



# **County of Prince William, Virginia**

## **Comprehensive Annual Financial Report**

### **for the Fiscal Year Ended June 30, 2012**

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**Frank J. Principi**, *Woodbridge District*

#### **COUNTY EXECUTIVE**

**Melissa S. Peacor**

#### **DIRECTOR OF FINANCE**

**Steven A. Solomon**

*Prepared by the Department of Finance*



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## COUNTY OF PRINCE WILLIAM

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### BOARD OF COUNTY SUPERVISORS

Corey A. Stewart, Chairman  
Martin E. Nohe, Vice Chairman  
Maureen S. Caddigan  
Pete Candland  
W.S. Wally Covington, III  
John D. Jenkins  
Michael C. May  
Frank J. Principi

Melissa S. Peacor  
County Executive

Steven A. Solomon  
Director of Finance

**November 30, 2012**

**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 (County) for the fiscal year ended June 30, 2012. The *Code of Virginia* requires that all general-purpose local governments publish, within five months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with governmental auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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 have been audited by Cherry, Bekaert & Holland, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2012, 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 was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was 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 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.

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, Park Authority 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 (Authority). The 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 office. Department directors meet with budget staff to review prior year performance and upcoming fiscal year goals, objectives, activities, outcomes and service levels. Agencies are required to submit budget increase requests and responses to performance budget targets to the budget staff 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 in mid-April.

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 has proved more resilient than many other parts of the country over the last year. Major aspects of the local economy, notably commercial real estate and unemployment rates, slowly improved over the course of 2012, but continued to underperform in terms of historic expectations. Job growth and new business establishments in Prince William County outpaced Northern Virginia and the Commonwealth over the last year. Foreclosure activity, as measured by monthly Courthouse recordings, continued to improve as the year progressed, with fewer than 700 for 2012 through August—an average of less than 100 per month. This is a great improvement over the worst period of the recent downturn, when a record 18,000 foreclosures were recorded in years 2006 to 2010. This trend continues downward from 2011, when just over 1,400 foreclosures were recorded.

Retail sales continued at a robust pace, with 31 straight months of year-over-year increases as of August 2012. Never before has the County experienced this many consecutive months of increase in sales volume. This

upward trend reflects the increased consumer confidence here locally in Prince William County which mirrors trends seen nationally during 2012.

The local housing market, after a major downturn in 2007 and 2008, stabilized in 2010 and since then has experienced modest, but uneven, growth. In 2012 average residential home values continued to strengthen. The average sold price for a home in Prince William County was \$318,061 in August 2012, a year-over-year increase of 4.3 percent and an increase of \$113,683 (55.6 percent) since February 2009. If 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 apartment sector of the County's residential market has been particularly strong. Tightened mortgage credit standards required to purchase homes has resulted in increased demand for rental property and higher rents. Additionally, few new apartment units have been built in the County over the last several years further compounding the imbalance between supply and demand. Recently, however, activity in this market segment has accelerated with a number of new projects, either announced or begun. The expectation going forward, as new units are brought to market, is that rents will continue to increase and apartment values should continue to trend higher.

The commercial real estate market in Prince William County improved overall in 2012 from one year earlier, with declining vacancy rates in all categories with the exception of flex space. According to Costar Realty Group, a multiple listing service for commercial property, in the 2<sup>nd</sup> quarter 2012, a total of 44,537,845 square feet of commercial space (including retail) in 1,846 buildings was reported—an increase in commercial space of 0.7 percent year-over-year. The commercial inventory includes a total of 6.57 million square feet of office space, 4.90 million square feet of flex space, 12.18 million square feet of industrial space and 20.90 million square feet of retail space. A total of 3,371,715 square feet (7.6 percent) of vacant commercial space (including retail) was reported during the 2<sup>nd</sup> quarter—a decrease of 19.6 percent year-over-year. This includes 895,180 square feet of vacant office space (13.6 percent, down from 15.3 percent one year ago), 766,016 square feet of vacant flex space (15.6 percent, compared to 19.3 percent one year ago), 583,288 square feet of vacant industrial space (4.8 percent, down from 6.9 percent one year ago) and 1,127,231 square feet of vacant retail space (5.4 percent, compare to 6.7 percent one year ago). Expectations are that the commercial real estate market will continue to improve over the course of the next few years, as the local economy grows.

Prince William County's population is currently estimated at 413,396 (as of June 30, 2012). Population growth has been at a much slower pace than in past years, in which annual increases approached 5 percent. Nevertheless, the County will continue to expand its population base, particularly as the real estate market continues to recover. 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 (62.5 percent) of its labor force to jobs outside the County, accounting for the twelfth longest commute in the United States. According to 2011 Census data, Metropolitan Washington ranked first in the United States for median household income, with 10 of the region's counties in the top 20 nationwide. Prince William County's median household income of \$95,156 is 88 percent above the national median of \$50,502 and 54 percent above the state-wide median of \$61,882. Prince William County had the 7<sup>th</sup> highest median household income in the United States – 10 percent higher than the metropolitan Washington D.C. median household income of \$86,680. This ranking further underscores Prince William County's continued status as a premier community.

Employment in the County grew rapidly in the first half of the previous decade, fueled by a robust economy and booming housing market. In the five-year period from 1<sup>st</sup> quarter 2002 to 1<sup>st</sup> quarter 2007, Prince William County businesses increased by 37 percent, with financial, professional/business services and construction the fastest growing sectors. In the same period, employment in the County grew from 84,569 to



101,947, an increase of 20.1 percent. The fastest growing sectors for employment growth were Education/Health Services, Professional/Business Services and Construction. During the recession, from 2007 to early 2010, businesses continued to grow (from 6,605 in the 1<sup>st</sup> Quarter 2001 to 7,194 in the 1<sup>st</sup> Quarter 2010) while jobs declined (from 101,947 in 2007 to 99,874 in 2010). Over the last year, however, job growth in the County has dramatically increased and has outpaced the region and the state. At-place employment in Prince William County (110,008 in the 1<sup>st</sup> Quarter 2012) increased by 7.8 percent year-over-year and 6.1 percent since 2007. By comparison, Northern Virginia employment grew by 4.9 percent in the last year and 7.9 percent since 2007. Employment in the Commonwealth increased by 1.3 percent in the last year but declined by 1.6 percent since 2007. Establishments located in Prince William County (7,824 in the 1<sup>st</sup> Quarter, 2012) grew by 5.5 percent in the last year and by 18.5 percent since 2007. Throughout the Commonwealth, establishments grew by 3.5 percent in the last year and by 6.8 percent since 2007. Average weekly wages for jobs located in Prince William County grew by 6.4 percent, year-over-year and by 11.7 percent since 2007. Prince William County's unemployment rate was 4.9 percent in July 2012, well below the statewide rate of 5.9 percent and the national rate of 8.3 percent in July 2012. By comparison, Prince William County's unemployment rate was 5.3 percent in July 2011.

Since the prosperous days of 2001-2006, when home values were increasing at double digit rates in some years, the residential market in the County experienced a major downturn, though indications are the market is stabilizing and even growing – albeit modestly. Residential building permit activity, a leading indicator for housing construction, experienced a six-year boom from 2000 to 2005 in which more than 4,300 total residential permits were issued per year. Since 2005, however, the number of permits has sharply declined. In 2007, a total of 2,451 total residential permits were issued, including 1,305 single family detached, 580 townhouse and 566 condominium permits. This represented a 15 percent decline in total permits from the previous year and a 48 percent decrease from 2005. This trend continued in years 2008 and 2009, with totals of 1,909 and 1,946 permits respectively. In 2010, a total of 2,244 permits were issued, including 1,057 single family, 484 townhouses and 703 condominiums. In 2011, a total of 1,508 permits were issued, including 842 single family, 350 townhouses, 116 multi-family condos and 200 apartment rental units. In 2012, a total of 806 permits were issued through August, including 542 single family, 150 townhouses and 114 multi-family condos.

Recent increases in home sales activity are indicative of a recovering housing market, though to date new home construction continues to lag. Home sale prices in 2012 continued a strengthening trend experienced during 2010 and 2011. Recent home sales numbers as reported by the Metropolitan Regional Information System (MRIS) support this sentiment. In December 2005, the peak of the market boom, the average sales price for homes in Prince William County was \$458,627. By February 2009, the average sales price for a home in the County was \$204,378 – a decrease of 55 percent. By August 2012, however, the average price of a sold home in Prince William County had climbed to \$318,061 – a 55.6 percent increase since February 2009. The total units sold in August 2012 was 599, compared to 498 homes sold one year earlier; the average days on the market in August 2012 was 45 days for all homes sold in Prince William County, compared to 53 days one year earlier.

About 78 percent of the County's real estate tax base consists of residential housing, approximately 21 percent is comprised of commercial, industrial 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 in adjusting the real estate tax rate dramatically, reducing the real estate tax rate 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. For fiscal year 2010, the County adopted a real estate tax rate of \$1.212; for fiscal year 2011, the adopted real estate tax rate was \$1.236 per \$100 of assessed value. For fiscal year 2012, the adopted real estate tax rate was \$1.204 per \$100 of assessed value. For fiscal year 2013, the adopted real estate tax rate was \$1.209 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.

One of Prince William County's strategic goals is to maintain an economic development climate that will attract and foster the expansion of industries that create high-wage jobs, diversify the non-residential tax base, and encourage people to live in, work in and visit the County. In that regard, the County's Department of Economic Development works diligently with targeted industries to attract new businesses and foster expansion of existing businesses. Since January 1997, 382 new and expanding companies have announced their intention to invest more than \$3.9 billion and add more than 15,000 jobs to the Prince William County economy. Of these announcements, 288 (75 percent) were targeted industry businesses accounting for \$3.1 billion (81 percent) of the total investment and 11,278 (75 percent) 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 investments and job opportunities in Prince William County.

Prince William County remains the focal point of the life sciences industry within Northern Virginia, despite the dip in investments within life science companies and the subsequent reduced market demand for life science space. Anchored by George Mason University's Life Sciences Campus, Prince William County has a growing concentration of life science companies.

The ground-breaking research coming from George Mason University creates community awareness and significant economic development opportunities. To-date, 17 life sciences industry announcements have yielded a cumulative total intent to invest \$232 million and add 699 new jobs.

With Prince William County's proximity to Quantico Marine Corps Base, Fort Belvoir, the National Reconnaissance Office (NRO), and Washington DC, along with the addition of the FBI 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 1997, 94 economic development projects involving government contractors or federal agencies have delivered a cumulative announced intent to invest over \$234 million and create 3,373 new jobs in the County.

Prince William County's competitive tax structure, electricity availability and rates, 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 eight data center facilities operating in Prince William County with a ninth under construction. To-date, there have been 13 projects involving the construction or expansion of data center facilities in the County. These projects have yielded announcements totaling nearly \$2.3 billion in capital investment and 426 new jobs.

Areas of particular interest in Prince William County include: Innovation Technology Park, and the Potomac Communities. These two areas are home to 30 percent of the total investment announcements within the County since 1997.

Innovation Technology Park is anchored by George Mason University's Life Sciences Campus. It is home to a growing life sciences cluster that, in addition to George Mason University, includes American Type Culture Collection (ATCC), Mediatech, Inc., and the Mason/NIH Biomedical Research Laboratory. Also present is an emerging forensic science/criminal justice cluster that includes: the FBI Northern Virginia Resident Agency, the Virginia Department of Forensic Science's Northern Laboratory, and the Prince William County Police Western District Station. Since 1997, 49 economic development projects have been announced within Innovation Technology Park. Cumulatively, these projects delivered \$705.15 million of announced investment and 2,438 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 Quantico Marine Corps Base, 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 52 economic development projects announced since 1997 carrying a cumulative intent to create 2,033 jobs and invest \$478.66 million.

With the struggles facing the national economy, and businesses continuing to navigate through the challenges that lie ahead, economic development results have slowed throughout the country, and Prince William County is no exception. However, the County continues to see interest, particularly in targeted markets, and there is optimism that as the economy strengthens, Prince William County will see a number of new and expanding businesses grow within the community.

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. The County depends heavily on residential housing and consumer spending to maintain its prosperity and levels of local government services. These two sectors were severely impacted by the recent economic downturn; recent trends point to improving conditions in local consumer and real estate activity, even in the presence of continued consumer worries. The County has seen, for example, thirty consecutive months of sales tax revenue increases and the twelve-month moving average is at an all-time high.

As Prince William County enters fiscal year 2013, 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.

Dramatic increases in real estate assessments allowed for reduced tax rates; and overall, the County practiced fiscal prudence that elevated it to the top tier of communities in the eyes of the nation's bond raters. The real estate downturn however, seriously impacted the local economy and full recovery at traditional expectations is still elusive. While local unemployment has increased during the recent economic downturn, Prince William County continues to enjoy lower unemployment rates than statewide or national averages. The County continues to be among the wealthiest in the nation, largely the result of the County's enviable position as part of the Northern Virginia economy and its proximity to Washington D.C. and the federal government.

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 looming budgetary sequestration within the federal government and uncertainties in the Eurozone, are still problematic to the global and national economies, which in turn may well impact Prince William County, by dint 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 October 2009. 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 72 out of the 17,669 (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 2012 for fiscal year 2013 to fiscal year 2017. 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 (currently 56.75 percent to the Schools and 43.25 percent to the County).

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 premier community where we treasure the richness of our past and the promise of our future. We are diverse and dynamic with a thriving economy where citizens and businesses grow and succeed together. We are a global business and technology leader for the 21<sup>st</sup> century."*

In order to achieve this vision, the Board adopted four strategic goals in its 2012 Strategic Plan: Economic Development and Transportation; Education; Human Services, and Public Safety. The Fiscal Plan and Five-Year Budget Plan rely on input from the community to build a premier community 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 a changing economic future. Throughout the country, local governments are dealing with the reality of a "New Normal" and particularly here in Prince William County, balancing the needs and desires of the community with their willingness and ability to pay for those services continues to be a struggle. Decisions made by the Board and work done by staff to support those decisions have allowed the County to re-invest in the community. As other governments are just now realizing the need to reduce and streamline their operations, Prince William County is in the enviable position of being able to invest in infrastructure and capital projects to ensure the County remains a place where people want to live and businesses want to locate.

