
										4.25	625	2020
										4.25	655	2021

Schedule of Bonds, Capital Leases and Other Long-Term Debt
As of June 30, 2014
(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2014		Date Issued	Adult					Total Outstanding (Not Matured) at June 30, 2014	Interest Rate (%)	Maturing Annually	
	Authorized	Issued		General County Related Debt	Road Related Debt	Detention Center Related Debt	Park Related Debt	School Board Related Debt			Amount	Fiscal Year
Capital Leases (cont'd):												
Fire Engine Lease	656	656	2-Nov-08	209	--	--	--	--	209	5.26	102	2015
Gainesville Fire Station										5.26	107	2016
Refunding LPC - Judicial Center	18,500	16,025	6-Oct-10	12,895	--	--	--	--	12,895	2.00	1,040	2015
										4.00	500	2015
										2.00	1,525	2016
										4.00	3,305	2017
										3.50	2,770	2019
										5.00	500	2019
										5.00	3,255	2021
Refunding VRA	3,000	2,780	2-Nov-10	2,365	--	--	--	--	2,365	3.42	220	2015
Yorkshire Fire Station										3.43	230	2016
										4.39	240	2017
										5.10	250	2018
										3.11	260	2019
										5.10	270	2020
										5.10	285	2021
										3.53	300	2022
										5.10	310	2023
Refunding VRA	16,000	13,165	2-Nov-10	11,190	--	--	--	--	11,190	3.43	1,050	2015
Western District Police										3.42	1,085	2016
										4.40	1,130	2017
										5.10	1,180	2018
										3.14	1,230	2019
										5.10	1,280	2020
										5.10	1,350	2021
										3.54	1,410	2022
										5.10	1,475	2023
Refunding VRA	3,000	2,180	2-Nov-10	2,180	--	--	--	--	2,180	4.10	225	2015
Nokesville Fire Station										5.10	225	2016
										4.10	225	2017
										5.10	215	2018 thru 2024
Refunding VRA	10,100	10,095	27-Jun-12	--	10,010	--	--	--	10,010	4.13	1,010	2017
Spriggs Road										4.82	1,005	2018
										5.13	1,005	2019
										5.13	1,000	2020 thru 2024
										4.83	995	2025
										4.82	995	2026
Refunding VRA	900	880	27-Jun-12	870	--	--	--	--	870	3.13	90	2015 thru 2016
Nokesville Fire Station										4.13	90	2017 thru 2018
										5.13	85	2019 thru 2024
Refunding COP	50,000	35,206	26-Mar-13	18,381	--	16,505	319	--	35,205	3.00	1,960	2016
										3.00	1,925	2017
										4.00	3,615	2018
										4.00	3,575	2019
										4.00	3,535	2020
										5.00	3,510	2021
										5.00	3,500	2022
										5.00	3,495	2023
										5.00	3,500	2024
										5.00	3,510	2025
										5.00	1,540	2026 thru 2027
Equipment Lease - Parks and Recreation	1,309	1,309	21-Dec-07	--	--	--	206	--	206	3.34	206	2015
	1,048	1,048	14-Jul-11	--	--	--	537	--	537	1.87	213	2015
										1.87	215	2016
										1.87	109	2017
Total Capital Leases	\$ 291,478	270,309		66,072	56,745	21,680	1,095	--	145,592			
Total General Obligation, Capital Leases and Other Long-Term Debt	\$ 1,938,988	1,565,334		72,342	194,863	21,680	10,839	596,438	896,162			

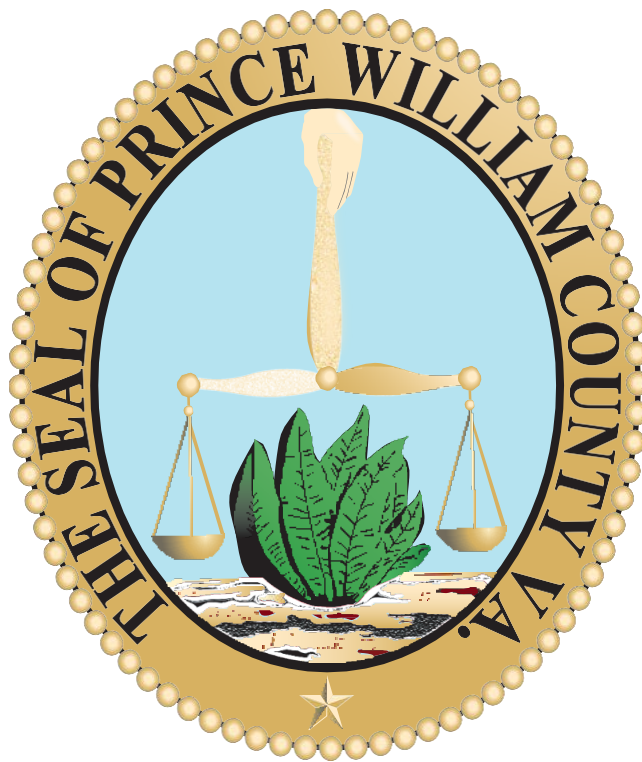
A - Qualified School Construction Bonds (QSCB) are authorized by the federal government through the American Recovery and Reinvestment Act (ARRA) of 2009. The bonds provided reimbursement of interest paid by a credit from the US Treasury via VPSA.

PROPRIETARY FUNDS
 Schedule of Bonds, Capital Leases and Other Long-Term Debt

As of June 30, 2014

(amounts expressed in thousands)

Description	Total Outstanding at June 30, 2014						Total Outstanding (Not Matured) at June 30, 2014	Interest Rate (%)	Maturing Annually Amount	Fiscal Year
	Authorized	Issued	Date Issued	Landfill	Parks & Recreation					
Revenue Bonds:										
Refunding Bonds	\$ 19,000	13,285	14-Apr-10	--	11,135	11,135	2.50	580	2015	
							3.00	590	2016	
							4.00	610	2017	
							4.00	630	2018	
							4.00	650	2019	
							4.00	680	2020	
							3.50	715	2021	
							3.75	730	2022	
							3.88	760	2023	
							4.00	790	2024	
							4.00	815	2025	
							4.00	850	2026	
							4.00	880	2027	
							4.00	910	2028	
							4.13	945	2029	
Total Revenue Bonds	\$ 19,000	13,285		--	11,135	11,135				
Capital Leases:										
Equipment Leases	\$ 691	691	21-Dec-07	--	109	109	3.34	109	2015	
Equipment Leases	952	952	14-Jul-11	--	487	487	1.87	192	2015	
							1.87	196	2016	
							1.87	99	2017	
Total Capital Leases	\$ 1,643	1,643		--	596	596				
Total Capital Leases and Other Long-Term Debt	\$ 20,643	14,928		--	11,731	11,731				



STATISTICAL SECTION

This part of Prince William County’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Contents	Page
Financial Trends	172
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	
Revenue Capacity	182
These schedules contain information to help the reader assess the County’s most significant local revenue source, the real estate tax, as well as other revenue sources.	
Debt Capacity	190
These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.	
Demographic and Economic Information	197
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	
Operating Information	199
These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	
Other Statistical Tables	202
These schedules present other information useful to certain readers of the County’s financial statements.	

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 1 - Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2005	2006	2007	2008 ^c	2009
Governmental activities:					
Net Investment in capital assets	\$ 157,297	\$ 181,314	\$ 176,505	\$ 228,235	\$ 252,588
Restricted	97,948	80,709	127,372	97,828	126,792
Unrestricted	(448,851)	(456,650)	(557,515)	(572,351)	(637,188)
Total governmental activities net position	\$ (193,606)	\$ (194,627)	\$ (253,638)	\$ (246,288)	\$ (257,808)
Business-type activities:					
Net Investment in capital assets	\$ 16,580	\$ 19,534	\$ 20,316	\$ 21,238	\$ 22,020
Unrestricted	10,879	5,246	1,784	6,345	7,411
Total business-type activities net position	\$ 27,459	\$ 24,780	\$ 22,100	\$ 27,583	\$ 29,431
Primary government:					
Net Investment in capital assets	\$ 173,877	\$ 200,848	\$ 196,821	\$ 249,473	\$ 274,608
Restricted	97,948	80,709	127,372	97,828	126,792
Unrestricted	(437,972)	(451,404)	(555,731)	(566,006)	(629,777)
Total primary government net position	\$ (166,147)	\$ (169,847)	\$ (231,538)	\$ (218,705)	\$ (228,377)
Component units:^a					
Net Investment in capital assets	\$ 673,971	\$ 760,726	\$ 849,253	\$ 959,640	\$ 1,021,548
Restricted	91,563	93,803	150,427	111,676	90,441
Unrestricted	68,448	85,543	105,568	85,760	126,805
Total component units net position	\$ 833,982	\$ 940,072	\$ 1,105,248	\$ 1,157,076	\$ 1,238,794
Total reporting entity:					
Net Investment in capital assets ^b	\$ 492,349	\$ 573,997	\$ 611,788	\$ 728,795	\$ 777,478
Restricted ^b	100,132	82,914	130,976	98,566	126,792
Unrestricted	75,354	113,314	130,946	111,010	106,147
Total reporting entity net position	\$ 667,835	\$ 770,225	\$ 873,710	\$ 938,371	\$ 1,010,417

^a Component unit net position represents a significant portion of net position for the total reporting entity.

^b The sum of the rows does not equal the amount reported for the total reporting entity because certain debt related to the School Board, and the Adult Detention Center Component Units is reflected in the primary government's general governmental activities. See Exhibit 1 for further details.

^c The restatement of net position resulting from the implementation of GASB Statement No. 51 was carried back to 2008. Net position values prior to 2008 do not reflect the capitalization of intangible assets.

^d The Park Authority Component Unit was dissolved and became the County Department of Parks and Recreation effective FY 2013. The Convention and Visitors Bureau became a component unit of the County effective FY 2013.

2010	2011	2012 (restated) ^d	2013 (restated)	2014	
\$ 308,128	\$ 309,109	\$ 370,247	\$ 405,803	\$ 432,016	Governmental activities:
79,067	102,590	103,323	116,177	140,516	Net Investment in capital assets
(586,903)	(540,498)	(513,067)	(572,683)	(620,271)	Restricted
					Unrestricted
\$ <u>(199,708)</u>	\$ <u>(128,799)</u>	\$ <u>(39,497)</u>	\$ <u>(50,703)</u>	\$ <u>(47,739)</u>	Total governmental activities net position
\$ 23,790	\$ 28,333	\$ 37,030	\$ 36,810	\$ 37,943	Business-type activities:
12,253	9,506	5,675	(146)	3,818	Net Investment in capital assets
					Unrestricted
\$ <u>36,043</u>	\$ <u>37,839</u>	\$ <u>42,705</u>	\$ <u>36,664</u>	\$ <u>41,761</u>	Total business-type activities net position
\$ 331,918	\$ 337,442	\$ 407,277	\$ 442,613	\$ 469,959	Primary government:
79,067	102,590	103,323	116,177	140,516	Net Investment in capital assets
(574,650)	(530,992)	(507,392)	(572,829)	(616,453)	Restricted
					Unrestricted
\$ <u>(163,665)</u>	\$ <u>(90,960)</u>	\$ <u>3,208</u>	\$ <u>(14,039)</u>	\$ <u>(5,978)</u>	Total primary government net position
\$ 1,087,841	\$ 1,161,881	\$ 1,149,459	\$ 1,195,075	\$ 1,247,771	Component units: ^a
90,969	39,134	34,791	43,091	50,515	Net Investment in capital assets
146,002	139,408	111,523	114,809	114,162	Restricted
					Unrestricted
\$ <u>1,324,812</u>	\$ <u>1,340,423</u>	\$ <u>1,295,773</u>	\$ <u>1,352,975</u>	\$ <u>1,412,448</u>	Total component units net position
\$ 887,366	\$ 928,973	\$ 975,195	\$ 1,051,232	\$ 1,121,735	Total reporting entity:
79,067	118,527	115,407	139,850	168,908	Net Investment in capital assets ^b
194,714	201,963	212,308	147,854	115,827	Restricted ^b
					Unrestricted
\$ <u>1,161,147</u>	\$ <u>1,249,463</u>	\$ <u>1,302,910</u>	\$ <u>1,338,936</u>	\$ <u>1,406,470</u>	Total reporting entity net position