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 over \$1 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, total 98 percent of the CIP. In addition, the 2013-2018 Capital Improvement Program provides \$28 million for two new libraries which will increase the capacity of the library system to meet the growing community needs and \$33 million for technology improvements to some of the County's critical systems. The School Board's Capital Program 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, such as turnback (the projected under-expenditure of current budget appropriations). 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 building a premier community. Some of the initiatives of the four Strategic Goals are highlighted as follows:

**Education** – Education is one of the Board's Strategic Goals. The goal states that the County will provide a quality educational environment and opportunities, in partnership with the School Board, the education community, and businesses to provide citizens with job readiness skills and/or the academic qualifications for post-secondary education and the pursuit of life long learning. Over the years, the Board of County Supervisors has demonstrated a strong commitment to quality public schools in Prince William County, further evidenced by the school system's 88 percent satisfaction rating achieved in the County's most recent Community Survey, conducted in 2012. 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 11,956 over the five-year period; salary scale adjustments for employees as funding permits; repairs and renewals of older facilities; funding for the infrastructure needed for technology improvements such as voice over IP phones, interactive white boards and radio upgrades; and funding the debt service on \$417.6 million of construction bonds, start-up costs and operating costs for five new elementary schools, one K-8 school and one high school as well as additions and/or expansions at 17 current schools and the replacement of one elementary school.

Prince William County Schools is the second largest of 132 school divisions in Virginia and one of the 45 largest school divisions in the country, and provides services to over six percent of the state student enrollment. The official September 2012 student membership count for Prince William County Schools is 83,551 students, up 1,916 students, or 2.3 percent from fiscal year 2012 to 2013.

To accommodate the growing student population, three new schools opened in fiscal year 2012 in time for the 2011-2012 school year. The opening of Patriot High School, T. Clay Wood Elementary School and Piney Branch Elementary School brought much needed relief from the overcrowding in the Brentsville District and Battlefield High Schools, and in the Cedar Point and Bristow Run Elementary Schools. Construction also continued on the new Ronald Wilson Reagan Middle School and the replacement building for PACE West School. PACE is a component of the Northern Virginia Regional Special Education Program and serves elementary through high school students from the Counties of Prince William and Fauquier as well as the Cities of Manassas and Manassas Park. These two school buildings were completed and opened for the 2012-2013 school year. Finally, groundbreaking occurred in September 2012 for the new Nokesville K-8 School. When completed, this 142,000 square foot facility will accommodate a total of 900 students in grades

kindergarten through eight. State-of-the-art technology will be incorporated into the building, including a local area data network providing wireless access to the Internet, classrooms equipped for interactive instruction and building-wide audio/visual and cable distribution systems. Instructional areas will also include a family and consumer science lab and a science lab.

The school division 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 ten eligible high schools are ranked in the top seven percent nationally by *The Washington Post*. In addition, the 2012 Scholastic Aptitude Test (SAT) scores for Prince William County outperform the national average in reading, with six high schools increasing their reading scores and five high schools increasing their math and writing scores and in a comparison of pass rates for Standards of Learning (SOL) tests, Prince William County Schools exceeded the overall state results in all content areas. In addition, the Prince William County School system received the Virginia Board of Education Excellence Award for having met all state and federal benchmarks for 2009, 2011 and 2012 as well as the Governor's Award for Educational Excellence for the past four years. And, for the third consecutive year, Prince William County achieved national recognition as one of America's Promise Alliance's "100 Best Communities for Young People" for its initiatives to help young people. This award recognizes communities across the country that focus on reducing high school dropout rates and providing service and support to their youth. Finally, the Center for Digital Education, named the Prince William County Schools' web site a winner in the 2012 Best of the Web Awards in the K-12 category. This national award recognizes and honors outstanding K-12 and higher education web sites that benefit and improved the quality of education for students, teachers and the community.

**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 continue to be a safe community, reduce criminal activity and prevent personal injury and loss of life and property. The CIP for fiscal years 2013-2018 includes funds to design and/or construct the Bacon Race Fire & Rescue Station, 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 2016 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 voice logging system. The FY 2013 operating budget includes a 1.7 percent increase over the FY 2012 budget to fund twelve additional sworn police officer positions; fourteen Fire & Rescue positions, twelve to complete the staffing on the final 24-hour Advanced Life Support (ALS) unit and an additional Basic Life Support (BLS) unit and two additional arson investigators in the Fire Marshal's Office; five telecommunicator positions for Public Safety Communications 911 dispatch and three Sheriff's Office positions to assist with mental health transports.

**Economic Development and Transportation** – The Economic Development and Transportation Strategic Goal calls for the County to create a community that will attract quality businesses that will bring high-paying jobs and investment by maintaining a strong economic development climate and creating necessary multi-modal transportation infrastructure that supports our citizens and our business community. 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. Towards that end, the County has made great strides in bringing businesses and jobs to the County, with more than \$65 million of the \$445 million capital investment in the County made by new businesses in fiscal year 2012. CNBC named Virginia as America's "Top State for Business" for 2011 and according to the Virginia Economic Development partnership; Prince William County is one of the strongest performing municipalities in the Commonwealth, accounting for 34 percent of economic development projects. According to the U.S. Bureau of Labor Statistics, Prince William County ranks #1 in job growth for the Commonwealth of Virginia and #3 in job growth for the nation. Additionally, *CNN Money* recently ranked Prince William County as #8 among counties nationwide for job growth from 2000 to 2011. During that time, Prince William County experienced a job growth rate of over 48 percent, with the growth rate increasing over 8 percent between 2010 and 2011.

Seven new commercial buildings were completed during 2011 delivering a total of 404,000 square feet of new commercial inventory, including 66,000 square feet of new office space, 125,000 square feet of flex space and 212,000 square feet of retail. At Innovation Technology Park, ground was broken for two new facilities on the rapidly growing campus of George Mason University, a 75,000 square foot laboratory building and a 106,000 square foot graduate student residential building. The new life sciences laboratory building will expand the current research facilities and offer more opportunities for collaboration and program growth. The second life sciences building of its type on the campus, the building will serve as the new home to Mason's Center for Applied Proteomics and Molecular Medicine, a nationally recognized center that studies the behavior of microscopic proteins and will include wet lab space available for commercial lease as well as laboratories to house the University's research programs and is expected to be completed by the spring of 2013. The residential building will include 152 apartment style beds in 112 units, student lounge areas, study areas and instructional space. The building, scheduled to open in the fall of 2012, will also include 15,000 square feet of retail space that will expand amenities to the campus and surrounding community. This residential/retail project marks the first step in creating an adjacent town center. During 2011, the Board of County supervisors and two private land owners in Innovation took steps to forward the development of a mixed-use project that will bring retail, residential and additional office development to Innovation Technology Park. This new "town center" component of the park will be located adjacent to the Hylton Performing Arts Center and the new graduate student residential building. This proposed project is slated for a 50 +/- acre site adjacent to the Prince William campus of George Mason University with frontage along University Boulevard and the Prince William Parkway, with the potential for 50,000 square feet of residential, 50,000 square feet of office, a 150-key hotel and up to 1,100 units of various types of residential.

The Northern Virginia Community College's Woodbridge Campus also saw construction begin on a new facility during the last year. The new academic building will house computer labs, science labs, art studios, lecture space, faculty offices and more.

Not only is the County a place where businesses want to locate but it is also attractive as a tourist destination. Prince William County and the Manassas region welcome more than 4 million visitors annually from across the United States, Canada, Europe and beyond. In fact, Prince William County was chosen by The American Bus Association the #1 tourist destination in North America for 2011 for its' ceremonies to commemorate the 150<sup>th</sup> anniversary of the First Battle of Manassas/Bull Run during the Civil War. While the Sesquicentennial tributes began as early as January 2010 and include more than 100 events over a five-year period, the hallmark event, a reenactment of the First Battle, took place on July 21-22, 2011. The reenactment attracted an estimated 37,000 people at the site over the course of the weekend event, including 8,700 registered reenactors, 18,000 ticketed spectators, 700 guest spectators, 250 volunteers and 300 media representatives as well as event staff personnel.

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 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. Citizens have supported these efforts by approving bond referenda in 1988, 1990, 1994, 1998, 2002 and 2006 totaling \$556 million. The 2006 road bond referendum alone totaled \$300 million and was overwhelmingly approved by voters in November 2006.

During fiscal year 2012 a commuter parking lot was completed at Broad Run. This project constructed 100 extra spaces for the existing Broad Run commuter parking lot and completed improvements to the Route 28/Piper Lane intersection. In addition, a dedicated right turn from Springwoods Drive onto Old Bridge Road was constructed and an additional lane was added in each direction of the Prince William Parkway from its intersection with Hoadly Road to Old Bridge Road, easing road congestion in this area. Improvements were also made to Rollins Ford Road and Route 1. The Rollins Ford Road project opened the existing four-lane section of the roadway, constructed a transition lane into the two-lane section of the roadway between Braided Stream Drive and Estate Manor Drive and installed a traffic signal at the Linton Hall intersection. The Route 1 project completed an improvement for a section of Route 1 from an existing four-lane configuration to a six lane divided roadway, including a concrete sidewalk and multi-use trail on opposing sides.

After years of declining satisfaction that bottomed out in 2005 with only 38 percent of citizens satisfied with the ease of getting around in the County, citizen satisfaction has improved significantly. In the 2012 Community Survey, 84 percent of citizens were satisfied, marking the sixth survey with improved results. The CIP for fiscal years 2013-2018 aims to further advance the transportation strategic goals by including \$126 million in funding for the completion of a four-lane widening of Minnieville Road from its intersection with Spriggs Road to Route 234, a four-lane widening of Route 28 from Linton Hall Road to Fitzwater Drive, a six-lane widening of Route 1 from Neabsco Mills Road to Featherstone Road, and the widening and construction of University Boulevard from Prince William Parkway to Sudley Manor Drive and Wellington Road to Rollins Ford Road. Funding is also provided for the construction of additional lane miles on Prince William Parkway from Old Bridge Road to Minnieville Road and Rollins Ford Road from Vint Hill Road to Songsparrow Drive.

**Human Services** – The Human Services Strategic Goal calls for services that protect the community from risk and help families in crisis by maximizing state and federal funding and effective public/private 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 2013 Fiscal Plan includes a 1.7 percent increase over the 2012 Fiscal Plan for human services including the addition of two therapists for mental health residential services and one nurse manager for medical services as well as increased support to Birmingham Green to provide affordable housing to our most vulnerable elderly adults and disabled individuals.

## 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, 2011. This was the 31<sup>st</sup> 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, 2011. This was the 26<sup>th</sup> 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 sixth time the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2011. 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.

Related to the adherence financial policies, the *Principles of Sound Financial Management*, and strong financial management practices of the County, the County was recognized for its establishment of an outstanding program in the area of management and policy studies by the Virginia Government Finance Officers' Association (VGFOA). The County's Internal Control Council (ICC) received the 2012 Award for Innovations in Government Finance from the VGFOA for its Internal Control & Ethics Accountability Program, a program designed to continuously improve and strengthen the County's framework of internal controls.

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



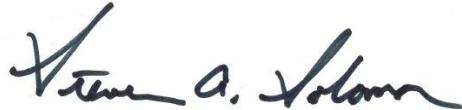
benefit to all that read and use it. We would also like to acknowledge the cooperation and assistance of the County's departments and agencies throughout the year in the efficient administration of the County's financial operations.

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,

A handwritten signature in black ink, reading "Melissa S. Peacor". The signature is fluid and cursive, with the first name being the most prominent.

Melissa S. Peacor  
County Executive

A handwritten signature in black ink, reading "Steven A. Solomon". The signature is fluid and cursive, with the last name being the most prominent.

Steven A. Solomon  
Director of Finance





# 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, 2011

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



*Linda C. Sandison*

President

*Jeffrey R. Emer*

Executive Director

## 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.

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.

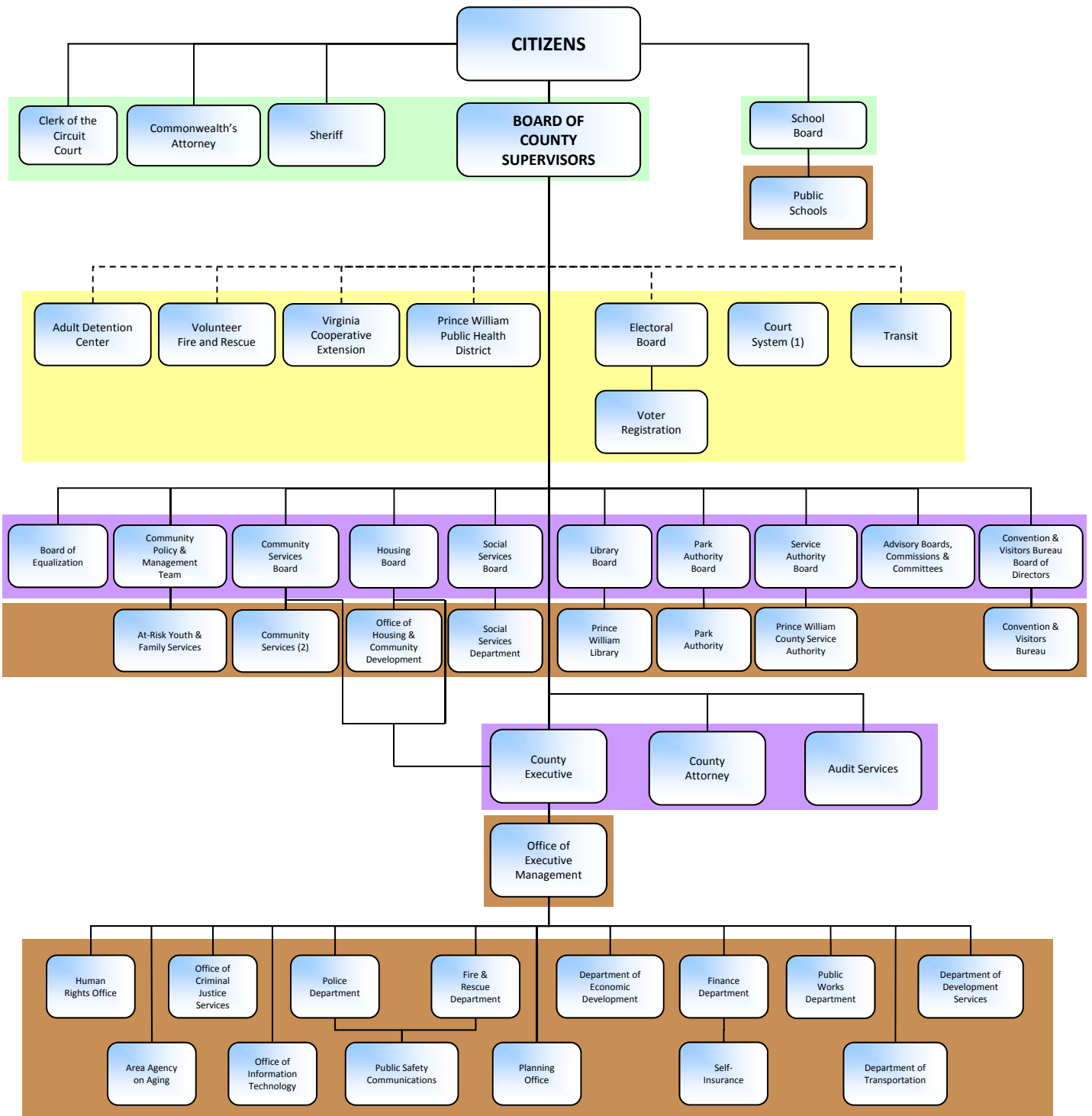
The Board also appoints the members of several separate boards and authorities to administer the operations of certain services. These services include parks and recreation, human services, and the public library system.