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 2 - Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary Government:										
Expenses										
Governmental activities:										
General government administration	\$ 33,959	\$ 38,146	\$ 38,452	\$ 40,289	\$ 41,470	\$ 37,377	\$ 45,435	\$ 40,151	\$ 37,932	\$ 34,857
Judicial administration	15,661	17,130	18,097	19,260	19,004	17,471	18,157	18,222	19,524	20,060
Public safety	146,097	176,300	247,862	194,468	210,257	197,928	205,341	215,366	234,880	238,868
Public works	58,200	73,149	90,004	94,042	124,491	54,892	48,819	55,538	72,924	91,874
Health and welfare	63,111	65,580	70,062	75,112	75,163	74,268	76,664	75,217	75,909	76,638
Education	360,258	386,995	413,349	403,396	434,797	440,443	368,236	406,022	463,154	461,676
Parks, recreational and cultural	28,904	31,479	36,114	37,291	35,793	38,347	33,728	54,934	34,077	36,059
Community development	48,079	50,363	45,225	45,474	49,100	49,524	50,227	52,318	53,726	59,129
Interest on long-term debt	31,923	33,684	40,074	41,526	41,868	44,253	44,095	43,242	43,086	47,372
Total governmental activities expenses	786,192	872,826	999,239	950,858	1,031,943	954,503	890,702	961,010	1,035,212	1,066,533
Business-type activities:										
Landfill	13,919	13,885	14,461	14,955	12,181	10,724	15,804	16,734	15,832	17,327
Parks and Recreation	--	--	--	--	--	--	--	15,927	19,729	14,793
Innovation Technology Park	877	157	949	209	242	49	48	48	60	75
Total business-type activities expenses	14,796	14,042	15,410	15,164	12,423	10,773	15,852	32,709	35,621	32,195
Total primary government expenses	\$ 800,988	\$ 886,868	\$ 1,014,649	\$ 966,022	\$ 1,044,366	\$ 965,276	\$ 906,554	\$ 993,719	\$ 1,070,833	\$ 1,098,728
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 477	\$ 513	\$ 539	\$ 570	\$ 678	\$ 554	\$ 554	\$ 597	\$ 590	\$ 571
Judicial administration	6,558	7,213	5,577	4,796	4,695	4,234	4,160	4,548	4,929	4,079
Public safety	4,317	4,630	6,002	6,412	5,783	6,027	6,646	11,105	12,220	13,177
Public works	7,447	6,692	6,851	8,796	4,669	4,958	5,038	5,054	8,248	8,237
Health and welfare	1,666	1,619	1,751	2,000	1,850	1,429	1,287	1,381	1,345	1,113
Parks, recreational and cultural	590	575	553	517	526	520	562	1,807	548	641
Community development	17,527	17,216	11,121	11,624	10,457	9,564	10,461	15,234	18,973	20,708
Operating grants and contributions	68,900	69,496	74,152	76,200	86,411	90,529	88,851	101,066	77,104	80,159
Capital grants and contributions	20,346	26,259	37,673	31,514	40,183	28,271	46,890	37,115	29,758	42,952
Total governmental activities program revenues	127,828	134,213	144,219	142,429	155,252	146,086	164,449	177,907	153,715	171,637
Business-type activities:										
Charges for services:										
Landfill	13,305	13,296	14,567	14,948	15,840	16,244	17,696	17,213	17,556	18,008
Parks and Recreation	--	--	--	--	--	--	--	13,228	10,904	11,783
Innovation Technology Park	3,098	1,416	7,812	2,168	1,373	7	--	990	--	--
Capital grants and contributions	--	--	--	--	27	177	66	57	27	20
Total business-type activities program revenues	16,403	14,712	22,379	17,116	17,240	16,428	17,762	31,488	28,487	29,811
Total primary government program revenues	\$ 144,231	\$ 148,925	\$ 166,598	\$ 159,545	\$ 172,492	\$ 162,514	\$ 182,211	\$ 209,395	\$ 182,202	\$ 201,448
Net (Expense)/Revenue										
Governmental activities	\$ (658,364)	\$ (738,613)	\$ (855,020)	\$ (808,429)	\$ (876,691)	\$ (808,417)	\$ (726,253)	\$ (783,103)	\$ (881,497)	\$ (894,896)
Business-type activities	1,607	670	6,969	1,952	4,817	5,655	1,910	(1,221)	(7,134)	(2,384)
Total primary government net (expense)/revenue	\$ (656,757)	\$ (737,943)	\$ (848,051)	\$ (806,477)	\$ (871,874)	\$ (802,762)	\$ (724,343)	\$ (784,324)	\$ (888,631)	\$ (897,280)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Real property	\$ 388,216	\$ 418,990	\$ 461,230	\$ 484,368	\$ 545,021	\$ 509,007	\$ 508,761	\$ 526,885	\$ 551,951	\$ 571,847
Personal property	52,625	62,368	75,030	77,509	80,642	67,816	72,641	78,338	85,515	96,013
Local sales	43,857	46,649	47,921	46,155	45,055	46,155	49,554	52,003	55,169	56,511
Consumers utility	25,452	26,295	18,522	12,354	12,596	12,840	13,190	13,075	13,490	13,766
Telecommunications sales and use tax	--	--	9,533	22,230	20,198	--	--	--	--	--
Cable franchise tax	3,252	3,431	2,021	--	--	--	--	--	--	--
Business, professional and occupational license	19,534	23,071	22,809	21,173	19,931	20,269	20,965	21,725	22,913	23,772
Recordation	19,491	22,741	15,143	11,528	10,669	7,813	7,562	8,014	10,277	7,879
Motor vehicle licenses	6,275	6,641	6,534	6,651	6,874	7,221	7,504	7,591	7,877	7,907
Public safety E-911	2,957	2,931	1,536	--	--	--	--	--	--	--
Transient occupancy	2,793	3,026	3,294	3,389	3,189	3,014	3,169	3,274	3,369	3,096
Short term rental, bank stock, public utility gross receipts	1,803	2,151	2,044	1,990	2,220	2,661	3,208	3,080	2,973	3,226
Grants and contributions not restricted to specific programs	59,608	67,359	62,227	62,580	62,765	82,882	82,422	81,503	81,785	81,878
Investment earnings	13,909	20,823	31,484	35,361	26,777	31,700	11,754	20,222	(1,558)	26,049
Insurance claims and recoveries	--	--	--	--	--	--	--	66	100	9
Gain/(loss) on disposition of capital assets	--	--	--	(170)	--	--	--	--	--	--
Miscellaneous	18,976	26,291	24,720	24,633	24,357	21,954	14,876	10,348	37,530	12,522
Transfers	1,736	4,825	11,961	(789)	4,877	810	1,556	1,527	(376)	(6,337)
Total governmental activities	660,484	737,592	796,009	808,962	865,171	814,142	797,162	827,651	871,015	898,138

COUNTY OF PRINCE WILLIAM, VIRGINIA
TABLE 2 - Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting; amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Taxes										
Grants and contributions not restricted to specific programs	--	--	--	--	1	--	--	--	--	--
Investment earnings	637	712	1,272	1,228	1,003	928	343	513	(99)	307
Gain/(loss) on disposition of capital assets	--	--	--	--	(141)	--	--	--	--	--
Miscellaneous	816	764	1,040	1,514	1,045	839	1,099	794	816	837
Transfers	(1,736)	(4,825)	(11,961)	789	(4,877)	(810)	(1,556)	(1,527)	376	6,337
Total business-type activities	(283)	(3,349)	(9,649)	3,531	(2,969)	957	(114)	(220)	1,093	7,481
Total primary government	\$ 660,201	\$ 734,243	\$ 786,360	\$ 812,493	\$ 862,202	\$ 815,099	\$ 797,048	\$ 827,431	\$ 871,015	\$ 898,138
Change in Net Position										
Governmental activities	\$ 2,120	\$ (1,021)	\$ (59,011)	\$ 533	\$ (11,520)	\$ 5,725	\$ 70,909	\$ 44,548	\$ (10,482)	\$ 3,242
Business-type activities	1,324	(2,679)	(2,680)	5,483	1,848	6,612	1,796	(1,441)	(6,041)	5,097
Total primary government	\$ 3,444	\$ (3,700)	\$ (61,691)	\$ 6,016	\$ (9,672)	\$ 12,337	\$ 72,705	\$ 43,107	\$ (16,523)	\$ 8,339
Component Units:^a										
Expenses										
School Board	\$ 647,871	\$ 709,940	\$ 797,465	\$ 854,175	\$ 879,594	\$ 879,024	\$ 885,979	\$ 945,026	\$ 982,546	\$ 998,911
Adult Detention Center	25,259	26,265	30,075	36,428	37,479	44,635	30,816	39,719	46,030	44,629
Park Authority	26,558	27,806	29,401	31,416	30,749	29,754	29,517	--	--	--
Convention & Visitors Bureau	--	--	--	--	--	--	--	1,183	1,253	1,188
Total component unit expenses	\$ 699,688	\$ 764,011	\$ 856,941	\$ 922,019	\$ 947,822	\$ 953,413	\$ 946,312	\$ 985,928	\$ 1,029,829	\$ 1,044,728
Program Revenues										
Charges for services	\$ 30,618	\$ 31,784	\$ 33,552	\$ 35,946	\$ 36,270	\$ 34,948	\$ 35,144	\$ 23,551	\$ 24,230	\$ 24,087
Operating grants and contributions	86,295	93,688	103,107	109,227	117,803	120,782	144,496	144,394	146,617	149,565
Capital grants and contributions	904	1,598	990	4,540	4,395	4,863	209	98	113	108
Total component unit program revenues	\$ 117,817	\$ 127,070	\$ 137,649	\$ 149,713	\$ 158,468	\$ 160,593	\$ 179,849	\$ 168,043	\$ 170,960	\$ 173,760
General Revenues and Other										
Changes in Net Position										
Payment from primary government	\$ 435,390	\$ 476,726	\$ 575,240	\$ 505,409	\$ 538,853	\$ 544,019	\$ 469,759	\$ 497,540	\$ 556,524	\$ 560,412
Grants and contributions not restricted to specific programs	238,381	257,076	293,972	307,491	323,233	324,506	306,261	324,278	354,051	359,939
Investment earnings	2,965	5,994	10,772	9,389	6,856	5,367	4,358	3,287	1,892	3,261
Loss on disposal of capital assets	3	--	--	(17)	--	--	--	--	--	--
Miscellaneous	4,112	3,235	4,484	1,862	2,130	1,812	1,696	2,758	3,604	6,829
Total general revenues and other changes in net position	\$ 680,851	\$ 743,031	\$ 884,468	\$ 824,134	\$ 871,072	\$ 875,704	\$ 782,074	\$ 827,863	\$ 916,071	\$ 930,441
Total component unit change in net position	\$ 98,980	\$ 106,090	\$ 165,176	\$ 51,828	\$ 81,718	\$ 82,884	\$ 15,611	\$ 9,978	\$ 57,202	\$ 59,473

^aThe Park Authority Component Unit was dissolved and became the County Department of Parks and Recreation effective FY 2013. The Convention and Visitors Bureau became a component unit of the County effective FY 2013.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 3 - Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting; amounts expressed in thousands)

	2005	2006	2007	2008	2009
General Fund:					
Non-spendable	\$ 725	\$ 689	\$ 381	\$ 324	\$ 293
Restricted	1,453	1,534	1,597	1,861	1,559
Committed	76,876	67,313	68,070	59,181	95,532
Assigned	5,358	5,947	8,378	7,331	4,311
Unassigned	<u>52,351</u>	<u>58,462</u>	<u>61,666</u>	<u>63,228</u>	<u>67,187</u>
Total general fund	<u>136,763</u>	<u>133,945</u>	<u>140,092</u>	<u>131,925</u>	<u>168,882</u>
Capital Projects:					
Non-spendable	--	--	--	23	34
Restricted	57,930	39,189	77,160	32,911	55,992
Committed	<u>50,666</u>	<u>95,576</u>	<u>87,835</u>	<u>104,452</u>	<u>87,102</u>
Total capital projects	<u>108,596</u>	<u>134,765</u>	<u>164,995</u>	<u>137,386</u>	<u>143,128</u>
Fire & Rescue Levy:					
Restricted					
Total non-major special revenue funds					
Non-major Special Revenue Funds:					
Non-spendable	--	--	--	--	--
Restricted	<u>38,359</u>	<u>38,935</u>	<u>47,502</u>	<u>61,807</u>	<u>67,497</u>
Total non-major special revenue funds	<u>\$ 38,359</u>	<u>\$ 38,935</u>	<u>\$ 47,502</u>	<u>\$ 61,807</u>	<u>\$ 67,497</u>

a. Beginning in FY2013, the Fire & Rescue Levy fund became a major fund.

2010	2011	2012	2013 ^a	2014	
					General Fund:
\$ 201	\$ 224	\$ 229	\$ 299	\$ 222	Non-spendable
1,321	1,369	1,274	2,101	3,693	Restricted
99,627	113,811	90,209	81,114	67,735	Committed
3,780	7,570	7,073	8,137	6,442	Assigned
<u>63,948</u>	<u>62,422</u>	<u>64,457</u>	<u>67,075</u>	<u>69,669</u>	Unassigned
<u>168,877</u>	<u>185,396</u>	<u>163,242</u>	<u>158,726</u>	<u>147,761</u>	Total general fund
					Capital Projects:
34	34	199	34	240	Non-spendable
8,550	26,798	21,633	--	--	Restricted
<u>111,574</u>	<u>109,413</u>	<u>87,301</u>	<u>102,692</u>	<u>102,106</u>	Committed
<u>120,158</u>	<u>136,245</u>	<u>109,133</u>	<u>102,726</u>	<u>102,346</u>	Total capital projects
					Fire & Rescue Levy:
			66,893	77,831	Restricted
			<u>66,893</u>	<u>77,831</u>	Total non-major special revenue funds
					Non-major Special Revenue Funds:
--	--	--	30	--	Non-spendable
<u>67,339</u>	<u>73,173</u>	<u>77,568</u>	<u>16,895</u>	<u>18,472</u>	Restricted
<u>\$ 67,339</u>	<u>\$ 73,173</u>	<u>\$ 77,568</u>	<u>\$ 16,925</u>	<u>\$ 18,472</u>	Total non-major special revenue funds

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 4 - Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting; amounts expressed in thousands)

	2005	2006	2007	2008	2009
REVENUES:					
General property taxes	\$ 440,822	\$ 482,075	\$ 535,367	\$ 560,637	\$ 623,758
Other local taxes	126,063	136,936	129,357	125,470	120,732
Permits, privilege fees and regulatory licenses	20,418	18,793	14,596	13,607	11,374
Fines and forfeitures	2,392	2,469	2,767	2,664	2,759
From use of money and property	12,494	18,213	27,476	30,579	22,431
Charges for services	15,133	17,203	15,035	18,446	14,528
Intergovernmental revenues:					
Federal	44,354	43,677	44,802	46,133	40,735
State	88,567	102,420	99,511	96,842	117,091
Local	8,085	8,289	10,095	10,307	9,378
Donations and contributions	147	129	119	107	95
Miscellaneous	18,994	26,285	24,735	25,656	26,255
Total revenues	<u>777,469</u>	<u>856,489</u>	<u>903,860</u>	<u>930,448</u>	<u>989,136</u>
EXPENDITURES:					
General government administration	33,176	35,685	34,649	35,838	35,712
Judicial administration	14,589	16,180	17,599	18,182	18,271
Public safety	144,058	171,717	244,659	191,061	207,920
Public works	22,296	23,567	27,738	30,188	29,218
Health and welfare	61,534	64,880	70,596	75,562	74,765
Education	357,726	388,718	416,114	403,396	434,596
Parks, recreational and cultural	27,600	29,922	32,828	36,097	34,549
Community development	43,805	47,938	44,123	42,353	43,107
Debt service:					
Principal retirement	40,323	47,955	52,455	60,162	61,753
Interest and other debt costs	30,029	33,171	37,675	39,990	41,029
Intergovernmental - arbitrage rebate	71	217	1,060	147	--
Capital outlays	61,804	104,042	89,033	74,601	112,121
Total expenditures	<u>837,011</u>	<u>963,992</u>	<u>1,068,529</u>	<u>1,007,577</u>	<u>1,093,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,542)</u>	<u>(107,503)</u>	<u>(164,669)</u>	<u>(77,129)</u>	<u>(103,905)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	33,756	72,779	73,392	54,079	47,880
Transfers out	(31,785)	(67,675)	(60,932)	(58,921)	(40,621)
Sale of lease participation certificates	3,300	59,885	93,075	10,710	37,945
Bonds, notes and capital leases	100,320	61,605	98,730	45,890	97,950
Refunding of lease participation certificates	--	15,550	--	--	--
Refunding bonds	57,865	--	--	--	--
Payments to refunded lease participation certificates escrow agent	--	(15,289)	--	--	--
Payments to refunded bond escrow agent	(61,292)	--	--	--	--
Premium on sale of bonds	5,003	2,353	3,905	3,343	8,976
Premium from refunding bonds	3,841	--	--	--	--
Premium on sale of lease participation certificates	54	2,164	1,368	457	--
Premiums from refunding lease participation certificates	--	17	--	--	--
Insurance recoveries	--	--	--	--	--
Sale of surplus property	205	145	75	135	154
Total other financing sources (uses)	<u>111,267</u>	<u>131,534</u>	<u>209,613</u>	<u>55,693</u>	<u>152,284</u>
Net change in fund balances	<u>\$ 51,725</u>	<u>\$ 24,031</u>	<u>\$ 44,944</u>	<u>\$ (21,436)</u>	<u>\$ 48,379</u>
Debt service as a percentage of noncapital expenditures	8.58%	8.93%	8.74%	10.03%	9.49%

a Beginning in FY2013, the Park Authority Component Unit merged its functions into the County Government by creating a new Prince William County Department of Parks & Recreation.

	2010	2011	2012	2013 ^a	2014	
\$	577,981	\$ 583,220	\$ 605,896	\$ 636,789	\$ 667,497	REVENUES:
	99,973	105,152	108,762	116,068	116,157	General property taxes
	10,617	11,495	13,836	16,354	17,389	Other local taxes
	2,866	3,241	3,435	3,260	3,252	Permits, privilege fees and regulatory licenses
	27,489	7,547	13,870	(6,422)	14,434	Fines and forfeitures
	13,803	13,972	21,226	27,240	27,886	From use of money and property
						Charges for services
	47,201	62,154	50,986	49,644	51,378	Intergovernmental revenues:
	133,976	126,233	122,949	118,507	137,111	Federal
	8,912	8,473	6,661	6,884	7,435	State
	61	70	142	20	1,897	Local
	21,893	15,706	10,206	27,284	11,592	Donations and contributions
	944,772	937,263	957,969	995,628	1,056,028	Miscellaneous
						Total revenues
	33,982	35,296	38,897	36,788	34,966	EXPENDITURES:
	16,971	17,505	17,593	18,388	19,190	General government administration
	202,196	198,402	210,461	228,769	232,395	Judicial administration
	25,545	27,736	30,408	30,522	31,441	Public safety
	74,593	76,896	75,014	75,066	76,549	Public works
	437,057	361,447	416,071	463,652	466,249	Health and welfare
	36,485	29,849	35,801	26,550	28,507	Education
	44,389	45,183	47,280	48,555	53,185	Parks, recreational and cultural
						Community development
	92,223	66,811	74,760	--	72,969	Debt service:
	43,326	43,817	42,803	69,858	42,365	Principal retirement
	--	--	--	41,991	--	Interest and other debt costs
	34,063	26,914	33,283	53,426	76,086	Intergovernmental - arbitrage rebate
	1,040,830	929,856	1,022,371	1,093,565	1,133,902	Capital outlays
	(96,058)	7,407	(64,402)	(97,937)	(77,874)	Total expenditures
						Excess (deficiency) of revenues over (under) expenditures
	39,033	32,677	59,039	58,513	73,278	OTHER FINANCING SOURCES (USES):
	(48,942)	(32,486)	(88,907)	(62,825)	(93,780)	Transfers in
	--	--	--	--	--	Transfers out
	80,380	29,085	46,445	65,675	88,625	Sale of lease participation certificates
	--	--	--	--	--	Bonds, notes and capital leases
	--	82,410	51,585	46,180	--	Refunding of lease participation certificates
	--	--	--	--	--	Refunding bonds
	--	--	--	--	--	Payments to refunded lease participation certificates escrow agent
	--	(91,667)	(60,921)	(54,689)	--	Payments to refunded bond escrow agent
	2,205	1,069	2,236	12,301	10,309	Premium on sale of bonds
	--	9,757	9,690	9,048	--	Premium from refunding bonds
	--	--	--	--	--	Premium on sale of lease participation certificates
	--	--	66	--	--	Premiums from refunding lease participation certificates
	--	--	--	100	9	Insurance recoveries
	250	188	298	252	851	Sale of surplus property
	72,926	31,033	19,531	74,555	79,292	Total other financing sources (uses)
\$	(23,132)	38,440	(44,871)	(23,382)	1,418	Net change in fund balances
	13.20%	12.00%	11.62%	10.37%	10.34%	Debt service as a percentage of noncapital expenditures

COUNTY OF PRINCE WILLIAM, VIRGINIA**TABLE 5 - Changes in Net Position, Supplemental Retirement Plan**

Last Ten Fiscal Years

(amounts expressed in thousands)

	2005	2006	2007	2008	2009
Additions					
Member contributions	\$ 593	\$ 669	\$ 722	\$ 757	\$ 802
Employer contributions	593	669	722	757	802
Investment income (net of expenses)	<u>2,278</u>	<u>2,066</u>	<u>3,479</u>	<u>(603)</u>	<u>(4,577)</u>
Total additions to plan net position	<u>3,464</u>	<u>3,404</u>	<u>4,923</u>	<u>911</u>	<u>(2,973)</u>
Deductions					
Benefit payments	834	1,002	1,089	1,121	1,291
Refunds	19	75	34	149	37
Administrative expenses	<u>79</u>	<u>73</u>	<u>69</u>	<u>73</u>	<u>127</u>
Change in net position	<u>\$ 2,532</u>	<u>\$ 2,254</u>	<u>\$ 3,731</u>	<u>\$ (432)</u>	<u>\$ (4,428)</u>

	2010	2011	2012	2013	2014	
						Additions
\$	826	\$ 839	\$ 909	\$ 946	\$ 1,007	Member contributions
	827	839	909	946	1,007	Employer contributions
	<u>2,003</u>	<u>4,983</u>	<u>(559)</u>	<u>2,449</u>	<u>4,438</u>	Investment income (net of expenses)
	<u>3,656</u>	<u>6,661</u>	<u>1,259</u>	<u>4,341</u>	<u>6,452</u>	Total additions to plan net position
						Deductions
	1,475	1,763	1,742	1,981	1,810	Benefit payments
	200	86	78	84	95	Refunds
	<u>137</u>	<u>105</u>	<u>92</u>	<u>57</u>	<u>109</u>	Administrative expenses
\$	<u><u>1,844</u></u>	<u><u>4,707</u></u>	<u><u>(653)</u></u>	<u><u>2,219</u></u>	<u><u>4,438</u></u>	Change in net position

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 6 - General Governmental Revenues by Source^a

Last Ten Fiscal Years

(modified accrual basis of accounting; amounts expressed in thousands)

Fiscal Year	Taxes ^b	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property ^d	Charges for Services
2005	\$ 566,885	\$ 20,418	\$ 2,392	\$ 16,486	\$ 35,983
2006	\$ 619,011	\$ 18,793	\$ 2,469	\$ 26,200	\$ 38,476
2007	\$ 664,724	\$ 14,596	\$ 2,767	\$ 42,906	\$ 37,528
2008	\$ 686,107	\$ 13,607	\$ 2,664	\$ 43,952	\$ 39,947
2009	\$ 744,490	\$ 11,374	\$ 2,759	\$ 31,019	\$ 36,836
2010	\$ 677,954	\$ 10,617	\$ 2,866	\$ 33,903	\$ 34,877
2011	\$ 688,372	\$ 11,495	\$ 3,241	\$ 12,406	\$ 34,953
2012	\$ 714,658	\$ 13,836	\$ 3,435	\$ 17,909	\$ 43,295
2013	\$ 752,857	\$ 16,354	\$ 3,260	\$ (3,386)	\$ 50,179
2014	\$ 783,654	\$ 17,389	\$ 3,252	\$ 18,762	\$ 50,964
Change 2005 - 2014	38.24%	-14.83%	35.95%	13.80%	41.63%

^a Includes revenues of the General Fund, Special Revenue Funds, Capital Projects Funds and the School Board and Adult Detention Center Component Units.

^b Tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act.

^c Beginning with fiscal year 2000, the State reimbursed the County for personal property tax for non-business use vehicles under the Personal Property Tax Relief Act (PPTRA). The State reimbursement is classified as inter-governmental revenue. The PPTRA reimbursement rates were 70.0% for fiscal years 2002 through 2006 and 61.5% for fiscal year 2007 through 2008. The reimbursement for fiscal year 2013 was set at the fiscal year 2008 amount, irrespective of any reimbursement rate.

^d Use of Money changes can be substantially attributed to favorable or unfavorable mark to market conditions.

TABLE 6A - General Governmental Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting; amounts expressed in thousands)

Fiscal Year	Real Estate	Personal Property ^a	Public Service	Total General ^b Property Taxes	Sales Tax
2005	\$ 375,345	\$ 49,645	\$ 14,227	\$ 439,217	\$ 43,857
2006	\$ 410,127	\$ 59,075	\$ 12,131	\$ 481,333	\$ 46,649
2007	\$ 451,319	\$ 71,290	\$ 10,861	\$ 533,470	\$ 47,921
2008	\$ 472,960	\$ 73,311	\$ 12,120	\$ 558,391	\$ 46,155
2009	\$ 530,120	\$ 75,986	\$ 15,156	\$ 621,262	\$ 45,055
2010	\$ 494,299	\$ 63,666	\$ 17,518	\$ 575,483	\$ 46,155
2011	\$ 492,738	\$ 68,792	\$ 19,207	\$ 580,737	\$ 49,554
2012	\$ 510,053	\$ 74,567	\$ 18,776	\$ 603,396	\$ 52,003
2013	\$ 533,024	\$ 81,783	\$ 19,511	\$ 634,318	\$ 55,169
2014	\$ 557,068	\$ 95,270	\$ 18,809	\$ 671,147	\$ 56,511
Change 2005 - 2014	48.41%	91.90%	32.20%	52.81%	28.85%

^a Personal property tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax relief Act.

^b Excludes administration fees and interest related to property taxes. These revenues are included in "All Other" column.

Inter-Governmental^c

	PPTRA	All Others	Miscellaneous	Total	Fiscal Year
\$	52,350	\$ 461,853	\$ 19,184	\$ 1,175,551	2005
\$	59,994	\$ 495,108	\$ 26,463	\$ 1,286,514	2006
\$	54,274	\$ 618,695	\$ 26,591	\$ 1,462,081	2007
\$	54,288	\$ 574,967	\$ 28,013	\$ 1,443,545	2008
\$	54,288	\$ 614,146	\$ 28,953	\$ 1,523,865	2009
\$	54,288	\$ 641,187	\$ 24,324	\$ 1,480,016	2010
\$	54,288	\$ 656,758	\$ 18,029	\$ 1,479,542	2011
\$	54,288	\$ 627,418	\$ 13,724	\$ 1,488,563	2012
\$	54,288	\$ 690,633	\$ 30,529	\$ 1,594,714	2013
\$	54,288	\$ 722,269	\$ 17,749	\$ 1,668,327	2014
	3.70%	56.38%	-7.48%	41.92%	Change 2005 - 2014

BPOL

	Utility Taxes	Tax	All Other ^b	Total	Fiscal Year
\$	25,452	\$ 19,534	\$ 38,825	\$ 566,885	2005
\$	26,295	\$ 23,071	\$ 42,663	\$ 620,011	2006
\$	18,522	\$ 22,810	\$ 42,002	\$ 664,725	2007
\$	12,354	\$ 21,173	\$ 48,034	\$ 686,107	2008
\$	12,596	\$ 19,931	\$ 45,646	\$ 744,490	2009
\$	12,840	\$ 20,269	\$ 23,207	\$ 677,954	2010
\$	13,190	\$ 20,965	\$ 23,926	\$ 688,372	2011
\$	13,075	\$ 21,725	\$ 24,459	\$ 714,658	2012
\$	13,490	\$ 22,913	\$ 26,966	\$ 752,856	2013
\$	13,766	\$ 23,772	\$ 18,458	\$ 783,654	2014
	-45.91%	21.70%	-52.46%	38.24%	Change 2005 - 2014

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 7 - Assessed Value and Actual Value of Taxable Real Property

Last Ten Fiscal Years

(tax rates per \$100 of assessed value; amounts expressed in thousands)

Fiscal Year	Residential ^a	Apartments ^a	Commercial & Industrial ^a	Public Service ^a	Vacant Land & Other ^a	Total Taxable Assessed Value	Total Direct Tax Rate ^b	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2005	\$27,573,301	\$1,190,201	\$3,868,984	\$1,249,775	\$257,786	\$34,140,047	\$1.14000	\$45,520,808	75.00%
2006	\$36,143,674	\$1,338,215	\$4,721,938	\$1,253,506	\$282,495	\$43,739,828	\$0.96850	\$60,203,453	72.65%
2007	\$48,617,154	\$1,588,255	\$5,667,015	\$1,355,894	\$428,530	\$57,656,848	\$0.80710	\$64,002,474	90.09%
2008	\$48,185,629	\$1,759,043	\$6,592,385	\$1,448,737	\$305,617	\$58,291,411	\$0.83790	\$61,439,875	94.88%
2009	\$41,980,642	\$1,904,868	\$7,595,528	\$1,471,669	\$273,037	\$53,225,744	\$1.03220	\$51,665,113	103.02%
2010	\$29,888,134	\$1,801,532	\$6,726,623	\$1,360,944	\$214,673	\$39,991,906	\$1.28910	\$47,228,010	84.68%
2011	\$30,434,819	\$1,451,944	\$5,722,158	\$1,466,645	\$180,505	\$39,256,071	\$1.31460	\$48,535,035	80.88%
2012	\$32,477,281	\$1,642,125	\$5,899,244	\$1,472,610	\$163,184	\$41,654,444	\$1.28060	\$46,901,818	88.81%
2013	\$33,752,576	\$1,885,172	\$6,210,118	\$1,487,336	\$163,590	\$43,498,792	\$1.28590	\$47,946,579	90.72%
2014	\$38,949,187	\$2,480,941	\$6,781,231	\$1,516,950	\$160,672	\$49,888,981	\$1.25620	\$54,136,693	92.15%

^a Net of tax-exempt property:

2005 - \$2,223,993	2010 - \$3,451,863
2006 - \$2,567,585	2011 - \$3,119,173
2007 - \$3,049,599	2012 \$3,183,169
2008 - \$3,867,736	2013 \$3,316,592
2009 - \$3,722,543	2014 \$3,705,018

^b See Table 8, Direct and Overlapping Property Tax Rates.