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.

On November 8, 2011, elections were held in Prince William County for the Chairman of the Board and the Supervisors of the seven magisterial districts. The incumbent Chairman of the Board was re-elected. Six incumbent Supervisors were re-elected for another four-year term and one new Supervisor was elected. All re-elected and elected officials took the oath of office in January 2012.

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.pwcgov.org](http://www.pwcgov.org).

# Prince William County Government Reporting Entity



## Notes:

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

## Legend:

Elected Officials / Constitutional Officers

State and Local Services

Appointed by BOCS, Boards and Commissions

Agencies and Departments





## **Independent Auditor's Report**

To the Board of Supervisors  
County of Prince William, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the individual and 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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the individual and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 21 through 33 and 111 through 114 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, nonmajor fund and component unit budgetary comparison schedules, debt obligation schedule, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, nonmajor fund and component unit budgetary comparison schedules, debt obligation schedule, and 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

**CHERRY BEKAERT & HOLLAND, LLP.**

*Cherry, Bekaert & Holland, LLP*

Tysons Corner, Virginia  
November 29, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

(amounts expressed in millions)

Prince William County's (the County) 2012 fiscal performance continues to demonstrate its 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, 2012. 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 unit information. 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 nonmajor governmental funds, internal service funds, agency funds, discretely presented component units; budget and actual schedules for the nonmajor governmental funds; and debt obligation schedules. The basic financial statements include two kinds of statements that present different views of the County:

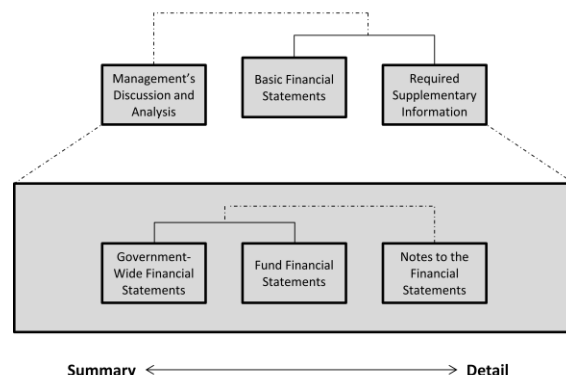
### FINANCIAL HIGHLIGHTS

- The total reporting entity, which includes component units, has positive net assets of \$1,303 at June 30, 2012, which represents a 4 percent increase of \$54 from the prior year.
- The total cost of the County's programs increased 6 percent to \$963 during fiscal year 2012, while the County's total revenues increased by 2 percent, to \$1,000.
- Net assets of governmental activities increased 28 percent from the prior year due to revenues exceeding costs by \$34. Program revenues fell by 7 percent from the prior year, while general revenues grew by 4 percent; these two factors contributed to overall revenue growth of 2 percent, while total costs increased 6 percent from the prior year.
- At June 30, 2012, the County has \$816 of debt outstanding related to assets recorded by its component units and other entities. Accordingly, liabilities of the County's governmental activities at June 30, 2012 exceeded its assets by \$93 (net assets).
- Total net assets of the County's business-type activities increased 3 percent to \$39 due primarily to increased revenues resulting from land sales at the Innovation Technology Park enterprise fund.
- At the end of the current year, the unassigned fund balance of \$64 in the general fund was 7.5 percent of total general fund revenues. The unassigned fund balance increased 3 percent from the prior year due to the \$27 increase in total general fund revenues.
- General fund revenues exceeded the budget by \$2; in addition, expenditure savings of \$15 under the budget helped to provide additional available resources for future years' appropriations.
- As of January 1, 2011 (the assessment date pertinent to real estate taxes supporting fiscal year 2012) the total assessed values of taxable property increased by 6 percent compared to the prior year, with increases in residential values accounting for 85 percent of the total rise in values. This increase was partially offset by a decrease in the real estate tax rate of 3 percent. Real estate taxes contributed 53 percent of the total revenues for the primary government of the County during fiscal year 2012.

- 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-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 nonmajor 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 Statements		Fund 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: the Landfill, and Innovation Technology Park	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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	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 assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

Over time, increases or decreases in the County's net assets 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 and Innovation Technology Park 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 Park Authority. 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* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide 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.
- *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 assets and a statement of changes in fiduciary net assets. 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 assets

The total reporting entity net assets increased 4 percent to \$1,303 (see Table A-1 and Figure A-3). This increase in net assets demonstrates the continuing collaborative sound fiscal policies of the County as a whole.

### Governmental Activities

Net assets of the County's governmental activities increased 28 percent to (\$93). The County 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 improve the quality of life in Prince William County.

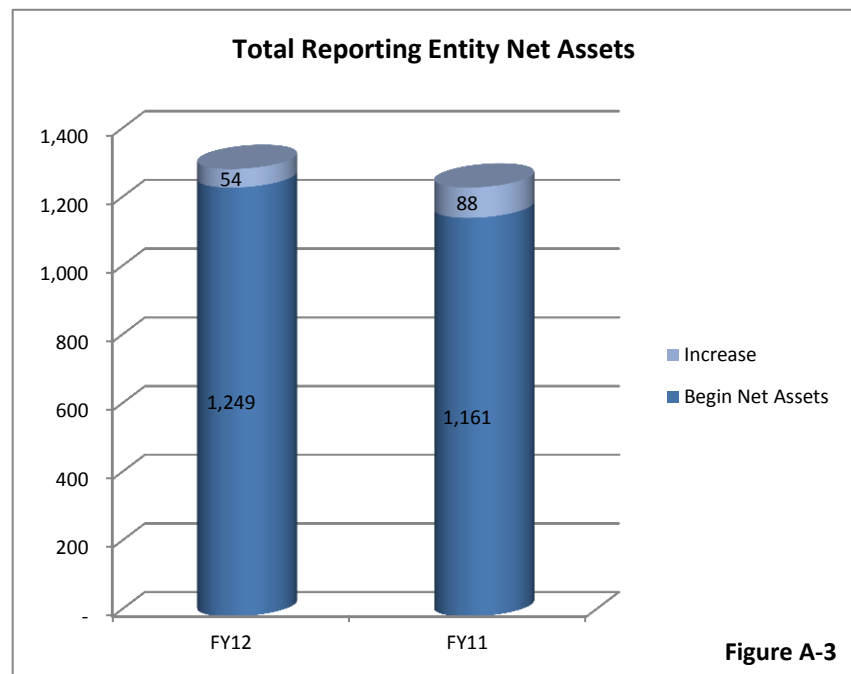


Figure A-3

As of June 30, 2012, the County has \$816 of outstanding debt (compared with \$836 as of June 30, 2011) related to assets donated to other entities as follows:

- \$559, Prince William County School Board;
- \$201, Commonwealth of Virginia;
- \$26, Prince William County Adult Detention Center;
- \$16, Volunteer Fire & Rescue companies (various);
- \$6, Industrial Development Authority;
- \$8, Prince William County Park Authority;

The most significant activities of this nature for the current fiscal year were the issuance of \$46 of debt for school construction projects and \$75 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 assets 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 2 percent compared to those of the prior year, expenses increased by 6 percent; during fiscal year 2011, the County issued \$10 of debt to support school construction projects. However, during fiscal year 2012, \$46 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 increase in debt issuances in the current year, combined with the overall revenue increases of the general fund were the major factors that resulted in a \$38 increase in Education expense for the current year.

## Business-Type Activities

Net assets of the County's business-type activities increased \$1 during the current year, due principally to an increase in revenues that outpaced the growth in expenses. The County's Landfill posted positive results of operations of \$2 during the current fiscal year, while Innovation Technology Park experienced positive results of operations of \$1.

The \$39 net assets of the County's business-type activities will not be used to offset the net asset deficit in governmental activities. The County generally will only use these net assets to finance the continuing operations of the Landfill and Innovation Technology Park.

Table A-1 County Net Assets								
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including Component Units)	
	2012	2011	2012	2011	2012	2011	2012	2011
Current assets and other	\$ 803	806	30	30	833	836	1,137	1,173
Capital assets	402	389	31	33	433	422	1,646	1,597
<b>Total assets</b>	<b>1,205</b>	<b>1,195</b>	<b>61</b>	<b>63</b>	<b>1,266</b>	<b>1,258</b>	<b>2,783</b>	<b>2,770</b>
Other liabilities	311	317	7	7	318	324	421	440
Long-term liabilities	987	1,007	15	18	1,002	1,025	1,059	1,081
<b>Total liabilities</b>	<b>1,298</b>	<b>1,324</b>	<b>22</b>	<b>25</b>	<b>1,320</b>	<b>1,349</b>	<b>1,480</b>	<b>1,521</b>
Net assets:								
Invested in capital assets, net of related debt	332	309	28	28	360	337	977	929
Restricted	103	103	--	--	103	103	127	118
Unrestricted	(528)	(541)	11	10	(517)	(531)	199	202
<b>Total net assets</b>	<b>\$ (93)</b>	<b>(129)</b>	<b>39</b>	<b>38</b>	<b>(54)</b>	<b>(91)</b>	<b>1,303</b>	<b>1,249</b>

The aforementioned factors contributing to changes in the governmental net assets and the business-type net assets of the County combined to create an overall increase in net assets of the primary government of 41 percent between fiscal years 2012 and 2011. The assets of the primary government are less than the liabilities by \$54.

The component units (the Prince William County School Board, the Adult Detention Center and the Park Authority) 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 assets increased 1 percent to \$1,357 during 2012, principally resulting from the issuance of debt which was used to increase investments in capital assets. The net assets of the primary government of (\$54) combined with the net assets of the component units of \$1,357 resulted in total net assets for the total reporting entity of \$1,303.

## Changes in Net Assets

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.

**Table A-2**  
**Prince William County's Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>		<b>Total Reporting Entity (including component units)</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>								
<b>Program revenues:</b>								
Charges for services	\$ 38	29	18	18	56	47	94	83
Operating grants and contributions	78	89	--	--	78	89	222	233
Capital grants and contributions	37	47	--	--	37	47	38	47
<b>General revenues:</b>								
<b>Taxes:</b>								
Real property	527	509	--	--	527	509	527	509
Personal property	78	73	--	--	78	73	78	73
Other taxes	110	105	--	--	110	105	110	105
Payment from primary government	--	--	--	--	--	--	519	470
Grants and contributions not restricted to specific programs	82	82	--	--	82	82	406	389
Unrestricted investment earnings	20	11	1	1	21	12	24	16
Miscellaneous	10	15	1	1	11	16	14	17
<b>Total revenues</b>	<b>980</b>	<b>960</b>	<b>20</b>	<b>20</b>	<b>1,000</b>	<b>980</b>	<b>2,032</b>	<b>1,942</b>
<b>Expenses:</b>								
<b>General government</b>								
administration	40	46	--	--	40	46	40	46
Judicial administration	18	18	--	--	18	18	18	18
Public safety	216	205	--	--	216	205	216	205
Public works	56	49	--	--	56	49	56	49
Health and welfare	75	77	--	--	75	77	75	77
Education	406	368	--	--	406	368	406	368
Parks, recreational and cultural	40	34	--	--	40	34	40	34
Community development	52	50	--	--	52	50	52	50
Interest on long-term debt	43	44	--	--	43	44	43	44
<b>Enterprise</b>								
	--	--	17	16	17	16	17	16
Component Units	--	--	--	--	--	--	1,015	947
<b>Total expenses</b>	<b>946</b>	<b>891</b>	<b>17</b>	<b>16</b>	<b>963</b>	<b>907</b>	<b>1,978</b>	<b>1,854</b>
Increase (Decrease) in net assets before transfers	34	69	3	4	37	73	54	88
Transfers	2	2	(2)	(2)	--	--	--	--
<b>Increase (Decrease) in Net assets</b>	<b>36</b>	<b>71</b>	<b>1</b>	<b>2</b>	<b>37</b>	<b>73</b>	<b>54</b>	<b>88</b>
<b>Net assets – beginning</b>	<b>(129)</b>	<b>(200)</b>	<b>38</b>	<b>36</b>	<b>(91)</b>	<b>(164)</b>	<b>1,249</b>	<b>1,161</b>
<b>Net assets – ending</b>	<b>\$ (93)</b>	<b>(129)</b>	<b>39</b>	<b>38</b>	<b>(54)</b>	<b>(91)</b>	<b>1,303</b>	<b>1,249</b>

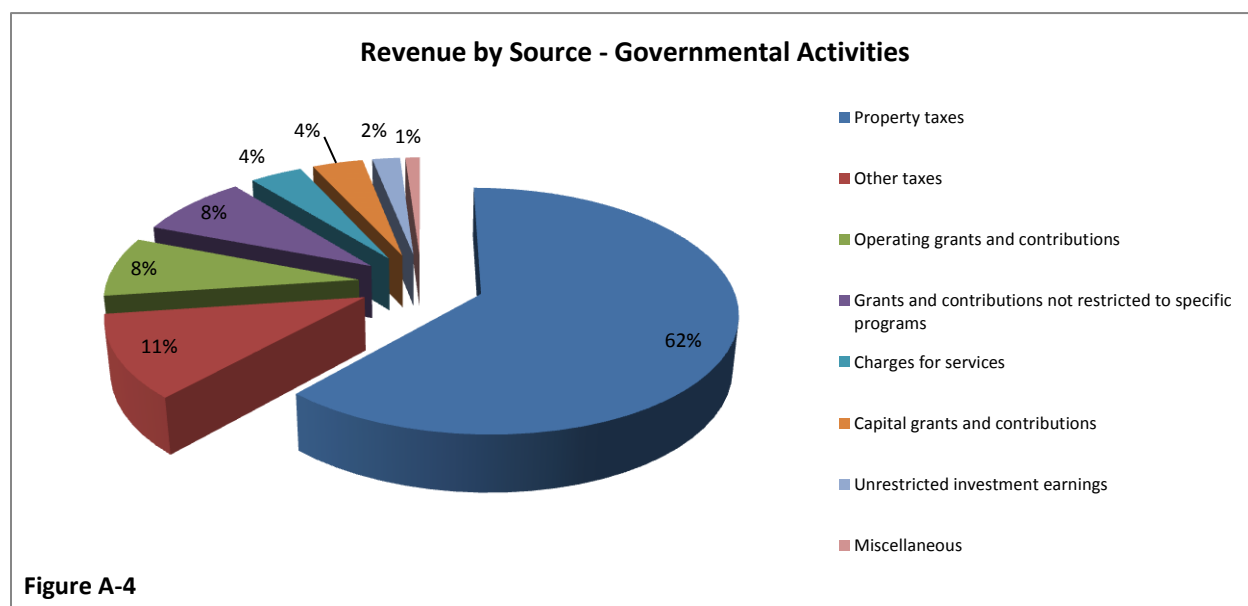
The total reporting entity net assets increased by \$54 in fiscal year 2012 as total revenues of \$2,032, 5 percent higher than fiscal year 2011, exceeded total expenses of \$1,978 which were 7 percent higher than expenses of the prior year.