TABLE 7A - Commercial to Total Assessment Ratio, Construction and Bank Deposits

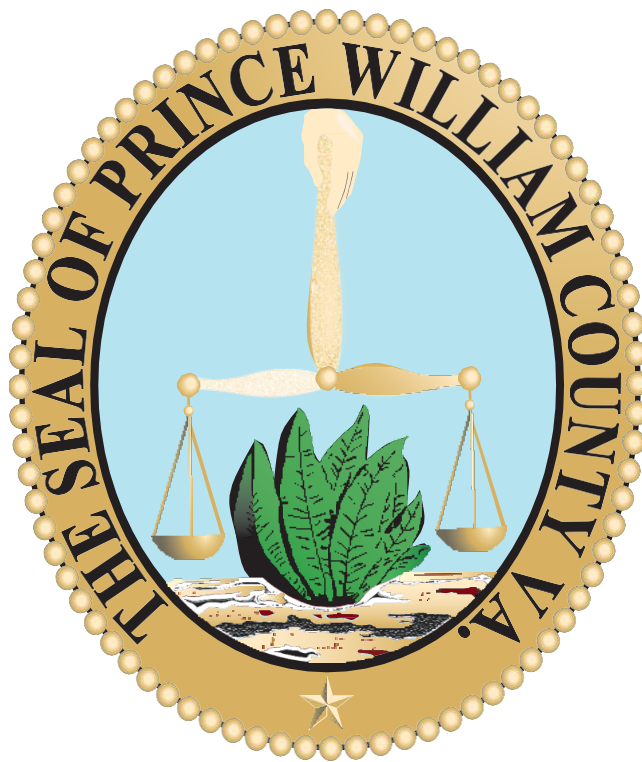
Last Ten Fiscal Years

(dollars expressed in millions)

Fiscal Year	Commercial as a Percent of Total Taxable		New Construction ^a				Bank Deposits ^b
	Commercial to Total	Commercial & Public Service to Total	Residential		Non-Residential		
			Permits	Value	Permits	Value	
2005	11.3%	15.0%	5,249	\$ 718	219	\$ 477	\$ 2,319
2006	10.8%	13.7%	3,871	\$ 552	299	\$ 576	\$ 2,681
2007	9.8%	12.2%	2,744	\$ 397	301	\$ 379	\$ 2,864
2008	11.3%	13.8%	1,568	\$ 228	259	\$ 183	\$ 2,863
2009	14.3%	17.0%	1,782	\$ 270	203	\$ 195	\$ 3,135
2010	16.8%	20.2%	1,996	\$ 297	152	\$ 92	\$ 3,322
2011	14.6%	18.3%	1,377	\$ 242	99	\$ 53	\$ 3,531
2012	14.2%	17.7%	1,398	\$ 278	161	\$ 94	\$ 3,866
2013	14.3%	17.7%	1,542	\$ 282	233	\$ 233	\$ 4,082
2014	13.6%	16.6%	1,396	\$ 290	193	\$ 236	\$ 4,201

^a Building Development Division, Department of Public Works.

^b Includes deposits in commercial banks, savings banks and credit unions at June 30 for year shown. 2005-2014, Federal Deposit Insurance Corporation, (commercial and savings bank deposits) and National Credit Union Administration (credit union deposits).



COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 8 - Direct and Overlapping Real Estate Tax Rates

Last Ten Fiscal Years

(tax rates per \$100 of assessed value)

Type of Tax	2005	2006	2007	2008	2009
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$1.07000	\$0.91000	\$0.75800	\$0.78700	\$0.97000
Fire and Rescue Levy (Countywide)	\$0.06600	\$0.05600	\$0.04660	\$0.04840	\$0.05970
Mosquito & Forest Pest Management (Countywide)	\$0.00400	\$0.00250	\$0.00250	\$0.00250	\$0.00250
Total Direct Tax Rate	<u>\$1.14000</u>	<u>\$0.96850</u>	<u>\$0.80710</u>	<u>\$0.83790</u>	<u>\$1.03220</u>
Sanitary District Levy					
Bull Run	\$0.00001	\$0.00001	--	--	--
Occoquan Forest	\$0.00001	\$0.00001	--	--	--
Service District Levies -					
Bull Run	\$0.10000	\$0.10000	\$0.12000	\$0.12000	\$0.13800
Lake Jackson	\$0.11000	\$0.11000	\$0.11000	\$0.11000	\$0.12300
Circuit Court	\$0.28000	\$0.23000	\$0.19000	\$0.19000	\$0.15000
Transportation District Levies -					
Prince William Parkway	\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000
234-Bypass	\$0.02000	\$0.02000	\$0.02000	\$0.02000	\$0.02000
Foremost Court Service	\$0.22000	--	--	--	--
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$0.12420	\$0.13000	\$0.18000	\$0.18000	\$0.18000
Town of Haymarket	\$0.14000	\$0.14000	\$0.12000	\$0.12800	\$0.16400
Town of Occoquan	\$0.05000	\$0.05000	\$0.08500	\$0.08500	\$0.10000
Town of Quantico	\$0.20000	\$0.15000	\$0.20000	\$0.20000	\$0.20000

2010	2011	2012	2013	2014	Type of Tax
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
\$1.21200	\$1.23600	\$1.20400	\$1.20900	\$1.18100	Real Estate - General Fund
\$0.07460	\$0.07610	\$0.07410	\$0.07440	\$0.07270	Fire and Rescue Levy (Countywide)
\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250	Mosquito & Forest Pest Management (Countywide)
<u>\$1.28910</u>	<u>\$1.31460</u>	<u>\$1.28060</u>	<u>\$1.28590</u>	<u>\$1.25620</u>	Total Direct Tax Rate
					Sanitary District Levy
--	--	--	--	--	Bull Run
--	--	--	--	--	Occoquan Forest
					Service District Levies -
\$0.19900	\$0.20100	\$0.20100	\$0.20100	\$0.18300	Bull Run
\$0.17200	\$0.17500	\$0.17500	\$0.17500	\$0.16500	Lake Jackson
--	--	--	--	--	Circuit Court
					Transportation District Levies -
\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000	Prince William Parkway
\$0.02000	\$0.02000	\$0.02000	\$0.02000	\$0.02000	234-Bypass
--	--	--	--	--	Foremost Court Service
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
\$0.35330	\$0.33350	\$0.33330	\$0.27733	\$0.27330	Town of Dumfries
\$0.16400	\$0.16400	\$0.16400	\$0.16400	\$0.13900	Town of Haymarket
\$0.10000	\$0.10000	\$0.10000	\$0.10000	\$0.11000	Town of Occoquan
\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.20000	Town of Quantico

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 9 - Principal Real Property Tax Payers

Current Year and Ten Years Ago

(amounts expressed in thousands)

Taxpayer	2014				2005			
	Taxable Assessed		Percentage of Total County Taxable Assessed		Taxable Assessed		Percentage of Total County Taxable Assessed	
	Value	Rank	Value ^a		Value	Rank	Value ^a	
VA Electric & Power Company	\$ 749,739	1	1.50%		\$ 682,820	1	2.00%	
Mall at Potomac Mills, LLC	472,547	2	0.95%		313,887	2	0.92%	
Northern Virginia Electric Co-op	269,224	3	0.54%		197,518	3	0.58%	
Verizon South, Inc.	154,562	4	0.31%		142,922	4	0.42%	
Washington Gas Light Company	103,569	5	0.21%		79,102	9	0.23%	
Stellar Chatsworth LLC	99,496	6	0.20%		71,346	11	0.21%	
KIR Smoketown Station LP	91,348	7	0.18%		-		-	
Woodbridge Station Apartments LLC	85,801	8	0.17%		-		-	
Fairfield Potomac Club, Inc.	71,926	9	0.14%		-		-	
Manassas Owner LLC	63,983	10	0.13%		-		-	
Dominion Country Club, LP	-		-		142,161	5	0.42%	
AOL LLC	-		-		91,294	6	0.27%	
Manassas Mall LLC	-		-		85,902	7	0.25%	
Brookfield Morris LLC	-		-		82,139	8	0.24%	
WNH Limited Partnership	-		-		74,410	10	0.22%	
	\$ <u>2,162,195</u>		<u>4.3%</u>		\$ <u>1,963,501</u>		<u>5.8%</u>	

^a See Table 7 for a ten-year listing of Taxable Assessed Values.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 10 - Real Property Tax Levies and Collections

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Collected within the Fiscal Year of the Levy			Collections in Subsequent Years	Percentage of Levy Collected	Penalties on Taxes Collected	Total Collections to Date ^b	
	Total Adjusted Tax Levy ^a	Amount	Percentage of Levy				Amount	Percentage of Levy
2005	\$ 388,254	\$ 386,367	99.5%	\$ 1,694	100.0%	\$ 1,367	\$ 495,970	100.8%
2006	\$ 420,203	\$ 418,111	99.5%	\$ 1,973	100.0%	\$ 1,507	\$ 421,591	100.3%
2007	\$ 461,108	\$ 458,438	99.4%	\$ 2,505	100.0%	\$ 1,748	\$ 462,691	100.3%
2008	\$ 484,124	\$ 481,069	99.4%	\$ 2,717	99.9%	\$ 1,905	\$ 485,691	100.3%
2009	\$ 544,909	\$ 541,235	99.3%	\$ 3,263	99.9%	\$ 2,065	\$ 546,563	100.3%
2010	\$ 510,988	\$ 508,264	99.5%	\$ 2,397	99.9%	\$ 1,698	\$ 512,359	100.3%
2011	\$ 511,316	\$ 509,154	99.6%	\$ 1,921	100.0%	\$ 1,376	\$ 512,451	100.2%
2012	\$ 527,838	\$ 525,737	99.6%	\$ 1,211	99.8%	\$ 1,256	\$ 528,204	100.1%
2013	\$ 553,424	\$ 551,222	99.6%	\$ 1,360	99.8%	\$ 1,229	\$ 553,811	100.1%
2014	\$ 573,203	\$ 571,425	99.7%	\$ --	99.7%	\$ 1,223	\$ 572,648	99.9%

^a Total tax levy includes gross real estate and public service taxes less adjustments to tax due made prior to payment.

^b Total collections to date include the effects of penalties assessed on amounts paid past the due date.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 11 - Ratios of Outstanding Debt by Type, Primary Government and Component Units

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and per capita)

	2005	2006	2007	2008	2009
Primary Government					
<i>Governmental Activities:</i>					
General Obligation Bonds ^a					
General Government	\$ 140,039	\$ 128,525	\$ 149,362	\$ 136,200	\$ 165,649
School Board-Related	432,562	467,363	502,453	515,486	531,815
Park Related	7,000	6,267	5,537	4,810	8,477
IDA Lease Revenue Bonds	11,970	11,140	10,430	9,680	8,870
Literary Fund Loans	5,316	4,918	4,520	4,124	3,749
Real Property Capital Leases					
General Government	79,025	132,825	150,189	151,039	179,298
Adult Detention Center	--	--	68,005	66,275	64,550
Park Related	--	--	594	561	528
Commuter Rail Capital Leases**	2,629	2,258	1,863	1,442	992
Equipment Capital Leases	381	228	68	--	--
Installment Notes Payable	795	657	509	351	182
<i>Business-Type Activities:</i>					
Solid Waste System Revenue Bonds**	13,920	12,550	11,065	9,535	7,945
Parks & Recreation Revenue Bonds	--	--	--	--	--
Parks & Recreation Equipment Capital Leases	--	--	--	--	--
Taxable Revenue Notes	250	3,250	3,250	--	--
Total Primary Government	\$ 693,887	\$ 769,981	\$ 907,845	\$ 899,503	\$ 972,055
Percentage of Personal Income ^b	4.44%	4.59%	5.08%	4.81%	5.00%
Per Capita ^b	2,056	2,196	2,528	2,444	2,594
Component Units					
Park Authority Component Unit ^c :					
Series 1999 Revenue Bonds **	\$ 18,795	\$ 18,459	\$ 18,101	\$ 17,725	\$ 17,323
Equipment Capital Leases**	1,353	2,249	1,710	3,116	2,800
Installment Notes Payable**	904	780	651	517	376
Total Component Units	21,052	21,488	20,462	21,358	20,499
Total Reporting Entity Outstanding Debt	714,939	791,469	928,307	920,861	992,554
Less: Self-Supporting Revenue and Other Bonds	37,601	36,296	33,390	32,335	29,436
Net Tax-Supported Debt	\$ 677,338	\$ 755,173	\$ 894,917	\$ 888,526	\$ 963,118

* Not available

** Self-supporting from non-general tax revenue source.

^a Includes general obligation bonds associated with School Board-related Debt and Park related debt; See Exhibit 1.

^b Parks & Recreation revenue bonds are presented net of unamortized premium and unamortized deferred loss on refunding. See Illustration 11-7 in the Notes to the Financial Statements for details.

^c See Table 16 for personal income and population data.

^d The Park Authority Component Unit debt for fiscal years prior to 2004 is shown on a calendar year basis, with amounts shown as of December 31. (Note: The Park Authority Component Unit was dissolved and became the County Department of Parks & Recreation effective FY 2013.)

2010	2011	2012	2013	2014	
					<i>Governmental Activities:</i>
					General Obligation Bonds ^a
\$ 151,352	\$ 156,520	\$ 139,782	\$ 127,400	\$ 140,032	General Government
576,826	549,775	556,747	579,969	594,188	School Board-Related
7,842	7,210	7,126	6,651	9,746	Park Related
8,030	7,160	6,260	5,325	4,355	IDA Lease Revenue Bonds
3,374	3,000	2,750	2,500	2,250	Literary Fund Loans
					Real Property Capital Leases
169,012	156,854	145,695	133,415	122,609	General Government
34,825	33,100	25,875	23,405	21,680	Adult Detention Center
495	462	429	385	352	Park Related
511	--	--	--	--	Commuter Rail Capital Leases**
--	485	398	1,456	951	Equipment Capital Leases
--	--	--	--	--	Installment Notes Payable
					<i>Business-Type Activities:</i>
6,295	4,595	3,004	1,590	--	Solid Waste System Revenue Bonds**
--	--	--	11,031	10,525	Parks & Recreation Revenue Bonds ^b
--	--	--	889	596	Parks & Recreation Equipment Capital Leases
--	--	--	--	--	Taxable Revenue Notes
<u>\$ 958,562</u>	<u>\$ 919,161</u>	<u>\$ 888,066</u>	<u>\$ 894,016</u>	<u>\$ 907,284</u>	
4.64%	4.15%	3.86%	3.64%	*	
2,384	2,262	2,118	2,078	2,069	
					Park Authority Component Unit ^d :
12,481	\$ 12,008	\$ 11,528	\$ --	\$ --	Series 1999 Revenue Bonds**
2,254	1,689	2,793	--	--	Equipment Capital Leases**
230	78	--	--	--	Installment Notes Payable**
<u>14,965</u>	<u>13,775</u>	<u>14,321</u>	<u>--</u>	<u>--</u>	
973,527	932,936	902,387	894,016	907,284	
<u>21,771</u>	<u>18,370</u>	<u>17,325</u>	<u>13,510</u>	<u>10,525</u>	
<u>\$ 951,756</u>	<u>\$ 914,566</u>	<u>\$ 885,062</u>	<u>\$ 880,506</u>	<u>\$ 896,759</u>	

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 12 - Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and per capita)

Fiscal Year	General Obligation Bonds ^a	IDA Lease Revenue Bonds	Solid Waste System Revenue Bonds	Total	Percentage of Estimated Actual Taxable Value of	
					Property ^b	Per Capita ^c
2005	\$ 579,601	11,970	13,920	605,491	1.33%	1,794
2006	\$ 602,155	11,140	12,550	625,845	1.04%	1,785
2007	\$ 657,352	10,430	11,065	678,847	1.06%	1,890
2008	\$ 656,496	9,680	9,535	675,711	1.10%	1,836
2009	\$ 705,941	8,870	7,945	722,756	1.40%	1,929
2010	\$ 736,020	8,030	6,295	750,345	1.59%	1,867
2011	\$ 713,505	7,160	4,595	725,260	1.49%	1,785
2012	\$ 703,655	6,260	3,004	712,919	1.52%	1,700
2013	\$ 714,020	5,325	1,590	720,935	1.50%	1,676
2014	\$ 743,966	4,355	--	748,321	1.38%	1,706

^a Includes general obligation bonds associated with School Board-related and Parks-related debt; excludes Literary Fund loan of \$2,250. See also Table 11.