The County's (Primary Government) total revenues increased 2 percent to \$1,000 (see Table A-2). Over 60 percent of the County's revenue comes from ad valorem taxes, and just over 71 percent of every dollar raised comes from some type of tax. Nearly 20 percent of revenues come from local, state and federal aid. Charges for services are 6 percent and the remaining 3 percent is from investment earnings at 2 percent and from other sources at 1 percent.

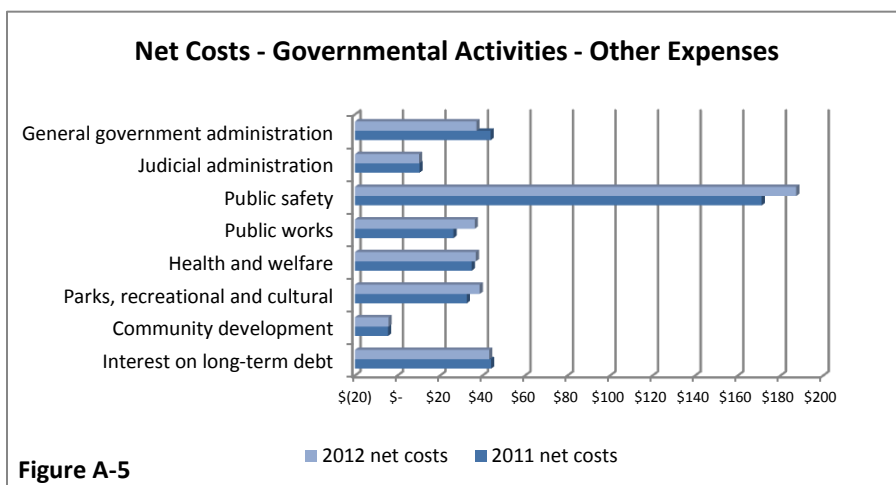
The total cost of all County programs and services increased by \$56 or 6 percent to \$963. The County's expenses cover a range of services, with 66 percent related to public safety and education (see Table A-2). Education and public safety are significant goal areas in the Strategic Plan.

## Governmental Activities

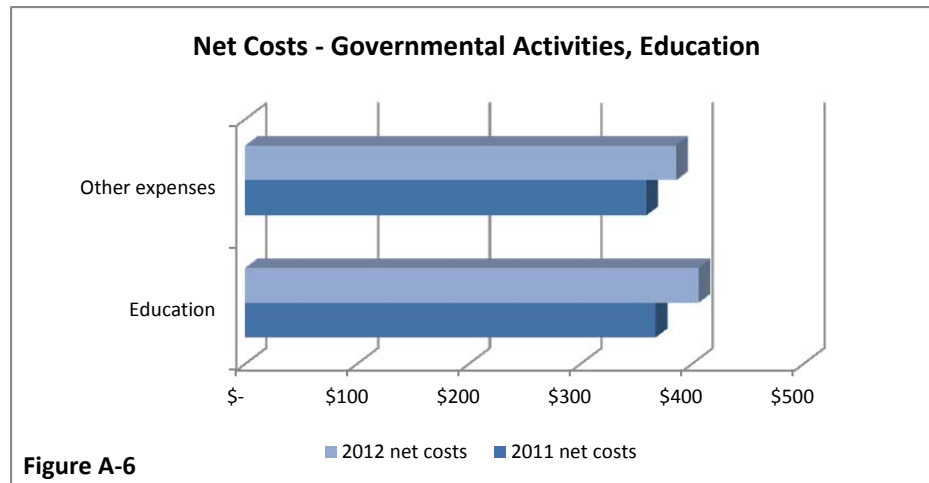
Revenues for the County's governmental activities increased 2 percent to \$980, while total expenses increased 6 percent to \$946, which, after considering the effect of transfers, resulted in a \$36 increase in net assets during the current year, compared to a \$71 increase in the prior year. 73 percent of revenues related to governmental activities are derived from taxes (see Figure A-4). Property tax revenues increased by \$23 or 4 percent, due mainly to an increase in real estate tax revenues from \$509 in fiscal year 2011 to \$527 in fiscal year 2012. A 6 percent increase in the total taxable assessed value of real estate in the County, coupled with a 3 percent decrease in the total direct tax rate helped to push real estate tax revenues slightly higher, and offset a declining 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.



While property tax revenues, which are largely tied to the performance of the real estate market, experienced encouraging levels of growth during the year (up 4 percent from the prior year), local sales tax revenues produced a similar 4 percent increase from \$50 in fiscal year 2011 to \$52 in fiscal year 2012. These outcomes are attributable to a more positive real estate market than the County has seen over the past few fiscal years, with residential real estate values showing an increase of 7 percent. However, certain other revenue categories experienced declines during the current fiscal year as compared to the prior year. For example, capital grants and contributions decreased from \$47 in fiscal year 2011 to \$37 in fiscal year 2012, while operating grants and contributions fell from \$89 in fiscal year 2011 to \$78 in fiscal year 2012, largely the result of expiration of revenue received in connection with the American Recovery and Reinvestment Act (ARRA).



The most substantial increase in expenses was in the area of education, due to the \$36 amelioration in debt proceeds conveyed to Prince William County School Board, from \$10 in fiscal year 2011 to \$46 in fiscal year 2012. Additionally, the net operating transfer to the School Board increased \$21, or 6 percent, which is a function of the overall growth in general county revenues and the County-School Revenue Sharing agreement funding formula. Public works expenses and parks, recreational and cultural expenses collectively increased by \$13, 16 percent higher than in fiscal year 2011.



Additionally, aside from these large variances, other functions and programs experienced more moderate changes from prior year levels due to concerted efforts to trim and refocus the County's budget in response to recent economic difficulties. Public safety expenses grew 5 percent from the prior year, increasing \$11. The interest that the

County paid on its long-term debt obligations decreased slightly from the prior year at \$43.

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 stormwater drains and ponds, amounted to \$15 in fiscal year 2012.

The cost of all *governmental* activities this year was \$946; however, the amount that our taxpayers paid for these activities through County general revenues was only \$681. Some of the costs were paid by:

- Those who directly benefited from the programs by paying charges for services of \$38;
- Other governments and organizations that subsidized certain programs with grants and contributions of \$115; and
- The \$112 balance of the expenses was partially paid for with other revenues such as investment earnings and unrestricted federal, state, and other local government aid.

## Business-type Activities

Revenues of the County's business-type activities were unchanged from the prior year at \$20, while expenses increased 6 percent to \$17 (refer to Table A-2). Factors contributing to these results include:

- Charges for services of the County Landfill decreased \$1 from the prior year due primarily to decreased use, while land sales at Innovation Technology Park produced an increase in charges for services of \$1.
- Expenses of the landfill increased \$2, or 14 percent from 2011 due primarily to an increase in depreciation and closure expenses, as capacity of the Landfill was further utilized.
- Net assets increased from \$38 to \$39 as a result of revenues exceeding expenses by \$3 and transfers to the governmental funds of \$2.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a *combined* fund balance of \$350, a decrease of \$45 or 11 percent from the prior year. General Fund revenues grew at a rate of 3 percent to \$859, while General Fund expenditures which increased to \$863, \$40 or 5 percent more than the prior year, outpaced the growth in revenue. After considering the net effect of transfers in and out of other funds and other transactions, the General Fund decreased \$22. The Capital Projects fund balance decreased \$27 during the current year, due a variety of factors. During the fiscal year, the County expended \$25 on Streets & Roads projects, but also received \$11 of support from the state and Federal

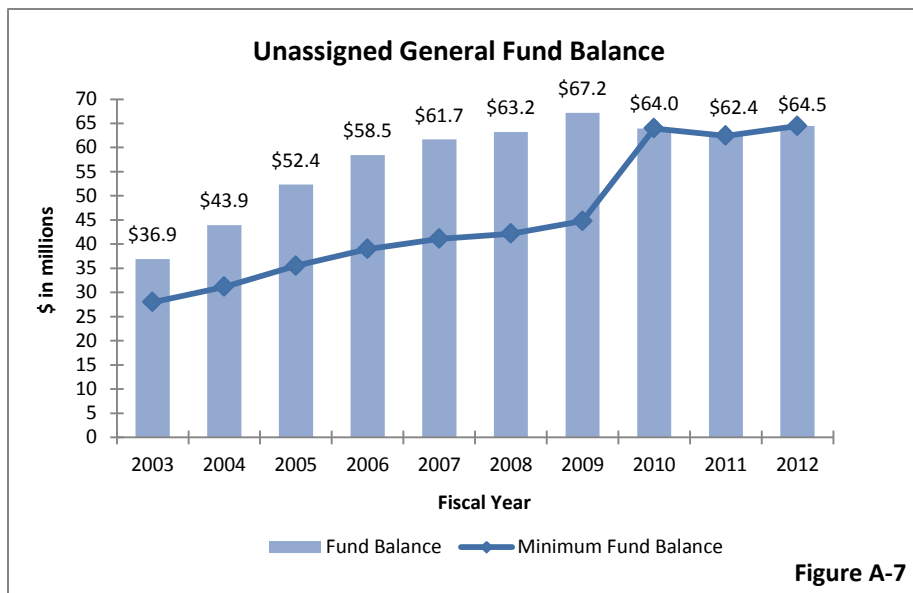


Figure A-7

government. Additionally, the capital projects funds transferred \$18 to an internal service fund in support of a large project related to its public safety radio system. Fund balances for Other Governmental Funds increased \$4 from the prior year, due mainly to increases in property tax revenues of the special revenue funds, which increased 4 percent from \$33 in the prior year, to \$34 in 2012. 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 2003, 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. 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. 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 August, 2011 the Board of County Supervisors resolved to maintain the fiscal year 2011 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 its establishment, and has actually achieved the higher 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, *unrestricted 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 \$22, despite favorable budget variances for General Fund revenues of \$4, as well as expenditure budget savings of \$15. Actual revenues exceeded the final budget

primarily due to higher than anticipated property tax revenues, which experienced growth as a result of a 6 percent increase in the taxable assessed value of real estate during fiscal year 2012. Though much-improved during fiscal year 2012, property tax revenues are still well below their 2009 level, the highest on record. Nearly \$15 of departmental expenditure savings were generated during the year as the County continued to seek ways to reduce expenditures, given the current state of the economy.

- The financial results detailed in governmental funds demonstrate the County's accountability to its strategic goal areas of public safety, education, and transportation.
  - The County increased its investment in public safety in the current year, increasing expenditures by \$12 or 6 percent from the prior year; public safety expenditures continue to represent approximately 21 percent of total expenditures of governmental funds.
  - Part of the County's Transportation Goal is to alleviate congestion and is further defined in the second initiative in the Letter of Transmittal. The \$25 spent on the construction of various streets and roads are transferred to and become assets of the Commonwealth of Virginia upon completion.
  - The County's operating support to the School Board increased by \$55 during 2012. This upturn was the result of the growth in general County revenues, which increased the amount of support due to the County School Board per the Revenue-Sharing Agreement, and accounted for nearly \$21 of the 2012 increase. Additionally, support for school construction projects increased from the prior year, as the County issued \$36 more debt during the fiscal year 2012, and therefore, conveyed far more funding related to capital projects.
- Bond proceeds of \$46 for fiscal year 2012 were conveyed to the Prince William County School Board and are budgeted to be spent on part of the costs of constructing additions to a high school and seven elementary schools, a new middle school, three new elementary schools, and a bus parking lot. The \$10 in bond proceeds for fiscal year 2011 were budgeted to be spent on certain energy improvements and renovations, including renewable energy projects.

### **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 assets of the Landfill at the end of the year were \$3, while unrestricted net assets amounted to \$8 for Innovation Technology Park. Unrestricted net assets of the Landfill increased marginally from fiscal year 2011 as the County invested more resources in capital assets of the Landfill, while Innovation Technology Park's unrestricted net assets increased \$1 due primarily to land sale activity in the current year which had not occurred in the prior year.

### **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 \$15 below final budget amounts while budgetary revenues exceeded the final budget by \$2. 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 \$25 during the fiscal year. The most significant revenue variances were related to property taxes (\$4 higher than the final budget), local sales



taxes (\$1 higher than the final budget), charges for services (\$1 higher than the final budget), and bank stock taxes (\$1 higher than the final budget). In addition, revenue from the use of money and property fell short of the final budget by nearly \$2 due to the lower than expected returns on investments, while support from the Commonwealth and Federal governments collectively fell short of expectations by nearly \$6.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2012, the total reporting entity had invested \$1,646 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 \$49 or 3 percent, over fiscal year 2011. The County had invested \$433 in capital assets, net of accumulated depreciation, which represented a net increase of \$11 or 3 percent, over fiscal year 2011. More detailed information about the County's capital assets is presented in Note 9 to the financial statements.

Table A-3 County's Capital Assets				
	Total Primary Government		Total Reporting Entity	
	2012	2011	2012	2011
Land & Construction in Progress	\$127	123	\$260	279
Buildings and other capital assets, net of depreciation	306	299	1,386	1,318
<b>Total</b>	<b>\$433</b>	<b>422</b>	<b>\$1,646</b>	<b>1,597</b>

### 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 liner at the County Landfill during 2012. Additionally, the County's Technology Improvement Plan added approximately \$5 during the year. The construction in progress balance as of the end of the current fiscal year was \$13.
- The total reporting entity capital assets increased by \$49; \$38 of this increase relates to component units, \$37 of which represents the growth of the School Board component unit's assets, and included completed construction of Pace West School, Pennington Traditional School, Silver Lake Middle School, as well as Swans Creek and Westridge Elementary Schools. Other ongoing major additions and renovations were performed at various schools.

### Long-term debt and other obligations

At year-end the County had total debt and other obligations of \$1,002 of which bonded debt outstanding represented \$716. Of this amount, \$707 comprises debt backed by the full faith and credit of the government. The remainder of the County's bonded debt of \$9 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt and obligations decreased to \$1,002 during the current fiscal year. The key components of the current year activities were the issuance of \$46 of debt on behalf of the School Board and principal payments on existing debt totaling \$75 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 an AAA rating from Fitch Ratings, an Aaa from Moody's Investors Service, and an AAA rating from Standard and Poors. These ratings are the highest ratings awarded to a local government.

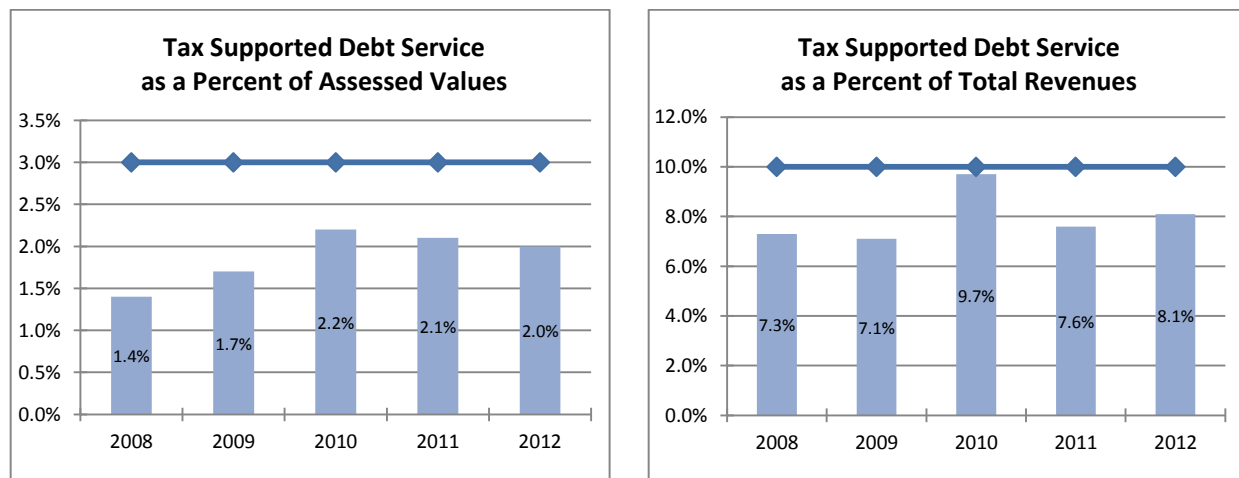
**Table A-4**  
**Prince William County's Long-term Debt and Other Obligations**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
General obligation bonds	\$ 704	714	--	--	704	714
Revenue bonds	6	7	3	5	9	12
State literary fund loans	3	3	--	--	3	3
Total bonded debt	713	724	3	5	716	729
Capital lease obligations	172	191	--	--	172	191
Unpaid losses and related liabilities	18	16	--	--	18	16
Compensated absences	27	25	--	--	27	25
Surplus distribution payable	1	2	--	--	1	2
Unamortized premiums	56	49	--	--	56	49
Accrued closure liability	--	--	12	13	12	13
Total long-term debt and other obligations	\$987	1,007	15	18	1,002	1,025

### 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, 2012, the amount of tax-supported debt outstanding represented 2.0 percent of the total assessed valuation of taxable real and personal property of \$45 billion at January 1, 2011, which is the valuation date to determine fiscal year 2012 revenues. Debt service payments represented 8.1 percent of revenues based on the County's revenue policy. 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 increased the real estate tax rate 0.5 cents, or 0.4 percent for fiscal year 2013 to \$1.209 dollars per \$100 dollars assessed value.
- The real estate tax base has increased from \$41.7 billion supporting fiscal year 2012 to \$43.5 billion for fiscal year 2013, which is a 4.3 percent increase.
- The fiscal year 2013 General Fund budget is \$914.1, which is a 2.7 percent increase from fiscal year 2012.
- The ratio of employees per 1,000 residents for the Primary Government of the County has decreased over the last 10 years, from 9.04 in fiscal year 2003 to 7.90 per 1,000 residents in fiscal year 2012.
- The population in the County has grown at an average annual rate of 3.3 percent over the past decade and the vast majority of those County residents are employed.
- The Virginia Employment Commission estimated the County's at-place employment (jobs located in the County) was 110 thousand during the first quarter of 2012.
- Throughout the past decade, the County's unemployment rates have mirrored the State and the U.S. rate trends. However, the County's rates have been at consistently lower levels. The County had an unemployment rate of 4.9 percent and a civilian labor force of 236 thousand as of June 2012, according to the Virginia Employment Commission. This represents a decrease in the unemployment rate from 5.3 in June 2011 and an increase in civilian labor force from 219 thousand in June 2011.
- The Census Bureau's 2011 American Community Survey indicates that the County's Median Household Income rose from \$66 thousand in 2000 to \$95 thousand in 2011.

The aforementioned factors were considered in preparing the County's budget for the 2013 fiscal year. Amounts available for appropriation in the General Fund budget are \$914, a 2.7 percent increase from the adopted 2012 budget. Real estate tax rates are slightly higher 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 2013 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 ASSETS**

As of June 30, 2012

With Comparative Totals for June 30, 2011

(amounts expressed in thousands)

**Exhibit 1**
**Page 1 of 2**

	Primary Government			
			Total	
	Governmental	Business-Type		
	Activities	Activities	2012	2011
ASSETS				
Equity in pooled cash and investments	\$ 675,958	13,462	689,420	679,591
Investments	18,833	-	18,833	20,835
Property taxes receivable, net	3,303	-	3,303	3,977
Investment in direct financing leases	24,330	-	24,330	26,980
Accounts receivable, net	9,311	144	9,455	11,904
Due from other governmental units	20,917	-	20,917	26,220
Internal balances	1,188	(1,188)	-	-
Due from primary government	-	-	-	-
Inventory	501	3,933	4,434	4,478
Deferred charges	23,838	-	23,838	16,872
Prepaid items	612	20	632	734
Deposits	-	-	-	-
Net Pension Asset	15	-	15	124
Restricted assets:				
Temporarily restricted:				
Restricted cash and temporary investments	23,014	13,259	36,273	42,750
Restricted investments	1,250	-	1,250	1,875
Capital assets:				
Land and construction in progress	106,733	20,117	126,850	122,425
Buildings and other capital assets, net of depreciation	295,546	11,188	306,734	299,021
Total assets	\$ 1,205,349	60,935	1,266,284	1,257,786
LIABILITIES				
Accounts payable	\$ 20,255	1,448	21,703	19,416
Wages and benefits payable	6,606	57	6,663	13,050
Deposits and escrows	37,684	-	37,684	36,359
Retainages	282	544	826	778
Accrued interest	15,225	31	15,256	16,078
Due to other governmental units	199	76	275	914
Due to component units	352	-	352	10,389
Unearned revenue	230,755	4,421	235,176	226,799
Noncurrent liabilities:				
Due within one year	80,624	6,912	87,536	87,204
Due in more than one year	906,357	8,349	914,706	937,759
Total liabilities	1,298,339	21,838	1,320,177	1,348,746
NET ASSETS/(DEFICIT)				
Invested in Capital Assets, net of related debt	332,231	28,301	360,532	337,442
Restricted for:				
Capital projects	21,633	-	21,633	26,798
Special levy districts	68,224	-	68,224	64,716
Other purposes	13,466	-	13,466	11,076
Unrestricted	(528,544)	10,796	(517,748)	(530,992)
Total net assets/(deficit)	\$ (92,990)	39,097	(53,893)	(90,960)

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

Component Units		Total Reporting Entity		
2012	2011	2012	2011	
260,536	262,642	949,956	942,233	<b>ASSETS</b>
-	-	18,833	20,835	Equity in pooled cash and investments
-	-	3,303	3,977	Investments
-	-	24,330	26,980	Property taxes receivable, net
2,282	2,168	11,737	14,072	Investment in direct financing leases
24,058	31,518	44,975	57,738	Accounts receivable, net
-	-	-	-	Due from other governmental units
352	10,389	352	10,389	Internal balances
3,275	3,087	7,709	7,565	Due from primary government
231	244	24,069	17,116	Inventory
1,563	2,727	2,195	3,461	Deferred charges
500	660	500	660	Prepaid items
-	-	15	124	Deposits
				Net Pension Asset
				Restricted assets:
				Temporarily restricted:
11,917	23,197	48,190	65,947	Restricted cash and temporary investments
-	-	1,250	1,875	Restricted investments
				Capital assets:
133,023	156,837	259,873	279,262	Land and construction in progress
1,079,128	1,018,820	1,385,862	1,317,841	Buildings and other capital assets, net of depreciation
1,516,865	1,512,289	2,783,149	2,770,075	Total assets
				<b>LIABILITIES</b>
12,413	19,503	34,116	38,919	Accounts payable
79,801	82,407	86,464	95,457	Wages and benefits payable
-	-	37,684	36,359	Deposits and escrows
2,289	4,961	3,115	5,739	Retainages
127	125	15,383	16,203	Accrued interest
188	264	463	1,178	Due to other governmental units
-	-	352	10,389	Due to component units
8,504	8,444	243,680	235,243	Unearned revenue
				Noncurrent liabilities:
19,532	18,514	107,068	105,718	Due within one year
37,483	37,648	952,189	975,407	Due in more than one year
160,337	171,866	1,480,514	1,520,612	Total liabilities
				<b>NET ASSETS/(DEFICIT)</b>
1,197,830	1,161,881	977,352 <sup>A</sup>	928,973	Invested in Capital Assets, net of related debt
				Restricted for:
11,917	23,197	21,633 <sup>A</sup>	26,798	Capital projects
-	-	68,224	64,716	Special levy districts
22,874	15,937	36,340	27,013	Other purposes
123,907	139,408	199,086 <sup>A</sup>	201,963	Unrestricted
1,356,528	1,340,423	1,302,635	1,249,463	Total net assets/(deficit)

<sup>A</sup> The sum of the columns does not equal the Total Reporting Entity column by a difference of \$592,927 because the debt related to the School Board Component Unit (\$559,497), the Park Authority Component Unit (\$7,555) and the ADC Component Unit (\$25,875) is reflected in the primary government's general governmental activities column reducing unrestricted net assets. The assets are reflected in the Component Unit column as Invested in Capital Assets, net of related debt. The Total Reporting Entity column matches the asset with the debt and reports the net amount on the Invested in Capital Assets, net of related debt line. The Invested in Capital Assets, net of related debt is increased by Schools, Parks and ADC unspent bond proceeds of \$11,917 with a corresponding decrease to the restricted capital projects.

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2012  
With Comparative Totals for the Year Ended June 30, 2011  
(amounts expressed in thousands)

Exhibit 2  
Page 1 of 2

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	
					Governmental	Business-Type
					Activities	Activities
Primary Government:						
Governmental activities:						
General government administration	\$ 40,151	597	2,249	121	(37,184)	-
Judicial administration	18,222	4,548	3,503	-	(10,171)	-
Public safety	215,366	11,105	7,009	9,820	(187,432)	-
Public works	55,538	5,054	2,104	11,999	(36,381)	-
Health and welfare	75,217	1,381	36,914	11	(36,911)	-
Education	406,022	-	-	-	(406,022)	-
Parks, recreational and cultural	39,816	578	483	51	(38,704)	-
Community development	52,318	15,234	26,211	15,014	4,141	-
Interest on long-term debt	43,178	-	-	-	(43,178)	-
Total governmental activities	945,828	38,497	78,473	37,016	(791,842)	-
Business-type activities:						
Landfill	16,734	17,213	-	57	-	536
Innovation Technology Park	48	990	-	-	-	942
Total business-type activities	16,782	18,203	-	57	-	1,478
Total primary government	\$ 962,610	56,700	78,473	37,073	(791,842)	1,478
Component Units:						
School Board	\$ 945,026	23,078	134,204	98	-	-
Adult Detention Center	39,719	473	10,190	-	-	-
Park Authority	31,110	14,136	-	421	-	-
Total component units	\$ 1,015,855	37,687	144,394	519	-	-
General revenues:						
Taxes:						
Real property				\$	526,885	-
Personal Property					78,338	-
Local sales					52,003	-
Consumers Utility					13,075	-
Business, professional and occupational license (BPOL)					21,725	-
Recordation					8,014	-
Motor vehicle licenses					7,591	-
Transient occupancy					3,274	-
Short term rental, bank stock, public utility gross receipts					3,080	-
Payment from primary government					-	-
Grants and contributions not restricted to specific programs:						
Federal revenue					66	-
State revenue					75,231	-
Local revenue					6,206	-
Investment earnings					20,222	513
Insurance claims and recoveries					66	-
Miscellaneous					10,348	794
Transfers					1,527	(1,527)
Total general revenues and transfers					827,651	(220)
Change in net assets/(deficit)					35,809	1,258
Net assets/(deficit) - beginning					(128,799)	37,839
Net assets/(deficit) - ending					\$ (92,990)	39,097