^b See Table 7 for property value data.

^c See Table 16 for population data.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 13 - Direct and Overlapping Governmental Activities Debt (based on assessed values)

As of June 30, 2014

(amounts expressed in thousands)

	Outstanding on June 30, 2014	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value ^b
Direct:				
Net Tax Supported Debt ^a	\$ 896,759	100.00%	\$ 896,759	2.1529%
Overlapping:				
Town of Dumfries	4,645	100.00%	4,645	0.0112%
Town of Quantico	369	100.00%	369	0.0009%
Town of Haymarket	1,702	100.00%	1,702	0.0041%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 B	1,447	100.00%	1,447	0.0035%
Virginia Gateway Community Development Authority Refunding Bond Series 1999 and 2003 B	11,270	100.00%	11,270	0.0271%
Northern Virginia Transportation Commission - Virginia Railway Express ^c	82,789	34.99%	28,967	0.0000%
Northern Virginia Criminal Justice Training Academy (NVCJTA) ^c	12,905	26.93%	3,475	0.0083%
Total Overlapping Governmental Activities Debt	\$ 115,126	45.06%	\$ 51,875	0.1245%
Total Direct and Overlapping Governmental Activities Debt	\$ 1,011,885	93.75%	\$ 948,634	2.2774%

^a From Table 11.

^b Assessed value of taxable property is from Table 7.

^c Amount applicable determined on basis other than assessed value of taxable property.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 14 - Debt Ratio Information

Last Ten Fiscal Years

(amounts expressed in thousands)

The issuance of bonds by Virginia counties is not subject to statutory limitation. However, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes sold to the Literary Fund or the Virginia Public School Authority.

The County has \$317,330 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2014. These authorized bonds are for the construction of roads, road improvements, parks, libraries, and schools.

The Board of County Supervisors also has established self-imposed limits which provide that tax supported debt should not exceed 3% of the net assessed valuation of taxable property in the County, and that annual debt service should not exceed 10% of annual governmental revenues. The County's standing with respect to its self-imposed limits is below.

	2005	2006	2007	2008	2009
General Government ^a					
Principal	39,975	47,584	52,060	59,741	61,303
Interest ^b	29,849	32,995	37,524	39,865	41,032
Internal Service Fund Debt Service ^c	--	--	--	--	--
Debt Service on Net Tax-Supported Debt	69,824	80,579	89,584	99,606	102,335
Total Government Expenditures ^d	1,033,382	1,125,453	1,310,566	1,325,488	1,331,692
Ratio of Debt Service to Expenditures	6.8%	7.2%	6.8%	7.5%	7.7%
Total Revenues ^e	1,089,605	1,188,320	1,360,579	1,364,972	1,441,690
Ratio of Debt Service to Revenues	6.4%	6.8%	6.6%	7.3%	7.1%
Net Tax-Supported Debt ^f	677,338	755,173	894,917	888,526	963,118
Assessed Value of Taxable Property ^g	37,138,437	47,160,546	61,267,297	62,011,351	56,999,051
Ratio of Net Tax-Supported Debt to Assessed Value	1.8%	1.6%	1.5%	1.4%	1.7%

NOTE: The 2010 debt service ratios are significantly closer to the limits due to a one-time principal reduction payment of \$28 million resulting from support received from the Commonwealth of Virginia for the County's Adult Detention Center Expansion and Renovation project. If the effect of this non-recurring payment was removed, the 2010 ratio of debt service to revenues would have been 7.7%.

These authorized bonds are

^a Includes debt service expenditures of the General Fund, Special Revenue Funds (excluding the PRTC lease), Capital Projects Funds, and the School Board and Adult Detention Center Component Units.

^b Excludes bond issuance and other costs.

^c Debt Service expenditures in the Internal Service Funds are included since operating revenues available to pay debt service in these funds comes primarily from charges to the General Fund.

^d Total expenditures excluding capital projects from Table 22.

^e Includes revenues of the General Fund, Special Revenue Funds and the School Board and Adult Detention Center Component Units.

^f From Table 11.

^g From Table 7 and Table 21.

2010	2011	2012	2013	2014	
					General Government ^a
91,742	66,299	74,760	69,858	72,969	Principal
43,272	43,783	42,803	41,991	42,365	Interest ^b
--	--	--	--	--	Internal Service Fund Debt Service ^c
135,014	110,082	117,563	111,849	115,334	Debt Service on Net Tax-Supported Debt
1,386,901	1,337,189	1,427,543	1,461,113	1,491,516	Total Government Expenditures ^d
9.7%	8.2%	8.2%	7.7%	7.7%	Ratio of Debt Service to Expenditures
1,392,237	1,439,786	1,460,245	1,493,495	1,636,801	Total Revenues ^e
9.7%	7.6%	8.1%	7.5%	7.0%	Ratio of Debt Service to Revenues
951,756	914,566	885,062	880,506	896,759	Net Tax-Supported Debt ^f
43,359,775	42,750,432	45,148,805	47,586,736	54,212,783	Assessed Value of Taxable Property ^g
2.2%	2.1%	2.0%	1.9%	1.7%	Ratio of Net Tax-Supported Debt to Assessed Value

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 15 - Revenue Bond Coverage for Solid Waste System Revenue Bonds

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	System Revenues ^a	Operating Expenses and Transfers ^b	Closure Payment ^c	Net Revenue Available for Debt Service	Debt Service Payments ^d		Total	Coverage ^f
					Principal ^e	Interest		
2005	\$ 14,715	\$ 10,090	\$ 1,752	\$ 2,873	\$ 1,323	\$ 1,114	\$ 2,437	1.18
2006	\$ 14,653	\$ 9,615	\$ 2,594	\$ 2,444	\$ 1,370	\$ 501	\$ 1,871	1.31
2007	\$ 16,535	\$ 9,970	\$ 2,199	\$ 4,366	\$ 1,485	\$ 562	\$ 2,047	2.13
2008	\$ 17,342	\$ 10,651	\$ 3,015	\$ 3,676	\$ 1,530	\$ 504	\$ 2,034	1.81
2009	\$ 17,795	\$ 15,027	\$ --	\$ 2,768	\$ 1,590	\$ 435	\$ 2,025	1.37
2010	\$ 17,925	\$ 10,423	\$ --	\$ 7,502	\$ 1,650	\$ 362	\$ 2,012	3.73
2011	\$ 18,861	\$ 11,694	\$ 749	\$ 6,418	\$ 1,700	\$ 295	\$ 1,995	3.22
2012	\$ 18,064	\$ 12,031	\$ 1,503	\$ 4,530	\$ 1,470	\$ 226	\$ 1,696	2.67
2013	\$ 18,339	\$ 10,735	\$ 1,749	\$ 5,855	\$ 1,535	\$ 156	\$ 1,691	3.46
2014	\$ 18,820	\$ 5,623	\$ 3,775	\$ 9,422	\$ 1,590	\$ --	\$ 1,590	5.93

^a Includes "Total Operating Revenues", "Grants from the Commonwealth," and "Interest and Miscellaneous Income" from the Statement of Revenues, Expenses and Changes in Fund Net Position.

^b Includes "Total Operating Expenses" (exclusive of "Depreciation" and "Closure Expense"), and "Transfers", from the Statement of Revenues, Expenses, and Changes in Fund Net Position.

^c There was no provision for closure payment in fiscal years 2009 or 2010 due to revised engineering estimate increasing the capacity due to changes in slope design.

^d Principal, accreted value of and interest (including other debt costs) paid during the fiscal year on bonded indebtedness of the Solid Waste System.

^e In fiscal year 2005, certain bonds were refunded, and a portion of the proceeds were used to pay down principal resulting in excess principal payments of \$1.9 million. This amount is excluded from the normal principal payments noted above.

^f Required coverage is 1.15.

COUNTY OF PRINCE WILLIAM, VIRGINIA
TABLE 16 - Demographic and Economic Statistics
 Last Ten Years

Year	Population ^a	Personal Income ^b (in thousands)	Per Capita Income ^b	Fall School Enrollment ^c	Average Civilian Labor Force ^d	Average Unemployment Rate ^d
2005	337,439	\$15,620,734	\$39,099	66,298	192,173	3.0%
2006	350,612	\$16,785,861	\$41,213	68,458	198,763	2.6%
2007	359,174	\$17,853,709	\$42,952	70,948	200,678	2.6%
2008	368,016	\$18,681,748	\$44,230	72,988	206,210	3.4%
2009	374,776	\$19,428,508	\$44,227	73,917	214,777	5.9%
2010	402,002	\$20,662,164	\$44,995	76,861	227,364	5.7%
2011	406,392	\$22,156,021	\$46,719	79,358	231,371	5.3%
2012	419,268	\$23,024,777	\$47,309	81,937	235,988	4.9%
2013	430,100	\$24,558,604	\$48,617	83,551	231,155	4.7%
2014	438,580	*	*	85,055	241,264	4.7%

* Not available

^a US Census Bureau, Population Estimates Program (data as of July 1, 2013).

^b Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of March, 2013).
 2013 data estimated based upon ten-year growth rates on BEA data from 2003 through 2012.

^c [Fall Membership by Division, by Grade](#) for Prince William County Schools, Virginia Department of Education

^d Bureau of Labor Statistics, LAUS data (data are annual averages with the exception of the most recent monthly data)

TABLE 16A - Comparative Demographic Statistics
 2000 & 2010 U.S. Census Bureau Data

	2000	2010			
	Prince William County	Prince William County	Washington MSA	Virginia	United States
Population^a:					
Median age	31.9	33.5	33.8	37.5	37.2
Percent school age	24.4%	23.1%	15.1%	19.7%	20.4%
Percent working age	62.3%	61.9%	68.1%	61.8%	60.0%
Percent 65 and over	4.8%	6.8%	11.5%	12.2%	13.1%
Education^b:					
High school or higher	88.8%	87.6%	89.6%	86.5%	85.6%
Bachelor's degree or higher	31.5%	36.9%	46.8%	34.2%	28.2%
Income^b:					
Median family income	\$71,622	\$102,117	\$100,921	\$72,476	\$60,609
Percent below poverty level	4.4%	4.4%	5.4%	7.7%	11.3%
Housing:					
Number persons / household ^a	2.9	3.1	2.1	2.5	2.6
Percent owner occupied ^b	71.0%	73.2%	42.0%	67.2%	65.1%
Owner occupied median value ^b	\$149,600	\$316,600	\$376,200	\$249,100	\$179,900

^a U.S. Bureau of the Census Bureau, 2000 and 2010 Census Data.

^b U.S. Bureau of the Census Bureau, 2000 and 2010 American Community Survey-1 Year Estimates.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 17 - Principal Employers

Current Year and Ten Years Ago

Employer ^a	2014			2005		
	Ownership	Rank	Number of Employees ^b	Ownership	Rank	Number of Employees ^b
Prince William County School Board	Local Government	1	1000 and over	Local Government	1	1000 and over
U.S. Department of Defense	Federal Government	2	1000 and over	Federal Government	3	1000 and over
County of Prince William	Local Government	3	1000 and over	Local Government	2	1000 and over
Wal Mart	Private	4	1000 and over	Private	5	1000 and over
Morale Welfare and Recreation	Federal Government	5	1000 and over	Federal Government	9	500 to 999
Sentara Healthcare/Potomac Hospital Corporation	Private	6	1000 and over	Private	4	1000 and over
Wegmans Store #07	Private	7	500 to 999			
Northern Virginia Community College	State Government	8	500 to 999	State Government	7	500 to 999
Minnieland Private Day School	Private	9	500 to 999			
Target Corp	Private	10	500 to 999			
S.W. Rogers Corporation				Private	6	500 to 999
Giant Food				Private	8	500 to 999
Lowe's Home Improvement Centers, Inc.				Private	10	500 to 999

^a All data provided by the Virginia Employment Commission (1st Quarter, 2014 & 2005).