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



**Changes in Net Assets**

Government		Component		Total		Functions / Programs
Total		Units		Reporting Entity		
2012	2011	2012	2011	2012	2011	
						<b>Primary Government:</b>
						<b>Governmental activities:</b>
(37,184)	(43,847)	-	-	(37,184)	(43,847)	General government administration
(10,171)	(10,381)	-	-	(10,171)	(10,381)	Judicial administration
(187,432)	(171,213)	-	-	(187,432)	(171,213)	Public safety
(36,381)	(26,382)	-	-	(36,381)	(26,382)	Public works
(36,911)	(34,979)	-	-	(36,911)	(34,979)	Health and welfare
(406,022)	(367,115)	-	-	(406,022)	(367,115)	Education
(38,704)	(32,651)	-	-	(38,704)	(32,651)	Parks, recreational and cultural
4,141	4,410	-	-	4,141	4,410	Community development
(43,178)	(44,095)	-	-	(43,178)	(44,095)	Interest on long-term debt
(791,842)	(726,253)	-	-	(791,842)	(726,253)	Total governmental activities
536	1,958	-	-	536	1,958	<b>Business-type activities:</b>
942	(48)	-	-	942	(48)	Landfill
1,478	1,910	-	-	1,478	1,910	Innovation Technology Park
						Total business-type activities
(790,364)	(724,343)	-	-	(790,364)	(724,343)	<b>Total primary government</b>
-	-	(787,646)	(729,632)	(787,646)	(729,632)	<b>Component Units:</b>
-	-	(29,056)	(20,167)	(29,056)	(20,167)	School Board
-	-	(16,553)	(16,664)	(16,553)	(16,664)	Adult Detention Center
-	-	(833,255)	(766,463)	(833,255)	(766,463)	Park Authority
						<b>Total component units</b>
						General revenues:
						Taxes:
526,885	508,761	-	-	526,885	508,761	Real property
78,338	72,641	-	-	78,338	72,641	Personal Property
52,003	49,554	-	-	52,003	49,554	Local sales
13,075	13,190	-	-	13,075	13,190	Consumers Utility
21,725	20,965	-	-	21,725	20,965	Business, professional and occupational license (BPOL)
8,014	7,562	-	-	8,014	7,562	Recordation
7,591	7,504	-	-	7,591	7,504	Motor vehicle licenses
3,274	3,169	-	-	3,274	3,169	Transient occupancy
3,080	3,208	-	-	3,080	3,208	Short term rental, bank stock, public utility gross receipts
-	-	519,002	469,759	519,002	469,759	Payment from primary government
						Grants and contributions not restricted to specific programs:
66	54	1,379	10,818	1,445	10,872	Federal revenue
75,231	75,418	319,514	289,862	394,745	365,280	State revenue
6,206	6,950	3,310	5,581	9,516	12,531	Local revenue
20,735	12,097	3,408	4,358	24,143	16,455	Investment earnings
66	-	-	-	66	-	Insurance claims and recoveries
11,142	15,975	2,747	1,696	13,889	17,671	Miscellaneous
-	-	-	-	-	-	Transfers
827,431	797,048	849,360	782,074	1,676,791	1,579,122	Total general revenues and transfers
37,067	72,705	16,105	15,611	53,172	88,316	Change in net assets/(deficit)
(90,960)	(163,665)	1,340,423	1,324,812	1,249,463	1,161,147	Net assets/(deficit) - beginning
(53,893)	(90,960)	1,356,528	1,340,423	1,302,635	1,249,463	Net assets/(deficit) - ending

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA**
**Exhibit 3**
**GOVERNMENTAL FUNDS**
**Balance Sheet**

As of June 30, 2012

With Comparative Totals for June 30, 2011

(amounts expressed in thousands)

Amounts expressed in thousands

	Capital Projects						
		Streets	Other		Other		
	General	and Roads	Capital	Education	Governmental		
			Projects		Funds	2012	2011
ASSETS							
Equity in pooled cash and investments	\$ 411,022	36,928	53,126	-	81,197	582,273	608,663
Restricted cash and temporary investments	1,104	21,697	213	-	-	23,014	28,364
Property taxes receivable, net	3,303	-	-	-	-	3,303	3,977
Accounts receivable, net	5,109	666	260	-	379	6,414	8,958
Due from other funds	1,188	-	-	-	-	1,188	1,261
Due from other governmental units	18,515	2,059	-	-	341	20,915	25,696
Investment in direct financing leases	24,330	-	-	-	-	24,330	26,980
Inventory	229	-	-	-	-	229	224
Prepaid items	-	23	176	-	-	199	34
Total assets	\$ 464,800	61,373	53,775	-	81,917	661,865	704,157
LIABILITIES AND FUND BALANCE							
LIABILITIES:							
Accounts payable	\$ 10,722	4,715	966	-	1,718	18,121	16,032
Wages and benefits payable	6,167	-	-	-	299	6,466	12,542
Deposits and escrows	37,663	-	19	-	2	37,684	36,324
Due to other funds	186	-	-	-	-	186	5
Due to other governmental units	161	-	38	-	-	199	914
Retainages	5	239	38	-	-	282	398
Deferred revenue	20,815	-	-	-	-	20,815	23,219
Unearned revenue	225,839	-	-	-	2,330	228,169	219,909
Total liabilities	301,558	4,954	1,061	-	4,349	311,922	309,343
FUND BALANCES:							
Non-spendable	229	23	176	-	-	428	258
Restricted	1,274	21,501	132	-	77,568	100,475	101,340
Committed	90,209	34,895	52,406	-	-	177,510	223,224
Assigned	7,073	-	-	-	-	7,073	7,570
Unassigned	64,457	-	-	-	-	64,457	62,422
Total fund balances	163,242	56,419	52,714	-	77,568	349,943	394,814
Total liabilities and fund balances	\$ 464,800	61,373	53,775	-	81,917	661,865	704,157

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA****Exhibit 4****RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**

As of June 30, 2012

(amounts expressed in thousands)

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Fund balances--total governmental funds (Exhibit 3)	\$	349,943
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Amounts reported for governmental activities in the Statement of Net Assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$11,661 related to Internal Service Fund assets, which is included in Internal Service Fund net assets below.)	390,618
--	---------

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

Deferred revenues	20,815
Pension benefit asset	15

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 Assets.	104,786
--	---------

Interest on long-term debt is not accrued in governmental funds, but rather, is recognized as an expenditure when due.	(15,225)
--	----------

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):

Bonds payable	153,168
School bonds payable	556,747
Literary loans payable	2,750
Capital lease obligations	172,397
Compensated absences (excludes \$1,007 for Internal Service Fund)	26,291
Operating settlement - Schools	327
Deferred charge - underwriters' discount on bonds	(3,929)
Deferred charge on refunding	(19,909)
Premium on bonds issued	56,100
Total long-term liabilities	<u>(943,942)</u>

Net assets/(deficit) of governmental activities	<u>\$</u>	<u>(92,990)</u>
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The accompanying notes to the financial statements are an integral part of this statement.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Exhibit 5

**GOVERNMENTAL FUNDS**
**Statement of Revenues, Expenditures and Changes in Fund Balances**

For the Year Ended June 30, 2012

With Comparative Totals for the Year Ended June 30, 2011

(amounts expressed in thousands)

	Capital Projects					Other Governmental Funds	Total	
	General	Streets and Roads	Other Capital Projects	Education	Total Governmental Funds		2012	2011
<b>REVENUES:</b>								
General property taxes	\$	571,422	-	-	-	34,474	605,896	583,220
Other local taxes		108,762	-	-	-	-	108,762	105,152
Permits, privilege fees and regulatory licenses		2,073	-	-	-	11,763	13,836	11,495
Fines and forfeitures		3,435	-	-	-	-	3,435	3,241
From use of money and property		9,716	58	2,234	-	1,862	13,870	7,547
Charges for services		12,727	-	-	-	8,499	21,226	13,972
Intergovernmental revenues:								
Federal		20,554	4,264	215	-	25,953	50,986	62,154
State		115,910	6,855	154	-	30	122,949	126,233
Local		6,206	40	415	-	-	6,661	8,473
Donations and contributions		-	109	31	-	2	142	70
Miscellaneous		8,616	723	-	-	867	10,206	15,706
Total revenues		859,421	12,049	3,049	-	83,450	957,969	937,263
<b>EXPENDITURES:</b>								
Current:								
General government administration		38,897	-	-	-	-	38,897	35,296
Judicial administration		17,593	-	-	-	-	17,593	17,505
Public safety		183,210	-	-	-	27,251	210,461	198,402
Public works		30,265	-	-	-	143	30,408	27,736
Health and welfare		75,014	-	-	-	-	75,014	76,896
Education		366,960	-	430	48,681	-	416,071	361,447
Parks, recreational and cultural		28,357	1,000	6,444	-	-	35,801	29,849
Community development		5,521	-	-	-	41,759	47,280	45,183
Debt service:								
Principal retirement		74,673	-	-	-	87	74,760	66,811
Interest and other debt costs		42,777	-	-	-	26	42,803	43,817
Capital outlays		-	24,948	8,335	-	-	33,283	26,914
Total expenditures		863,267	25,948	15,209	48,681	69,266	1,022,371	929,856
Excess (deficiency) of revenues over (under) expenditures								
		(3,846)	(13,899)	(12,160)	(48,681)	14,184	(64,402)	7,407
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in		22,287	13,934	14,545	-	8,273	59,039	32,677
Transfers out		(41,144)	(63)	(29,608)	-	(18,092)	(88,907)	(32,486)
Bonds, notes and capital leases		-	-	-	46,445	-	46,445	29,085
Proceeds from refunding bonds		51,585	-	-	-	-	51,585	82,410
Premium on sale of bonds		-	-	-	2,236	-	2,236	1,069
Premium on refunding of bonds		9,690	-	-	-	-	9,690	9,757
Payment to refunded bond escrow agent		(60,921)	-	-	-	-	(60,921)	(91,667)
Insurance claims and recoveries		66	-	-	-	-	66	-
Sale of surplus property		129	139	-	-	30	298	188
Total other financing sources (uses)		(18,308)	14,010	(15,063)	48,681	(9,789)	19,531	31,033
Net change in fund balances								
		(22,154)	111	(27,223)	-	4,395	(44,871)	38,440
<b>FUND BALANCE, beginning of year</b>								
		185,396	56,308	79,937	-	73,173	394,814	356,374
<b>FUND BALANCE, end of year</b>								
	\$	163,242	56,419	52,714	-	77,568	349,943	394,814

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

COUNTY OF PRINCE WILLIAM, VIRGINIA

Exhibit 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012  
(amounts expressed in thousands)

Net change in fund balances--total governmental funds (Exhibit 5)		\$	(44,871)
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	10,531		
Add receipt of donated land and infrastructure assets	15,025		
Add donated equipment for Public Safety	1,143		
Add donated equipment for Parks, Recreational & Cultural	51		
Add donated equipment for Public Works	56		
Add donated equipment for General Government Administration	38		
Subtract depreciation (excludes \$1,825 related to Internal Service Fund assets included in Internal Service Fund net assets below)	(16,217)	10,627	
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 assets differs from the change in fund balance by the net book value of the capital assets sold.			
			(1,412)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:			
Add amortized premium		4,604	
Add current year's deferred revenue related to financing activities and uncollectible tax billings (Note 4)	20,815		
Subtract prior year's deferred revenue related to financing activities and uncollectible tax billings	(23,219)	(2,404)	
Add current year's pension benefit asset	15		
Subtract prior year's pension benefit asset	(124)	(109)	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets (Note 11): Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.			
Add debt principal repayment	74,760		
Add payment to escrow agent for refunding	60,921		
Subtract debt proceeds	(98,030)		
Subtract premium on debt	(11,926)		
Add underwriter's discount-deferred charge	790	26,515	
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 deferred charge			(1,970)
Add prior year operating settlement - School Board	10,376		
Subtract current year operating settlement - School Board	(327)	10,049	
Add prior year's compensated absences liability (excludes \$927 for Internal Service Fund)	24,573		
Subtract current year's compensated absences liability (excludes \$1,007 for Internal Service Fund)	(26,291)	(1,718)	
Add prior year's accrued interest liability	16,030		
Subtract current year's accrued interest liability	(15,225)	805	
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 assets		35,693	
Change in net assets of governmental activities		\$	35,809

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA**
**Exhibit 7**
**PROPRIETARY FUNDS**
**Statement of Fund Net Assets**

As of June 30, 2012

(amounts expressed in thousands)

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
		<b>Innovation Technology</b>		
	<b>Landfill</b>	<b>Park</b>	<b>Totals</b>	
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and investments	\$ 9,874	3,588	13,462	93,685
Restricted cash and temporary investments	13,259	-	13,259	-
Investments	-	-	-	18,833
Accounts receivable, net	136	8	144	2,897
Due from other governmental units	-	-	-	2
Due from other funds	-	-	-	186
Inventory	11	3,922	3,933	272
Prepays	20	-	20	413
Total current assets	23,300	7,518	30,818	116,288
Non-current assets:				
Restricted investments	-	-	-	1,250
Capital assets:				
Land and construction in progress	19,033	1,084	20,117	5,992
Buildings and other capital assets, net of depreciation	11,188	-	11,188	5,669
Total non-current assets	30,221	1,084	31,305	12,911
Total assets	53,521	8,602	62,123	129,199
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,447	1	1,448	2,134
Wages and benefits payable	57	-	57	140
Retainages	544	-	544	-
Accrued interest	31	-	31	-
Unpaid losses, related liabilities and IBNR	-	-	-	5,063
Due to other governmental units	76	-	76	-
Due to other funds	1,188	-	1,188	-
Due to component units	-	-	-	25
Unearned revenue	4,421	-	4,421	2,586
Current portion of surplus distribution payable	-	-	-	340
Current portion of bonds payable	1,414	-	1,414	-
Current accrued closure liability	5,480	-	5,480	-
Compensated absences	18	-	18	46
Total current liabilities	14,676	1	14,677	10,334
Non-current liabilities:				
Accrued closure liability	6,381	-	6,381	-
Unpaid losses, related liabilities and IBNR	-	-	-	12,314
Surplus distribution payable	-	-	-	804
Bonds payable, net of current portion	1,590	-	1,590	-
Compensated absences	378	-	378	961
Total non-current liabilities	8,349	-	8,349	14,079
Total liabilities	23,025	1	23,026	24,413
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	27,217	1,084	28,301	11,661
Restricted for self-insurance funds	-	-	-	2,848
Unrestricted	3,279	7,517	10,796	90,277
Total net assets	\$ 30,496	8,601	39,097	104,786

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA**
**Exhibit 8**
**PROPRIETARY FUNDS**
**Statement of Revenues, Expenses and Changes in Fund Net Assets**

For the Year Ended June 30, 2012

(amounts expressed in thousands)

		Innovation Technology Park	Totals	Governmental Activities - Internal Service Funds
	Landfill			
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 17,213	12	17,225	68,039
Sale of land	-	978	978	-
Intergovernmental revenues:				
Federal	-	-	-	393
State	57	-	57	-
Miscellaneous	794	-	794	2,884
Total operating revenues	18,064	990	19,054	71,316
<b>OPERATING EXPENSES:</b>				
Personal services	4,056	-	4,056	8,476
Contractual services	3,381	12	3,393	11,117
Materials/supplies	3,034	1	3,035	5,925
Depreciation	4,388	-	4,388	1,825
Closure expense	1,503	-	1,503	-
Other	33	35	68	902
Claims and premiums	-	-	-	31,973
OPEB cost	-	-	-	5,060
Losses and loss adjustment expenses	-	-	-	3,523
Total operating expenses	16,395	48	16,443	68,801
Operating income	1,669	942	2,611	2,515
<b>NON-OPERATING REVENUES/(EXPENSES):</b>				
Interest income	444	69	513	1,748
Interest and other debt costs	(251)	-	(251)	-
Loss on sale of capital assets	(125)	-	(125)	(48)
Total non-operating revenues/(expenses)	68	69	137	1,700
Income/(loss) before transfers and capital contributions	1,737	1,011	2,748	4,215
<b>TRANSFERS:</b>				
Transfers in:				
General fund	100	-	100	9,562
Special revenue funds	-	-	-	4,045
Capital projects funds	-	-	-	18,000
Transfers out:				
General fund	(1,627)	-	(1,627)	(164)
Special revenue funds	-	-	-	(5)
Capital projects funds	-	-	-	(43)
Total transfers	(1,527)	-	(1,527)	31,395
Capital contributions	37	-	37	83
Change in net assets	247	1,011	1,258	35,693
<b>NET ASSETS, beginning</b>	30,249	7,590	37,839	69,093
<b>NET ASSETS, ending</b>	\$ 30,496	8,601	39,097	104,786

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA**
**PROPRIETARY FUNDS**
**Statement of Cash Flows**

For the Year Ended June 30, 2012

(amounts expressed in thousands)

Exhibit 9

Page 1 of 2

	Innovation Technology			Governmental Activities - Internal Service Funds
	Landfill	Park	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 18,012	11	18,023	-
Cash received from County agencies	20	-	20	52,607
Cash received from employees	-	-	-	11,031
Cash received from other entities	57	1,010	1,067	4,568
Payments for claims and premiums	-	-	-	(36,548)
Payments to suppliers for goods and services	(6,352)	(48)	(6,400)	(17,475)
Payments to employees for services	(4,126)	-	(4,126)	(8,606)
Payments of closure expenses	(2,853)	-	(2,853)	-
Net cash provided (used) by operating activities	4,758	973	5,731	5,577
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Surplus distributions paid	-	-	-	(137)
Transfers in	100	-	100	31,607
Transfers out	(1,627)	-	(1,627)	(212)
Net cash provided (used) by non-capital financing activities	(1,527)	-	(1,527)	31,258
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(3,111)	-	(3,111)	(6,135)
Proceeds from the sale of capital assets	46	-	46	17
Principal paid on bonds, leases, and other debt	(1,470)	-	(1,470)	-
Interest paid on bonds, leases, and other debt	(226)	-	(226)	-
Net cash provided (used) by capital and related financing activities	(4,761)	-	(4,761)	(6,118)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from maturities of investments	625	-	625	28,402
Purchases of investments	-	-	-	(26,335)
Interest and dividends received on investments	462	70	532	1,708
Net cash provided (used) by investing activities	1,087	70	1,157	3,775
Net increase (decrease) in cash and cash equivalents	(443)	1,043	600	34,492
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	23,576	2,545	26,121	59,193
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 23,133	3,588	26,721	93,685

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



**COUNTY OF PRINCE WILLIAM, VIRGINIA**
**PROPRIETARY FUNDS**
**Statement of Cash Flows**

For the Year Ended June 30, 2012

(amounts expressed in thousands)

Exhibit 9

Page 2 of 2

	Landfill	Innovation Technology Park	Totals	Governmental Activities - Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income	\$ 1,669	942	2,611	2,515
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	4,388	-	4,388	1,825
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable, net of accrued interest	50	-	50	(839)
Due from other governmental units	93	-	93	429
Due from other funds	-	-	-	(180)
Inventory	-	66	66	(17)
Prepaid items	-	-	-	261
Increase (decrease) in:				
Accounts payable and accrued liabilities, net of accrued interest	1,187	(35)	1,152	534
Retainages	164	-	164	-
Unpaid losses and related expenses	-	-	-	887
Accrued closure liability	(2,853)	-	(2,853)	-
Due to other governmental units	76	-	76	-
Unearned revenue	(16)	-	(16)	133
Due to related parties	-	-	-	29
Total adjustments	3,089	31	3,120	3,062
Net cash provided (used) by operating activities	\$ 4,758	973	5,731	5,577
<b>NON-CASH CAPITAL AND FINANCING ACTIVITIES:</b>				
Capital contributions	\$ 37	-	37	423
Change in fair value of investments	-	-	-	66
Total non-cash capital and financing activities	\$ 37	-	37	489

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA****Exhibit 10****FIDUCIARY FUNDS****Statement of Fiduciary Net Assets**

As of June 30, 2012

(amounts expressed in thousands)

	Pension Trust Fund Supplemental Retirement	Other Post- Employment Benefits (OPEB) Master Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ -	-	951	560
Restricted cash	19	2	-	-
Restricted Investments	26,468	31,386	-	-
Accounts receivable, net	-	-	38	-
Prepaid items	-	-	47	-
Total assets	26,487	31,388	1,036	560
<b>LIABILITIES</b>				
Accounts payable	-	2,588	5	-
Deposits and escrows	-	-	-	560
Total liabilities	-	2,588	5	560
<b>NET ASSETS</b>				
Held in trust for pension benefits	26,487	-	-	-
Held in trust for OPEB benefits	-	28,800	-	-
Held in trust for other purposes	-	-	1,031	-
Total net assets	\$ 26,487	28,800	1,031	-

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

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

**Exhibit 11**

**Statement of Changes in Fiduciary Net Assets**

For the Year Ended June 30, 2012

(amounts expressed in thousands)

	Pension Trust Fund Supplemental Retirement	Other Post- Employment Benefits (OPEB) Master Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Member	\$ 909	7,567	85
Employer	909	-	-
Total contributions	1,818	7,567	85
Donations	-	-	114
Charges for services	-	-	2
Investment income:			
Interest and dividends	649	701	21
Net appreciation in fair value of investments	(1,165)	680	-
Total investment income	(516)	1,381	21
Less investment expense	43	-	-
Net investment income	(559)	1,381	21
Total additions	1,259	8,948	222
<b>DEDUCTIONS</b>			
Pension/post-employment benefit payments	1,742	2,627	-
Refund of members' contributions	78	-	-
Administrative expenses	92	-	390
Total deductions	1,912	2,627	390
Change in net assets	(653)	6,321	(168)
<b>NET ASSETS, beginning of year</b>	27,140	22,479	1,199
<b>NET ASSETS, end of year</b>	\$ 26,487	28,800	1,031

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

**COUNTY OF PRINCE WILLIAM, VIRGINIA**
**Exhibit 12**
**COMPONENT UNITS**
**Combining Statement of Net Assets**

As of June 30, 2012

With Comparative Totals for June 30, 2011

(amounts expressed in thousands)

	School Board	Adult Detention Center	Park Authority	2012	2011
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 224,788	19,533	16,215	260,536	262,642
Accounts receivable, net	2,002	14	266	2,282	2,168
Due from other governmental units	23,268	790	-	24,058	31,518
Due from primary government	327	25	-	352	10,389
Inventory	3,208	-	67	3,275	3,087
Deferred charge	-	-	231	231	244
Prepays	1,511	-	52	1,563	2,727
Deposits	500	-	-	500	660
Restricted assets:					
Restricted cash and temporary investments	11,917	-	-	11,917	23,197
Capital assets:					
Land and construction in progress	108,664	31	24,328	133,023	156,837
Buildings and other capital assets, net of depreciation	968,503	72,261	38,364	1,079,128	1,018,820
Total assets	1,344,688	92,654	79,523	1,516,865	1,512,289
<b>LIABILITIES</b>					
Accounts payable	10,581	558	1,274	12,413	19,503
Wages and benefits payable	78,714	407	680	79,801	82,407
Retainages	2,289	-	-	2,289	4,961
Accrued interest	-	-	127	127	125
Due to other governmental units	188	-	-	188	264
Unearned revenue	7,385	-	1,119	8,504	8,444
Noncurrent liabilities:					
Due within one year	18,055	118	1,359	19,532	18,514
Due in more than one year	20,638	2,911	13,934	37,483	37,648
Total liabilities	137,850	3,994	18,493	160,337	171,866
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	1,077,167	72,292	48,371	1,197,830	1,161,881
Restricted for:					
Capital projects	11,917	-	-	11,917	23,197
Other purposes	22,874	-	-	22,874	15,937
Unrestricted	94,880	16,368	12,659	123,907	139,408
Total net assets	\$ 1,206,838	88,660	61,030	1,356,528	1,340,423

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



**COUNTY OF PRINCE WILLIAM, VIRGINIA**  
**COMPONENT UNITS**  
**Combining Statement of Activities**  
For the Year Ended June 30, 2012  
With Comparative Totals for the Year Ended June 30, 2011  
(amounts expressed in thousands)

**Exhibit 13**  
**Page 1 of 2**

Functions / Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board
School Board					
Instruction	\$ 632,869	2,879	113,756	98	(516,136)
Support Services	311,649	19,809	20,448	-	(271,392)
School Age Child Care	508	390	-	-	(118)
Adult Detention Center	39,719	473	10,190	-	-
Park Authority	31,110	14,136	-	421	-
<b>Total component units</b>	<b>\$ 1,015,855</b>	<b>37,687</b>	<b>144,394</b>	<b>519</b>	<b>(787,646)</b>
General revenues:					
Payment from primary government				\$ 474,783	
Federal revenue				1,379	
State revenue				319,514	
Local revenue				-	
Investment earnings				3,063	
Miscellaneous				2,655	
Total general revenues				801,394	
Change in net assets				13,748	
Net assets - beginning				1,193,090	
Net assets - ending				\$ 1,206,838	

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

<b>Revenue and Changes in Net Assets</b>					
<b>Adult Detention Center</b>	<b>Park Authority</b>	<b>Totals</b>		<b>Functions / Programs</b>	
		<b>2012</b>	<b>2011</b>		
-	-	(516,136)	(472,961)	School Board	
-	-	(271,392)	(257,298)	Instruction	
-	-	(118)	627	Support Services	
(29,056)	-	(29,056)	(20,167)	School Age Child Care	
-	(16,553)	(16,553)	(16,664)	Adult Detention Center	
				Park Authority	
(29,056)	(16,553)	(833,255)	(766,463)	<b>Total component units</b>	
21,751	22,468	519,002	469,759	General revenues:	
-	-	1,379	10,818	Payment from primary government	
-	-	319,514	289,862	Federal revenue	
3,310	-	3,310	5,581	State revenue	
221	124	3,408	4,358	Local revenue	
92	-	2,747	1,696	Investment earnings	
25,374	22,592	849,360	782,074	Miscellaneous	
				Total general revenues	
(3,682)	6,039	16,105	15,611	Change in net assets	
92,342	54,991	1,340,423	1,324,812	Net assets - beginning	
88,660	61,030	1,356,528	1,340,423	Net assets - ending	

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





**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**  
(amounts expressed in thousands)

**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, 2012.

**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 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**

<b>Potential Component Unit</b>	<b>Description of Activities and Relationship to the County</b>	<b>Inclusion Criteria</b>	<b>Reporting Method</b>
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 County 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
Park Authority	Established by Board resolution. Acquire, develop, maintain and operate park and recreation areas according to Authority and Board comprehensive plans.	Majority of Board is appointed by County; Financial benefit/burden relationship exists; Authority provides services to the County.	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 does not provide 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 2 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
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
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

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

<b>Potential Component Unit</b>	<b>Description of Activities and Relationship to the County</b>	<b>Inclusion Criteria</b>	<b>Reporting Method</b>
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
Prince William County/Manassas Convention and 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.	None	Related Organization
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 (NVCJTA) (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 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 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 Park Authority, 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 Park Authority's Finance Division, 14420 Bristow Road, Manassas, Virginia 20112.

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

All accounts of the County and its component units are reported as of and for the year ended June 30, 2012.

## **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 assets and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The focus of the government-wide financial statements is more on sustainability of the 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 interfund 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 assets, the governmental and business-type activities columns are presented on a consolidated basis by column and are presented using the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets as well as long-term debt and obligations. Interfund balances between governmental funds and interfund balances between proprietary funds are not included in the government-wide statement of net assets.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given functional category (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 meeting 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, 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 nonmajor 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. As certain of the County's enterprise funds use the services of the internal service funds, reconciliations are presented which briefly explain the adjustments necessary to reconcile the proprietary fund financial statements to 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 (pension trust funds, 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 upon the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the 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 stormwater 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.

#### *Proprietary Funds:*

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

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, Park Authority, and Adult Detention Center, and one that provides health insurance for eligible participating County employees. The effect of interfund 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. Interfund services that are provided and used are not eliminated in the process of consolidation.
- Pension trust fund – The County accounts for a defined benefit trust to provide supplemental retirement benefits to uniformed police officers and fire fighters.
- 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.
- 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 revenues. 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, 5, 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. Prior to May 1, the budget is legally adopted by the Board.

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 carryovers 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 carryovers 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 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.

#### **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, the Community Services Board Payee Accounts, and the Park Authority Component Unit. 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**

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 an expenditure at the time individual inventory items are consumed. Reported inventories for governmental funds are offset equally by a non-spendable fund balance which indicate they do not constitute available expendable resources, even though they are a component of assets.

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

Noncurrent portions of long-term interfund loans receivable (reported in due from asset accounts) and amounts due from other governments are equally offset by a non-spendable 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 assets. 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, the Adult Detention Center Component Unit, and the Park Authority 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 Park Authority 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 assets 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 \$176 million in infrastructure capitalized at June 30, 2012, approximately \$127 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. \$33 million of intangible software capitalized at June 30, 2012 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 Park Authority 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. 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 not 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.

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

## M. Leases

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



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

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

#### **O. Reclassifications**

Comparative total data 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 reclassified in order to be consistent with the current year's presentation.

#### **P. Comparative Information**

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. Accordingly, such information should be read in conjunction with the County's statements for the year ended June 30, 2011, from which the summarized information was derived.

#### **Q. Governmental Accounting Standards Board ("GASB") Pronouncements**

The County was not required to implement any GASB pronouncements during the fiscal year ended June 30, 2012.