^b Prince William County is prohibited from publishing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act of 2002 – Title V of Public Law 107-347.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 18 - Full-Time Equivalent County Government Employees by Function

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Board of Supervisors	12.12	17.00	17.00	17.00	17.00	19.00	18.00	22.00	25.00	25.00
County Attorney	26.00	27.00	29.00	27.00	27.00	25.00	24.00	25.00	27.00	27.00
Audit Services	--	--	--	--	--	--	7.00	7.00	7.00	1.00
Office of Executive Management ^b	59.40	61.40	62.38	59.98	61.98	54.95	49.95	24.00	24.00	25.00
Office of Management & Budget ^b	--	--	--	--	--	--	--	11.00	11.00	11.00
Human Resources ^b	--	--	--	--	--	--	--	18.50	18.50	23.50
Technology and Support Services	92.53	97.53	97.53	85.53	85.53	77.53	77.53	77.00	79.00	79.00
Finance	134.80	139.55	142.80	139.80	144.80	145.00	147.00	149.00	155.00	156.00
Human Rights	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00
Board of Registration/Elections	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	13.00
Judicial Administration										
Commonwealth Attorney	39.00	41.00	41.00	41.00	41.00	41.00	41.00	42.00	43.00	44.00
Sheriff	79.00	82.00	87.00	87.00	89.00	87.00	89.00	91.50	94.50	94.50
Juvenile and Domestic Relations Court	8.00	8.00	8.00	8.00	9.00	9.00	8.00	8.00	8.00	8.00
Clerk of Court/Judges Chambers	61.00	61.00	62.00	62.00	60.00	57.00	55.00	55.00	55.00	55.00
General District Court	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Law Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police	655.40	673.40	701.40	725.40	758.40	750.20	747.20	751.00	763.00	792.00
Criminal Justice Services	25.95	31.00	32.50	35.50	37.90	37.60	37.60	37.60	39.60	39.60
Public Safety Communications	92.00	95.00	95.00	98.00	98.00	98.00	98.00	103.00	103.00	103.00
Fire Service	357.00	374.00	415.50	445.50	493.50	484.50	514.50	529.50	549.70	574.70
Public Works										
Public Works	292.63	340.07	364.54	332.69	320.68	219.29	225.61	227.79	232.31	234.45
Transportation	42.24	44.26	62.00	53.00	56.80	53.80	53.80	52.80	50.80	50.80
Solid Waste	51.05	55.38	57.38	57.38	57.39	57.39	57.71	58.72	59.72	59.72
Fleet Management	31.08	33.12	33.12	33.12	34.12	34.15	34.15	35.15	35.15	35.15
Small Project Construction	22.36	23.36	24.20	23.75	23.75	25.11	19.80	18.86	17.34	17.20
Health & Welfare										
Social Services	314.22	315.69	319.31	309.81	313.31	298.36	307.99	309.39	309.39	307.46
Public Health	9.96	9.96	9.96	9.96	9.96	6.60	3.60	3.60	3.60	3.60
Community Services Board	232.53	240.77	248.11	260.11	265.11	265.38	264.88	266.88	279.88	286.71
At-Risk Youth and Family Services	1.00	1.00	1.00	1.00	2.00	2.00	2.00	4.60	4.60	5.00
Office on Aging	44.26	44.62	44.56	43.53	35.13	28.21	30.07	31.40	32.14	32.14
Office on Youth	3.00	7.00	7.00	7.00	8.00	--	--	--	--	--
School Age Child Care	4.00	--	--	--	--	--	--	--	--	--
Parks, Recreational and Cultural										
Library	188.68	188.65	187.74	185.94	184.94	168.39	164.33	163.33	163.33	163.86
Parks & Recreation	--	--	--	--	--	--	--	--	377.00	382.07
Planning/Community Development										
Development Services	--	--	--	--	--	87.50	86.50	85.50	88.50	95.50
Office of Planning	56.00	61.50	63.50	58.50	58.50	33.05	32.05	32.50	32.50	33.50
Economic and Community Development	12.50	12.50	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Housing & Community Development	33.80	34.00	35.00	29.00	29.00	29.00	29.00	28.00	27.00	27.00
Extension and Continuing Education	9.65	9.65	9.94	9.92	9.92	7.02	7.69	7.81	7.81	7.14
Total Primary Government	3,010.16	3,148.41	3,290.47	3,278.42	3,363.72	3,232.03	3,263.96	3,308.43	3,754.37	3,832.60
Component Units										
School Board	8,632.00	9,511.00	9,443.00	9,720.00	9,801.25	9,656.00	9,641.00	10,070.80	10,267.30	10,337.00
Adult Detention Center	232.00	244.80	261.80	308.00	337.00	337.00	337.00	337.00	337.00	339.00
Park Authority ^a	380.00	388.00	384.00	389.00	390.00	369.00	372.00	344.00	--	--
Convention & Visitors Bureau ^a	--	--	--	--	--	--	--	--	8.00	9.00
Total Reporting Entity	12,254.16	13,292.21	13,379.27	13,695.42	13,891.97	13,594.03	13,613.96	14,060.23	14,366.67	14,517.60

Sources: Primary Government and ADC data taken from the PWC Adopted Fiscal Plan; School Board and Park Authority data is obtained directly from each organization. (Note:

^aThe Park Authority was dissolved and became County Department of Parks & Recreation effective FY 2013. The Convention and Visitors Bureau became a component unit of the County effective FY 2013.)

^bBeginning fiscal year 2012, the Human Resources and the Office of Management & Budget are shown as separate functions.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 19 - Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Judicial Administration										
Land Records Instruments Recorded	188,985	186,802	131,269	93,435	88,932	79,665	78,794	84,067	102,141	73,107
Civil Cases Concluded	3,666	3,649	3,701	3,721	4,269	3,521	4,335	3,762	3,018	7,198
Criminal Cases Concluded	3,317	3,278	4,112	4,509	4,347	4,606	4,159	4,377	5,163	5,505
Public Safety										
<u>Fire & Rescue:</u>										
Fire Incidents	5,766	6,810	6,180	5,761	5,440	5,293	5,639	5,631	5,927	*
EMS Incidents	23,881	25,173	25,568	24,439	24,707	25,479	26,201	27,079	27,084	*
<u>Police:</u>										
Criminal Arrests	12,761	13,374	13,979	14,405	14,307	13,973	14,289	14,369	13,392	*
Calls for Service Handled	208,668	222,818	228,785	238,651	238,376	236,426	231,557	226,292	224,977	*
<u>Jail:</u>										
Inmate Population	698	719	734	737	840	905	850	870	977	1,043
Public Works										
Facilities Constructed	--	1	3	--	2	--	2	2	--	--
Health & Welfare										
Total CSB Clients Served	6,781	7,234	7,767	7,438	7,904	6,829	7,661	8,295	8,041	8,818
At-Risk Youth & Family Service Residential Placements	140	118	147	151	143	131	130	132	110	108
Parks, Recreational and Cultural										
Participant Visits	3,341	3,502	3,702	3,657	3,621	3,693	3,798	3,622	3,390	3,490
Library Patrons (Library Card Holders)	232,448	256,496	263,371	277,077	298,829	264,930	288,752	310,343	332,700	324,826
Planning/Community Development										
Non-residential Permits	4,862	2,871	2,364	1,616	1,340	1,074	1,034	1,200	1,470	1,396
Residential Permits	15,860	10,584	7,375	5,142	4,771	5,325	4,547	4,464	4,542	193

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 20 - Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Administrative buildings	3	3	4	4	4	4	4	4	4	4
Judicial Administration										
Courthouse complex	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police stations	2	2	2	2	2	2	2	2	2	2
Fire stations	19	19	19	19	19	19	20	21	21	21
Public Works										
Fleet/fuel facilities	3	3	3	3	3	3	3	3	3	3
Health & Welfare										
Senior centers	2	2	2	2	2	2	2	2	2	2
Group homes/clinics	3	3	4	4	5	5	5	5	5	5
Housing/shelters	4	4	4	4	4	4	4	6	6	6
Parks, Recreational and Cultural										
Athletic fields ^a	304	304	274	304	282	291	298	277	277	277
Aquatics & fitness center	2	2	2	2	2	2	2	2	2	2
Baseball stadium	1	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	3	3	3	3	3
Hiking and fitness trails (in miles)	10	10	17	15	16	29	29	33	33	33
Indoor gymnasiums ^a	59	59	59	59	58	68	69	69	69	69
Indoor ice rinks	2	2	2	2	2	2	2	2	2	2
Marinas	2	2	2	2	2	2	2	2	2	2
Miniature golf courses	2	2	2	2	2	2	2	2	2	2
Nature areas	3	3	3	3	4	5	5	8	8	8
Outdoor basketball courts	25	25	27	27	27	27	27	27	27	27
Outdoor swimming pools	6	6	6	4	4	4	4	4	4	4
Outdoor volleyball courts	11	11	9	9	9	9	9	9	9	9
Picnic shelters	63	63	62	63	63	63	63	63	63	63
Playgrounds	30	30	32	31	33	36	36	36	36	36
Regulation golf courses	4	4	4	4	4	4	4	4	4	4
Skateboard/BMX courses	2	2	2	2	2	2	2	3	3	3
Tennis & racquetball courts	53	53	33	47	33	32	30	28	28	28
Waterparks	*	*	2	2	2	2	2	2	2	2
Regional and community libraries	4	4	4	4	4	4	4	4	4	4
Neighborhood libraries	6	6	6	6	6	6	6	6	6	6

Sources: Various county departments.

Note: No capital asset indicators are available for the planning/community development function.

^a Includes School Board school facilities programmed by the Parks Department.

* Not available

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 21 - Personal Property Tax Rates and Assessments^a

Last Ten Fiscal Years

(tax rates per \$100 of assessed value; amounts expressed in thousands)

	2005	2006	2007	2008	2009
Personal Property Tax Rates					
Personal Property Class:					
General Class	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Heavy Equipment and Machinery	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Computer Equipment	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000
Farmers Machinery and Tools	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (small scheduled)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (all other aircraft)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Mining & Manufacturing Tools	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000
Mobile Homes	\$ 1.07000	\$ 0.91000	\$ 0.76700	\$ 0.78700	\$ 0.97000
Research & Development	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000
Van Pool Vans	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Emergency Volunteer Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Auxiliary Volunteer Fire Vehicles	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Vehicles Modified for Disabled	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Recreation Use Only	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Watercraft-Weighing 5 tons or more	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Camping Trailers and Motor Homes Owned by Certain Elderly and Handicapped Persons	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Personal Property Assessments^c					
Locally Assessed Value	\$ 2,997,032	\$ 3,419,461	\$ 3,608,756	\$ 3,717,730	\$ 3,769,937
Public Service Value ^b	\$ 1,358	\$ 1,257	\$ 1,693	\$ 2,210	\$ 3,370
Total Personal Property Assessments	\$ 2,998,390	\$ 3,420,718	\$ 3,610,449	\$ 3,719,940	\$ 3,773,307

^a Fiscal year values represent the assessed value for the prior January 1
(e.g. fiscal year 2011 values are based on the January 1, 2010 assessment).

^b Public Service property is valued by the State Corporation Commission and the Department of Taxation at prevailing assessment ratios.

^c The estimated market value of personal property is assumed to equal 100% of the assessed value.

2010	2011	2012	2013	2014	
Personal Property Tax Rates					
Personal Property Class:					
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	General Class
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	Heavy Equipment and Machinery
\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	Computer Equipment
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Farmers Machinery and Tools
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (small scheduled)
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (all other aircraft)
\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	Mining & Manufacturing Tools
\$ 1.21200	\$ 1.23600	\$ 1.20400	\$ 1.20900	\$ 1.18100	Mobile Homes
\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	Research & Development
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Van Pool Vans
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Emergency Volunteer Vehicles
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Auxiliary Volunteer Fire Vehicles
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Vehicles Modified for Disabled
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Watercraft-Recreation Use Only
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Watercraft-Weighing 5 tons or more
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Camping Trailers and Motor Homes
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Owned by Certain Elderly and Handicapped Persons
\$ 3,365,319	\$ 3,492,204	\$ 3,754,050	\$ 4,083,424	\$ 4,320,401	Locally Assessed Value
\$ 2,550	\$ 2,157	\$ 5,243	\$ 4,520	\$ 3,401	Public Service Value ^b
<u>\$ 3,367,869</u>	<u>\$ 3,494,361</u>	<u>\$ 3,759,293</u>	<u>\$ 4,087,944</u>	<u>\$ 4,323,802</u>	Total Personal Property Assessments

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 22 - General Governmental Expenditures by Function^a

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Health & Welfare	Education
2005	\$ 33,176	\$ 14,589	\$ 154,481	\$ 22,296	\$ 61,534	\$ 605,478
2006	\$ 35,685	\$ 16,180	\$ 174,926	\$ 23,567	\$ 64,880	\$ 651,012
2007	\$ 34,649	\$ 17,599	\$ 257,753	\$ 27,738	\$ 70,596	\$ 734,090
2008	\$ 35,838	\$ 18,182	\$ 206,623	\$ 30,188	\$ 75,562	\$ 780,346
2009	\$ 35,712	\$ 18,271	\$ 219,728	\$ 29,218	\$ 74,765	\$ 773,560
2010	\$ 34,108	\$ 16,971	\$ 236,685	\$ 25,545	\$ 74,593	\$ 782,563
2011	\$ 35,296	\$ 17,505	\$ 212,478	\$ 27,736	\$ 76,896	\$ 781,618
2012	\$ 38,897	\$ 17,593	\$ 226,137	\$ 30,408	\$ 75,014	\$ 838,850
2013	\$ 36,788	\$ 18,388	\$ 244,577	\$ 30,522	\$ 75,066	\$ 868,818
2014	\$ 34,966	\$ 19,190	\$ 250,912	\$ 31,441	\$ 76,549	\$ 881,432

^a Includes expenditures of the General Fund, Special Revenue Funds, Capital Projects Funds and the School Board and Adult Detention Component Units excluding inter-entirety expenditures between primary government and component units.

^b Includes principal retirement, interest and other debt costs, and intergovernmental rebate.

TABLE 22A - Capital Projects Expenditures by Function^a

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Health & Welfare	Education
2005	\$ 3,254	\$ 1,203	\$ 18,620	\$ 34,391	\$ 1,367	\$ 76,889
2006	\$ 5,642	\$ 2,221	\$ 12,514	\$ 61,826	\$ 445	\$ 90,689
2007	\$ 4,774	\$ 194	\$ 34,488	\$ 69,951	\$ --	\$ 68,049
2008	\$ 2,145	\$ 1,116	\$ 30,801	\$ 64,771	\$ --	\$ 95,188
2009	\$ 2,349	\$ 384	\$ 15,786	\$ 95,094	\$ --	\$ 98,117
2010	\$ 1,365	\$ 35	\$ 7,815	\$ 28,960	\$ --	\$ 88,332
2011	\$ 648	\$ 33	\$ 3,845	\$ 21,413	\$ --	\$ 104,311
2012	\$ 848	\$ --	\$ 2,020	\$ 25,420	\$ --	\$ 75,643
2013	\$ 642	\$ --	\$ 2,955	\$ 42,080	\$ --	\$ 83,232
2014	\$ 812	\$ 2	\$ 1,559	\$ 60,125	\$ --	\$ 90,892

^a Includes expenditures for capital projects in the Capital Projects Funds of the Primary Government and the School Board and Adult Detention Center Component Units.

	Parks, Recreation & Culture	Community Development	Capital Projects	Debt Service ^b	Total	Fiscal Year
\$	27,600	\$ 43,805	\$ 139,999	\$ 70,423	\$ 1,173,381	2005
\$	29,922	\$ 47,938	\$ 195,638	\$ 81,343	\$ 1,321,091	2006
\$	32,828	\$ 44,123	\$ 187,592	\$ 91,190	\$ 1,498,158	2007
\$	36,097	\$ 42,353	\$ 196,173	\$ 100,299	\$ 1,521,661	2008
\$	34,549	\$ 43,107	\$ 213,996	\$ 102,782	\$ 1,545,688	2009
\$	36,485	\$ 44,389	\$ 129,078	\$ 135,562	\$ 1,515,979	2010
\$	29,849	\$ 45,183	\$ 134,160	\$ 110,628	\$ 1,471,349	2011
\$	35,801	\$ 47,280	\$ 108,942	\$ 117,563	\$ 1,536,485	2012
\$	26,550	\$ 48,555	\$ 136,658	\$ 111,849	\$ 1,597,770	2013
\$	28,507	\$ 53,185	\$ 166,978	\$ 115,334	\$ 1,658,493	2014

	Parks, Recreation & Culture	Community Development	Total	Fiscal Year
\$	1,109	\$ 3,166	\$ 139,999	2005
\$	2,204	\$ 20,097	\$ 195,638	2006
\$	7,855	\$ 2,281	\$ 187,592	2007
\$	1,548	\$ 604	\$ 196,173	2008
\$	716	\$ 1,550	\$ 213,996	2009
\$	1,325	\$ 1,246	\$ 129,078	2010
\$	2,935	\$ 975	\$ 134,160	2011
\$	3,692	\$ 1,319	\$ 108,942	2012
\$	6,263	\$ 1,486	\$ 136,658	2013
\$	11,767	\$ 1,821	\$ 166,978	2014

COUNTY OF PRINCE WILLIAM, VIRGINIA**TABLE 23 - Miscellaneous Statistical Data**June 30, 2014

Date of County Organization:	March 25, 1731
Form of Government:	County Executive (as provided for by the Code of Virginia)
Area:	348 Square Miles
Services of Primary Government:	
Fire protection:	
Number of career employees	575
Number of volunteers	686
Police protection:	
Number of police officers	610
Public Safety Communications:	
Number of employees	103
Recreation (Parks & Recreation Department):	
Acres developed or reserved for County parks	4,220
Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	81
Number of public high schools	11
Fall Membership, fiscal year 2014	85,055
Number of personnel (full-time equivalent)	10,337
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	568
Capacity of central jail	340
Capacity of work-release center	75
Number of personnel (full-time equivalent)	339
Tourism (Convention & Visitors Bureau Component Unit)	
Tourist information center visitors	18,678
Other statistical data:	
Elections:	
Registered voters at last general election	248,940
Number of votes cast in last general election	97,394
Percent voting in last general election	39%
Water and Wastewater Treatment	
<i>(provided by Prince William County Service Authority):</i>	
Miles of water mains	1,204
Miles of sanitary sewer mains	1,114

Gas, electricity and telephone are furnished by private corporations. Water and sewage treatment for serviceable areas not covered by the Service Authority is provided by other private corporations.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 24 - Schedule of Surety Bonds

June 30, 2014

Travelers Casualty & Surety Company

Crime/Faithful Performance of Duty Blanket Bond

(Insured: Prince William County, Prince William County - Manassas Regional Adult Detention Center)

Honesty Blanket Bond

(Insured: Same as Above)

Public Official Bond - Michelle L. Attreed, Director of Finance

Public Official Bond - Courtney Tierney, Acting Director of Social Services

Public Official Bond - Melissa S. Peacor, County Executive

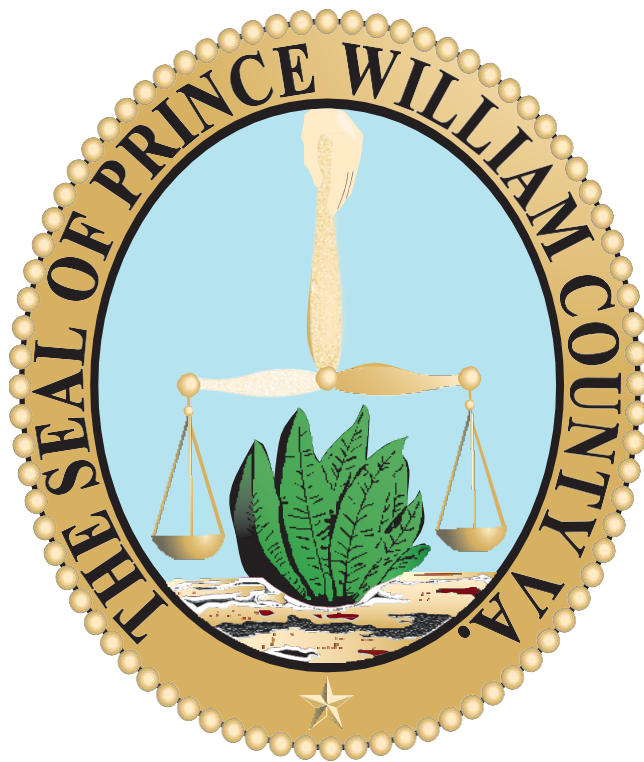
Travelers Casualty & Surety Company *(Provided by the Commonwealth of Virginia for Constitutional Officers)*

Surety Bond - Michelle L. Attreed, Director of Finance

Surety Bond - Michèle McQuigg, Clerk of the Court

Surety Bond - Glendell Hill, Sheriff

Surety Bond - Peter Meletis, Jail Superintendent



COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2014
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
OFFICE OF NATIONAL DRUG CONTROL POLICY:			
* Pass-Through Payments from University of Maryland: High Intensity Drug Trafficking Area (HIDTA) Project	07.000	not available	\$ 594
Total Office of National Drug Control Policy			594
DEPARTMENT OF AGRICULTURE:			
* Direct Payments: Child & Adult Care Food Program	10.558	not applicable	19
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Agriculture:			
Fresh Fruit and Vegetable Program	10.582	17901-40599	461
Distance Learning - Forest Reserve	10.665	not applicable	6
Distance Learning - Forest Service - Conservation Ed	10.000	not applicable	154
* Department of Social Services:			
State Administrative Matching Grant for Food Stamp Program	10.561	45213-90303 45213-90304 46003-90212 46003-91103 46003-91104 46003-91403 46003-91404 46010-91403 46010-91404	3,630
* Child Nutrition Cluster ¹			
* Department of Agriculture & Consumer Services:			
National School Lunch Program - Commodities	10.555 ²	not available	1,813
* Department of Education:			
School Breakfast Program	10.553 ³	17901-40591	3,955
National School Lunch Program	10.555 ²	17901-40623	15,747
* Department of Juvenile Justice:			
School Breakfast Program	10.553 ³	36001-00000	34
National School Lunch Program	10.555 ²	36001-00000 36003-00000	80
Total Department of Agriculture			25,899

¹Child Nutrition Cluster Total \$21,629

²CFDA 10.555 Total \$17,640

³CFDA 10.553 Total \$3,989

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2014
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF COMMERCE			
* Pass-Through Payments from George Mason University			
* Chesapeake Bay Studies	11.457	not applicable	3
Total Department of Commerce			<u>3</u>
DEPARTMENT OF DEFENSE:			
* Direct Payments:			
* Junior ROTC Program	12.000	not applicable	687
Student Achievement at Military-Connected Schools	12.556		80
Total Department of Defense			<u>767</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
* Direct Payments:			
Community Development Block Grants / Entitlement Grants	14.218	not applicable	1,918
Supportive Housing Program	14.235	not applicable	601
HOME Investment Partnerships Program	14.239	not applicable	911
Section 8 Housing Choice Vouchers	14.871	not applicable	24,379
* Pass-Through Payments from Northern Virginia Planning District Commission:			
Housing Opportunities for Persons with AIDS	14.241	not available	316
Total Department of Housing and Urban Development			<u>28,125</u>
DEPARTMENT OF THE INTERIOR:			
* Direct Payments:			
Payments in Lieu of Taxes - Public Law # 97-258	15.226	not applicable	69
American Battlefield Protection	15.930	not applicable	75
Total Department of the Interior			<u>144</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2014
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF JUSTICE:			
* Direct Payments:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units	16.804 ⁴	not applicable	8
Crime Victim Assistance	16.575	39001-76000	165
Missing Children's Assistance	16.543	not applicable	53
Public Safety Partnership and Community Policing Grants	16.710	not applicable	95
Edward Byrne Memorial Justice Assistance Grant Program	16.738 ⁴	not applicable	266
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Criminal Justice Services: Violence Against Women Formula Grants	16.588	39001-56500 39001-66500 39001-67700	52
* Pass-Through Payments from City of Manassas Park:			
Congressionally Recommended Awards	16.753	not available	41
Total Department of Justice			<u>680</u>
DEPARTMENT OF TRANSPORTATION:			
* Pass-Through Payments from Commonwealth of Virginia:			
Department of Motor Vehicles: Alcohol Open Container Requirements	20.607	60507-53021 60507-53299 60507-54165	200
Highway Planning and Construction	20.205	not available	5,822
National Priority Safety Programs	20.616	60507-54182	4
* Pass-Through Payments from The Metropolitan Washington Council of Governments New Freedom Program			
	20.521	not applicable	10
Total Department of Transportation			<u>6,036</u>
DEPARTMENT OF THE TREASURY:			
* Direct Payments:			
Equitable Sharing Agreement	21.000	not applicable	35
Total Department of the Treasury			<u>35</u>
DEPARTMENT OF VETERANS AFFAIRS:			
* Direct Payments:			
Veterans Medical Care Benefits	64.009	not applicable	245
Total Department of Veterans Affairs			<u>245</u>

⁴ JAG Cluster Total \$274

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2014
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF EDUCATION			
* Direct Payments:			
Impact Aid	84.041	not applicable	909
Fund for the Improvement of Education	84.215	not applicable	123
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
Adult Education - State Grant Program	84.002 ⁷	17901-42801 17901-61380	416
Title I Grants to Local Educational Agencies	84.010 ⁵	17901-42892 17901-42901 17901-42935	7,077
Title I Program for Neglected & Delinquent Children	84.013	17901-42948	1
Vocational Education - Basic Grants to States	84.048	17901-61095 18101-86649	513
Safe and Drug-Free Schools and Communities National Programs	84.184	18204-86680	157
Twenty-First Century Community Learning Centers	84.287	17901-60565	918
English Language Acquisition Grants	84.365	17901-60512	1,948
Title II Part A Improving Teacher Quality State Grants	84.367	17901-61480 18101-86739	1,408
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Special Education - Grants for Infants & Families with Disabilities	84.181	44501-50193 44506-50935 44507-43077	418
* Special Education Cluster ⁶			
* Department of Education:			
Special Education - Grants to States	84.027	17901-43071 18202-88117	13,734
Special Education - Grants to States (Administration)	84.027	17901-61110 17901-61135	34
Special Education - Preschool Grants	84.173	17901-62521	337
* Pass-Through Payments from Community Training and Assistance Center			
Teacher Incentive Fund	84.374	not available	1,617
* Pass-Through Payments from Ohio State University to Leslie University			
USED Investing in Innovation Grant Project	84.396	not available	41
* Pass-Through Payments from College of William and Mary			
Education for Homeless Children and Youth	84.196	not available	41
* Pass-Through Payments from Fairfax County Schools			
Adult Education - State Grant Programs	84.002 ⁷	not applicable	67
Total Department of Education			29,759

⁵ Title I Part A Cluster Total \$7,077

⁶ Special Education Cluster Total \$14,105

⁷ Adult Education Total \$483

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2014
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
* Direct Payments:			
* Head Start			
Head Start	93.600	not applicable	2,893
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Aging:			
Special Programs for the Aging - Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect and Exploitation (Elder Abuse Prevention)	93.041	45506-43614	8
National Family Caregiver Support, Title III, Part E	93.052	not available	34
Affordable Care Act - Aging Disability Resource Center	93.517	45504-44413	14
Preventive Health and Health Services Block Grant	93.991	45504-44114 45504-44914	40
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	44506-50935 44506-50993	88
Block Grants for Community Mental Health Services	93.958	44506-50123	77
Block Grants for the Prevention & Treatment of Substance Abuse	93.959	44501-50163 44501-50193 44506-50993 44507-43077	1,039
Promoting Safe & Stable Families	93.556	46003-91129 46902-90359 46902-90360 46902-90361	121
* Department of Social Services:			
Temporary Assistance for Needy Families	93.558	45201-90603 45212-90366 45212-90377 46003-91109 46003-91110 46003-91111 46003-91112 46003-91127	1,215
Refugee & Entrant Assistance - State Administered Programs	93.566	46003-91113 46003-91413 46010-91413 49102-90623	91

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2014
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Low-Income Home Energy Assistance	93.568	46003-91114 46003-91115	108
Chafee Education and Training Vouchers Program (ETV)	93.599	46902-90353	5
Child Welfare Services State Grants	93.645	46003-91131	9
Foster Care - Title IV-E	93.658	46003-91105 46003-91106 46003-91107 46003-91133 46003-91138 46003-91147 46003-91148 46003-91405 46003-91406 46003-91407 46003-91433 46003-91438 46003-91447 46003-91448 46010-91405 46010-91405 46010-91406 46010-91407 46010-91433 46010-91438 46010-91448 46901-90636 46901-90637 46901-90639 46901-90657 46901-90658 46902-90047	1,194
Adoption Assistance	93.659	46003-91108 46003-91408 46010-91408 46903-90606 46903-90607 46903-90627	614

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2014
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Social Services Block Grant	93.667	46003-91120 46003-91122 46003-91123 46003-91124 46003-91125 46003-91126 46003-91142 46802-90340 46802-90357 46802-90358 46802-90379 46902-90351 46902-90358 46903-90648	813
Chafee Foster Care Independence Program	93.674	46003-91134 46902-90356	23
Children's Health Insurance Program	93.767	46003-90161 46003-91102 46003-91402 46010-90161 46010-91402	91
Medical Assistance Program	93.778	33333-90850 46003-90160 46003-90161 46003-91101 46003-91117 46003-91146 46003-91150 46003-91401 46003-91446 46003-91450 46010-91406 46010-91446 46010-91450	2,528
* Aging Cluster ⁸			
* Department of Aging:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	45504-42014 45504-42414	155
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	45703-42314	221

⁸Aging Cluster Total \$376

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2014
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Child Care Cluster			
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	45214-90529 45214-90540 45214-90541 45215-90378 45215-90521 46003-91116 46003-91117 46003-91118	172
* Pass-Through Payments from Centers for Medicare and Medicaid Services ARRA - State Grants to Promote Health Information Technology	93.719	not applicable	103
Total Department of Health and Human Services			<u>11,656</u>
DEPARTMENT OF HOMELAND SECURITY:			
* Direct Payments:			
Homeland Security Grant Program	97.067 ⁹	not applicable	471
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	77602-157	48
Emergency Management Performance Grants	97.042	77501-52741	10
State Homeland Security Program (SHSP)	97.073	77501-52743 776020-160	61
* Pass-Through Payments from Arlington County: Homeland Security Grant Program	97.067 ⁹	not applicable	216
Total Department of Homeland Security			<u>806</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 104,749</u>

⁹Homeland Security Grant Program Total \$687

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014
(amounts expressed in thousands)

NOTE (1) – SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All federal grant operations of the County of Prince William, Virginia (the County) are included in the scope of the OMB Circular A-133 audit (the Single Audit). The County’s reporting entity is defined in Note 1, Part A of the County’s Basic Financial Statements. Testing of compliance requirements was performed for major federal programs. These federal programs, as shown in Illustration 1-1, cover approximately 32.79% of total expenditures of federal awards.

Illustration 1-1 Major Federal Programs	
14.871 – Section 8 Housing Choice Vouchers	\$ 24,379
20.205 – Highway Planning and Construction	5,822
84.374 – Teacher Incentive Fund	1,617
93.778 – Medical Assistant Program	2,528
Total	\$ 34,346

Illustration 1-2 presents the reconciliation of the County’s Comprehensive Annual Financial Report (CAFR) Exhibit 5 and Schedule 20 and the School Board’s separately issued CAFR Exhibit 5 to the Schedule of Expenditures of Federal Awards (SEFA). A copy of the County’s CAFR may be obtained through the County’s website at www.pwcv.gov.org. School Board’s CAFR may be obtained through the School’s website at www.pwcs.edu.

Illustration 1-2 Reconciliation of Comprehensive Annual Financial Statements to the Schedule of Expenditures of Federal Awards	
County’s Total Federal Revenue per Exhibit 5 and Schedule 20	\$ 51,874
School’s Total Federal Revenue per Exhibit 5	55,297
Items expended from Restricted Fund Balance	
Criminal Forfeitures (Treasury)	2
Criminal Forfeitures (Justice)	(236)
Section 8 Housing Choice Vouchers	154
Items not subject to Single Audit:	
U. S. Marshals/I.N.S. purchase of service agreement	(510)
Other purchase of services agreements	(1,832)
Total Federal Expenditures per SEFA	\$ 104,749

NOTE (2) – COGNIZANT AGENCY

The U. S. Department of Housing and Urban Development is the County’s cognizant audit agency for the Single Audit.

NOTE (3) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes all federal grant activity of the County during fiscal year 2014. This schedule has been prepared on the modified accrual basis of accounting, as defined in Note 1, Part C of the County's Basic Financial Statements.

NOTE (4) – NONCASH FEDERAL AWARDS EXPENDED

The value of food distribution - commodities received by the County during fiscal year 2014 was \$4 and the value of equipment received by the County during fiscal year 2014 was \$216. These amounts have been included in the Schedule of Expenditures of Federal Awards and in the County's basic financial statements.

During fiscal year 2014, the County received and expended \$1,813 in surplus food commodities from the federal government. At year end, \$811 of food commodities received from the federal government have been included in inventories and recorded as unavailable revenue.

NOTE (5) – SUBRECIPIENTS

The amount of federal awards provided to sub-recipients during fiscal year 2014 totaled \$2,829 of which \$1,918 related to Catalog of Federal Domestic Assistance (CFDA) No. 14.218 and \$911 related to CFDA No. 14.239.

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

To the Board of County Supervisors
County of Prince William, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specifications of audits of Counties, Cities and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia*, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Prince William, Virginia (the "County"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 19, 2014. That report recognizes that the County implemented new accounting standards effective July 1, 2012. Our report includes a reference to other auditors who audited the financial statements of the Prince William County/Manassas Convention and Visitors Bureau (the "CVB"), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the CVB were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described as item 2014-001 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-002 and 2014-003.

County's Response to Finding

The County responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia
December 19, 2014

**REPORT OF INDEPENDENT AUDITOR ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of County Supervisors
County of Prince William, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Prince William, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Prince William, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-004 and 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

County's Response to Finding

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these responses.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Tysons Corner, Virginia
December 19, 2014

COUNTY OF PRINCE WILLIAM, VIRGINIA

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> yes	<u> x </u> no	
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	<u> x </u> yes		none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> x </u> no	

Federal Awards Section

Internal control over major programs:			
Material weakness(es) identified?	<u> </u> yes	<u> x </u> no	
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	<u> </u> yes	<u> x </u> none reported	

Type of auditor's report on compliance for major programs:	<u>Unmodified</u>		
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u> x </u> yes	<u> </u> no
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Identification of major programs:

<u>Name of Program or Cluster</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Highway Planning and Construction	20.205
Teacher Incentive Fund	84.374
Medical Assistant Program	93.778

Dollar threshold used to distinguish between Type A programs: type A and type B programs (in thousands):	<u> \$ 3,000 </u>
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Auditee qualified as low-risk auditee for federal purposes?	<u> x </u> yes	<u> </u> no
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

Section II - Financial Statement Findings

2014-001: SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING – CAPITAL ASSETS

Criteria: In order to prepare financial statements in accordance with generally accepted accounting principles (GAAP), accurate and complete records must be maintained to support the existence and valuation of assets to ensure an accurate presentation of the financial position of the County at the end of the year.

Condition: Internal control processes were not properly designed to ensure accuracy of capital asset balances and activity, including construction in progress. As a result, testing of capital assets and construction in progress noted the following:

- Understatement of capitalized interest
- Overstatement of depreciation expense
- Overstatement of additions and deletions due to corrections made throughout the year resulting in a net effect of zero to the ending capital asset balance
- Overstatement of estimated additions in the prior year due to a change in policy upon merger of component unit, leading to an overstatement of disposals in the current year
- Overstatement of construction in progress due to completed projects not being properly placed in service

Cause: Internal controls were not properly designed and no review procedures in place to ensure the accuracy of capital assets.

Effect: The aggregate net uncorrected overstatement in the prior year ending capital assets was \$134 and an aggregate net uncorrected overstatement of prior year change in net position was \$197. The aggregate net overall uncorrected understatement in current year ending capital asset was \$43 and aggregate net understatement current change in net position was \$200. (Note: amounts are in thousands)

Recommendation: We recommend that the internal controls for managing capital assets be strengthened to ensure that they properly support capital asset balances reported in the financial statements and an appropriate review process be implemented.

View of responsible officials and planned corrective action: Management concurs with the Finding 2014-001. Management is in the process of developing procedures to ensure the internal controls for managing capital assets supports capital asset balances reported in the financial statements. Appropriate review will be included in the process.

Finding 2014-002: APA OF VIRGINIA, SECTION 3-15 SOCIAL SERVICES COMPLIANCE

Criteria: In accordance with the Auditors of Public Accounts (APA) of Virginia, Section 3-15 Social Services, Computer Access Request Forms documenting a user's access authority must be available for all users. Computer Access Request Forms are to be verified by management approved for user access privileges.

COUNTY OF PRINCE WILLIAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

Condition: In our sample of 25 users, we noted seven computer access request forms did not contain employee signatures acknowledging what access was granted to them. In addition, of those seven forms noted, two forms did not include a supervisor's signature.

Cause: The Department of Social Services of the County had no review process in place to ensure all employees had signed the Computer Access Request Forms.

Effect: The Department of Social Services of the County is not in compliance with Section 3-15 of the APA of Virginia. The Department should have both user and supervisor signatures on all Computer Access Request Forms.

Recommendation: We recommend that management implement a formal review process of user's access to systems as required by Section 3-15 of the APA of Virginia.

View of responsible officials and planned corrective action: Management concurs with the Finding 2014-002. Management is in the process of developing procedures to ensure compliance with APA Section 3-15 acquiring user and supervisor signatures on all Computer Access Request Forms.

Finding 2014-003: APA OF VIRGINIA, SECTION 15.2-2511 SOCIAL SERVICES COMPLIANCE

Criteria: Per Section 15.2-2511 of the *Code of Virginia*, when an employee separates from the local social services department, his or her access privileges must be immediately removed from all systems that they authorized to use.

Condition: The Department of Social Services of the County did not terminate user's access within three working days on three separate occasions. A sample of five individuals was tested.

Cause: Termination dates were not reported to the individual responsible for removing system access privileges in a timely manner.

Effect: Non-compliance may result in unauthorized individuals having system access

Recommendation: The County should implement corrective action aimed at enhancing internal controls related to the communication of the separation of social services employees to ensure that system access privileges of separated employees are removed immediately.

View of responsible officials and planned corrective action: Management concurs with the Finding 2014-003. Management is in the process of developing procedures to ensure that system access privileges of separated employees are removed immediately.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

Section III – Findings and Questioned Costs for Federal Awards

Finding 2014-004: ELIGIBILITY INCOME VERIFICATION – HOUSING CHOICE VOUCHER PROGRAM COMPLIANCE

Criteria: Per the 24 CFR 982.516, the local public housing agencies must verify the tenant's income eligibility. During the income examinations and reexaminations of the tenants, documentation must be obtained from a third-party to verify annual income, the value of assets, expense related to deductions for annual income and other factors that affect the determination of adjusted income or income-based rent.

Condition: For a sample of forty tenants selected for testing, the County did not retain documentation from a third-party to verify annual income in one tenant selected.

Cause: Income verification was not properly retained within the tenant file.

Effect: Not retaining third-party income verification may result in costs disallowed by the grantor or reduced future funding for this program.

Questioned Costs: \$15 (Note: amounts are in thousands)

Recommendation: We recommend that management should implement a corrective action plan to enhance internal controls related to participant eligibility to ensure that accurate and complete documentation supporting all participant eligibility determination is prepared and maintained, in accordance with County and Federal record retention requirements.

View of responsible officials and planned corrective action: Management concurs with Finding 2014-004 and has reviewed its internal control process to ensure appropriate control procedures are in place. Previously, management identified inconsistencies with the staff responsible for this case and took appropriate personnel actions during the 4th quarter of calendar year 2013. These actions allowed the Office of Housing and Community Development to remain in compliance with the Housing and Urban Development's program management operation standards contained in 24 CFR 982.516. As it relates to this finding, only one file had an error. As such, management believes this is an isolated occurrence and does not reflect a systemic control weakness in the process.

Finding 2014-005: ANNUAL TENANT ELIGIBILITY – HOUSING CHOICE VOUCHER PROGRAM COMPLIANCE

Criteria: Per the 24 CFR 982.516, the local public housing agencies must verify the tenant eligibility. Re-examination of the tenant's eligibility must be performed at least once every 12 months.

Condition: For a sample of forty tenants selected for testing, the County did not retain documentation of the annual re-examination of one tenant's file.

Cause: Annual re-examination documentation was not properly retained within the tenant's file.

COUNTY OF PRINCE WILLIAM, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

Effect: Not retaining annual re-examination documentation application may result in costs disallowed by the grantor or reduced future funding for this program Prince William County's non-compliance could result in ineligible individuals receiving benefits.

Questioned Costs: \$15 (Note: amounts are in thousands)

Recommendation: Prince William County should implement a corrective action plan to enhance internal controls related to participant eligibility to ensure that accurate and complete documentation supporting all participant eligibility determination is prepared and maintained, in accordance with County and Federal record retention requirements.

View of responsible officials and planned corrective action: Management concurs with Finding 2014-005 and has reviewed its internal control process to ensure appropriate control procedures are in place. Previously, management identified inconsistencies with the staff responsible for this case and took appropriate personnel actions during the 4th quarter of calendar year 2013. These actions allowed the Office of Housing and Community Development to remain in compliance with the Housing and Urban Development's program management operation standards contained in 24 CFR 982.516. As it relates to this finding, only one file had an error. As such, management believes this is an isolated occurrence and does not reflect a systemic control weakness in the process.

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2014

Financial Statement Findings

Finding 2014-001: SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING – CAPITAL ASSETS

Name of Contact Person: Michelle L. Attreed, Director of Finance

Corrective Action:

- Management is in the process of developing procedures to ensure the internal controls for managing capital assets supports capital asset balances reported in the financial statement. Appropriate review will be included in the process.

Proposed Completion Date: Immediately

Finding 2014-002: APA OF VIRGINIA, SECTION 3-15 SOCIAL SERVICE COMPLIANCE

Name of Contact Person: Michelle L. Attreed, Director of Finance

Corrective Action:

- Management is in the process of developing procedures to ensure compliance with APA Section 3-15 acquiring user and supervisor signatures on all Computer Access Request Forms.

Proposed Completion Date: Immediately

Finding 2014-003: APA OF VIRGINIA, SECTION 3-15 SOCIAL SERVICE COMPLIANCE

Name of Contact Person: Michelle L. Attreed, Director of Finance

Corrective Action:

- Management is in the process of developing procedures to ensure that system access privileges of separated employees are removed immediately.

Proposed Completion Date: Immediately

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2014

Finding 2014-004: ELIGIBILITY INCOME VERIFICATION – HOUSING CHOICE VOUCHER PROGRAM COMPLIANCE

Name of Contact Person: Michelle L. Attreed, Director of Finance

Corrective Action:

- Management identified inconsistencies with the staff responsible for this case and took appropriate personnel actions during the 4th quarter of calendar year 2013. These actions allowed the Office of Housing and Community Development to remain in compliance with the Housing and Urban Development's program management operation standards contained in 24 CFR 982.516.

Proposed Completion Date: Completed

Finding 2014-005: ANNUAL TENANT ELIGIBILITY – HOUSING CHOICE VOUCHER PROGRAM COMPLIANCE

Name of Contact Person: Michelle L. Attreed, Director of Finance

Corrective Action:

- Management identified inconsistencies with the staff responsible for this case and took appropriate personnel actions during the 4th quarter of calendar year 2013. These actions allowed the Office of Housing and Community Development to remain in compliance with the Housing and Urban Development's program management operation standards contained in 24 CFR 982.516.

Proposed Completion Date: Completed

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2014

Financial Statement Findings

2013-1: SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER FINANCIAL REPORTING – PRINCE WILLIAM COUNTY SCHOOLS

Summary of Finding: The Prince William County Schools depreciation was tested and it was noted that a \$13.4 million decrease in overall depreciation expense from the prior year. The expenses for Buildings and Equipment decreased from the prior year. Buildings had a significant decrease of \$12.8 million, while the other category decreased approximately \$600,000. Per review of the fixed asset supporting schedule, it was noted that the depreciation for three building assets that were acquired during the 2013 fiscal year did not have calculated depreciation. The system did not properly process all fixed assets and did not calculate the depreciation expense for all fixed assets.

Corrective Action Taken: Management has developed procedures to encompass additional testing and ensuring the system upgrades are currently being tested before the system upgrade is implemented on live data.

2013-2: APA OF VIRGINIA, SECTION 3-15 SOCIAL SERVICES NON MATERIAL NON COMPLIANCE

Summary of Finding: A sample of 25 Social Services employees revealed ten instances where employees signed the Information Security Program and Acceptable Use Awareness Acknowledgement Form subsequent to November 30, 2013. In accordance with the Auditors of Public Accounts (APA) of Virginia, Section 3-15 Social Services, the County Social Service employees are required to read the 2012 Virginia Department of Social Services (VDSS) Information Security Program and sign the form after October 11, 2012 and no later than close of business November 30, 2012. In the same sample of 25 employees, it was noted that there were two instances where employees signed the form before October 11, 2012 and November 20, 2012.

Corrective Action Taken: Management has developed procedures to ensure compliance with APA Section 3-15 by the specified deadline.