The GASB has issued the following statements with effective implementation dates later than June 30, 2012. The statements deemed to have a future impact on the County are as follows:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* - This statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* - This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

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. 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 nonemployer governments that have a legal obligation to contribute to those plans.

The GASB has issued the following statements with effective implementation dates later than June 30, 2012. The statements expected to have limited or no future impact on the County are as follows:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* - This statement improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor

conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53* - This statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

#### **R. Subsequent Events**

The County has evaluated subsequent events (events occurring after June 30, 2012 through November 29, 2012) 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 Disclosures Act (the Act), Sec. 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. If any member bank fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral were inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the collateral pool. Collateral is not specifically identified as security for any one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. With the ability to make additional assessments, the multiple bank collateral pool functions similar to depository insurance. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. 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* Sec. 2.2-4501 through 2.2-4513 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, negotiable bank notes and corporate notes rated AA or better by Standard & Poor's, Inc. and Aa or better by Moody's Investors Service, Inc; banker's acceptances; overnight, term and open repurchase agreements; money market mutual funds; the State Treasurer's Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP). However, in some instances, the County's own investment policy is more stringent as to authorized investments as discussed below.

Certain bond covenants require that the County's bond proceeds be invested in accordance with the *Code of Virginia* requirements or the County's own investment policy or as specified in the bond covenants themselves.

The County invests in an externally managed investment pool, the LGIP, which is not SEC-registered. Pursuant to Sec. 2.1-234.7 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings, and the fair value of the position in the LGIP is the same as the value of the pool shares. Investments authorized for the LGIP are the same as those authorized for local governments in Sec. 2.2-4501 thru-2.2-4513 of the *Code of Virginia*.

In accordance with State Corporation Commission of Virginia (SCC) Regulations for the licensing of the Prince William County Self-Insurance Group Workers' Compensation Association and Casualty Pool, the Association and the Pool are required to deposit securities with the State Treasurer. As of June 30, 2012, the Self-Insurance Workers' Compensation Association had \$1,002, at fair value, in a Federal National Mortgage Association bond 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, 2012, the Casualty Pool had \$801, 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 State Corporation Commission. 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, 2012.

Illustration 2-1 Fair Value and Weighted Average Maturity of Investments at June 30, 2012		
	Fair Value	Weighted Average Maturity (Years)
<b>PRIMARY GOVERNMENT, SCHOOL BOARD, ADC, AND PARK AUTHORITY</b>		
Money Markets and Money Market Mutual Funds:		
Local Government Investment Pool (LGIP)	\$ 106,046	0.003
State Non-Arbitrage Program(SNAP)	33,550	0.003
PFM Asset Management	156,248	0.003
Other Money Markets and Money Market Mutual Funds	7,246	0.003
NOW Accounts	77,362	0.003
Certificate of Deposits	45,138	0.293
U.S. Government Agency Securities	306,173	7.340
Negotiable Certificate of Deposits	10,000	0.318
Corporate Bonds	167,669	3.023
Municipal Bonds	73,663	6.447
Commercial Paper	34,896	0.414
Total Reporting Entity Investments	\$ <u>1,017,991</u>	3.203

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 Certificates of Deposits from banks with a rating of at least A-1 by Standards & Poor's and P-1 by Moody's Investor's Services for maturities of one year or less. 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 F1 or by their corporate successors, provided that at the time of any such investment the issuing corporation has a net worth of at least \$50,000 and the net income of the issuing corporation has averaged \$3,000 per year for the previous five years and all existing senior bonded indebtedness of the issuer is rated AAA or its equivalent by at least two of the following: Moody's Investor's Services, Standard & Poor's or Fitch Investor's Services; and domestic and foreign banker's acceptances provided that the bank's assets exceed \$500,000 or \$1,000,000, 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 PWSIG 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; negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of not lower than 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 rating of not lower than Aaa by Moody's Investor's Service and AAA by Standard & Poor's; commercial paper issued by domestic corporations rated not lower than P-1 by Moody's Investor's Services and A-1 by Standard & Poors; short-term corporate notes of domestic corporations with a minimum rating of Aaa by Moody's Investor's Services and AAA by Standard & Poor's or short-term ratings of P-1 and A-1 respectively; all money market, mutual funds or the LGIP with a minimum credit rating of AAA by at least one nationally recognized statistical rating organization and all GSEs with a minimum 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, Negotiable Certificates of Deposit, Corporate Bonds, Municipal Bonds, and Commercial Paper. The County's investment ratings as of June 30, 2012 are presented in Illustration 2-2.

Illustration 2-2 County, School Board, ADC, and Park Authority Investment Credit Risk at June 30, 2012		
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	10.42%
State Non-Arbitrage Program(SNAP)	AAA	3.30%
PFM Asset management	AAA	15.35%
Other Money Markets and Money Market Mutual Funds	AAA	0.71%
NOW Accounts	Not applicable	7.60%
Certificate of Deposits	Not applicable	4.43%
U.S. Government Agency Securities:		
FNMA, FHLB, FFCB and FHLMC Agency Notes	AA+ or Higher	30.07%
Negotiable Certificate of Deposits	A1/P1	0.98%
Corporate Bonds:	BBB+ or Higher	16.47%
Municipal Bonds:	AA or Higher	7.24%
Commercial Paper	A1/P1	3.43%
		<u>100.00%</u>

**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 Section 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: 35% for "prime quality" commercial paper (not to exceed 5% in the debt of any one issuer); 20% for corporate notes (not to exceed 5% for any one issuer); 40% for banker's acceptances (not to exceed 5% for any one issuer); 10% for U.S. Treasury Certificates; 40% for certificates of deposit (not to exceed 15% for any one issuer); 100% for U.S. Agency Obligations (not to exceed 25% for any one agency); 60% for money market funds (not to exceed 20% in any one money market fund); 30% for repurchase agreements (not to exceed 30% with the County's primary bank and 10% with any other institution/dealer) and up to 100% for U.S. Government Obligations (not to exceed 25% for any one issuer).

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% for repurchase agreements (not to exceed 20% per issuer); 80% for money market funds (not to exceed 40% per money market fund); 40% for bankers acceptances; negotiable certificates of deposit and/or negotiable bank deposit notes; 35% for commercial paper; 5% for non-negotiable certificates of deposit and 25% for corporate notes.

More than 5% of the County's and PWSIG's combined investments are in Federal Farm Credit Banks (FFCB) 6.20%, Federal Home Loan Bank (FHLB) 10.48%, and Federal National Mortgage Association (FNMA) 7.04%.

Corporate bond purchases made were within policy guidelines at the time of purchase. The rating of BBVA U.S. Senior fell below guidelines during the fiscal year 2012.

#### Supplemental Retirement Plan Investments

Section 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, 2012. 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, 2012		
	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
<b>Supplemental Retirement Plan Pension Trust Fund:</b>		
Money Market Mutual Funds	\$ 55	0.876 (a)
Bond Mutual Funds		
PIMCO Total Return Fund	\$ 4,640	4.82 (b)
Brandywine Global Bond Fund	4,312	6.45 (b)
Total Bond Mutual Funds	<u>8,952</u>	
Equity Mutual Funds	<u>17,461</u>	Not applicable
Total Supplemental Retirement Plan Pension Trust Fund Investments	<u>\$ 26,468</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 made investments in money market, hedge, bond and equity mutual funds.

The Supplemental Retirement Plan's investments' rating as of June 30, 2012 is presented in Illustration 2-4.

Illustration 2-4 Supplemental Retirement Plan Credit Risk at June 30, 2012		
Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Supplemental Retirement Plan Pension Trust Fund Investments:		
Money Market Mutual Funds	AAA	0.21%
Bond Funds		
PIMCO Total Return Fund	AA	17.53%
Brandywine Global Bond Fund	AA-	16.29%
Equity Mutual Funds	Not rated	65.97%
		<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.

Permissible asset classes, shown with target investment percentages, include: domestic small-capitalization equity (8.75%); domestic large-capitalization value equity (1.25%); domestic large-growth equity (5%); domestic large-quality equity (5%); international large-mid-capitalization equity (19.5%); international small-capitalization equity (2%); international emerging markets equity (4.5%); private equity/special situations (5%); domestic fixed income (15%); global fixed income (10%); hedge funds (10%); domestic inflation protected securities (6%); Real Assets (8%). For Domestic Equity, International Equity & 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 & 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. At June 30, 2012, the Supplemental Retirement Plan's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2012 is shown in Illustration 2-7.

#### Other Post Employment Benefits (OPEB) Master Trust Investments

The County has appointed a Finance Board pursuant to Virginia Code Section 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 will have authority to implement the investment policy and guidelines in the best interest of the Trust to best satisfy the purposes of the Trust.

Section 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 2-5 reflects the fair value of the County's Other Post Employment Benefits Master Trust fixed income investments as of June 30, 2012. 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 2-5**  
**Other Post Employment Benefits Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2012**

	Fair Value	Weighted-Average Maturity
<b>Other Post Employment Benefits Master Trust Fund:</b>		
Local Government Investment Pool (LGIP)	\$ 10,026	0.088(a)
Money Market Mutual Funds	86	0.876(a)
Domestic Equity Funds	6,183	Not applicable
International Equity Funds	3,159	Not applicable
Other Equity Funds	1,795	Not applicable
Bond Funds		
PIMCO Total Return	\$ 2,624	4.82(b)
Metropolitan West Total Return	2,622	4.12(b)
Vanguard Intermediate-Term	545	5.40(b)
AllianceBernstein High Income	507	3.79(b)
TCW Emerging Markets Income	543	6.40(b)
Vanguard Short Term Bond Index	292	2.70(b)
Total Bond Funds	7,133	
Corporate Bonds	1,510	3.365(a)
Commercial Paper	1,494	0.726(a)
	<hr/>	
Total Other Post Employment Benefits Trust Fund Investments	\$ 31,386	

The Other Post Employment Benefits Master Trust's rating and credit exposure as of June 30, 2012 is shown in Illustration 2-6.

**Illustration 2-6**  
**Other Post Employment Benefits Master Trust (OPEB) Credit Risk at June 30, 2012**

Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
<b>Other Post Employment Benefits Master Trust Fund Investments:</b>		
Local Government Investment Pool (LGIP)	AAA	31.94%
Money Market Mutual Funds	AAA	0.27%
Domestic Equity Funds	Not rated	19.70%
International Equity Funds	Not rated	10.07%
Other Equity Funds	Not rated	5.72%
Bond Funds		
PIMCO Total Return	AA	8.36%
Metropolitan West Total Return	AA	8.35%
Vanguard Intermediate-Term	A	1.74%
AllianceBernstein High Income	BB	1.62%
TCW Emerging Markets Income	BBB	1.73%
Vanguard Short Term Bond Index	AAA	0.93%
Corporate Bonds	AA- or Higher	4.81%
Commercial Paper	A1/P1	4.76%
		<hr/>
		100.00%

#### Concentration of credit risk:

Permissible asset classes, shown with target investment percentages, include: domestic equity (32%); international equity (20%); REIT (5%); inflation hedged (5%); fixed income (38%). 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, 2012. 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, 2012, 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 total cash and investments to the entity-wide financial statements at June 30, 2012 is shown in Illustration 2-7.

Illustration 2-7 Reconciliation of Cash and Investments to Entity-Wide Financial Statements at June 30, 2012					
Total Primary Government and Component Units				\$	1,017,991
Supplemental Retirement System Pension Trust Fund					26,468
Other Post Employment Benefits Master Trust					31,386
Total Investments					1,075,845
Add: Cash on Hand					6,342
Deposits					5,340
Total Cash and Investments					1,087,527
Less: Supplemental Retirement System Pension Trust Fund's cash and investments					(26,487)
Other Post Employment Benefits Master Trust (OPEB) cash and investments					(31,388)
Private Purpose Trust Funds					(951)
Agency Funds' equity in pooled cash and investments					(560)
School Board Agency Funds' cash and investments					(9,912)
Total Reporting Entity Cash and Investments				\$	1,018,229
	Governmental Activities	Business- Type Activities	Total	Component Units	Total Reporting Entity
Primary Government:					
Equity in Pooled Cash and Investments	\$ 675,958	13,462	689,420	260,536	949,956
Investments	18,833	--	18,833	--	18,833
Restricted Cash and Temporary Investments	23,014	13,259	36,273	11,917	48,190
Restricted Investments	1,250	--	1,250	--	1,250
Total Cash and Investments	\$ 719,055	26,721	745,776	272,453	1,018,229



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 2-8.

Illustration 2-8 Restricted Cash and Investments at June 30, 2012			
	Restricted Cash & Temporary Investments		Restricted Investments
<b>PRIMARY GOVERNMENT</b>			
<b>General Fund:</b>			
IDA Lease Revenue Bonds	\$	1,099	\$ --
Retainages		5	--
Total General Fund		1,104	--
<b>Capital Projects Funds:</b>			
General Obligation Bonds		18,826	--
Certificates of Participation		132	--
VRA Lease Revenue Bonds		2,675	--
Retainages		277	--
Total Capital Projects Funds		21,910	--
<b>Enterprise Funds:</b>			
VRA Closure Fund		12,715	--
Retainages		544	--
Total Enterprise Funds		13,259	--
<b>Internal Service Funds:</b>			
Insurance Pool Collateral		--	1,250
Total Internal Service Funds		--	1,250
Total Primary Government		36,273	1,250
<b>COMPONENT UNITS</b>			
<b>School Board:</b>			
School Bonds		11,917	--
Total School Board		11,917	--
Total Reporting Entity	\$	48,190	\$ 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 revenues.

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, 2011, upon which the July 1, 2011, levy was based, was approximately \$45.4 billion.

Current tax collections for the year ended June 30, 2012, were 99.6% of the July 1, 2011, 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, 2012, related to property taxes due on July 15 of the following fiscal year are recorded as deferred revenues at June 30, 2012.

The County calculates its allowance for uncollectible accounts using historical collection data. Taxes receivable as of June 30, 2012, is detailed in Illustration 3-1.

Illustration 3-1 Property Taxes Receivable at June 30, 2012			
	Gross Tax Receivable	Allowance for Uncollectible Accounts	Net Tax Receivable
Real estate taxes	\$ 4,990	2,580	2,410
Personal property taxes	5,549	4,656	893
Total	\$ 10,539	7,236	3,303

#### **NOTE (4) – DEFERRED/UNEARNED REVENUE**

Deferred revenue consists of two components: unearned revenue and unavailable revenue. 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, 2012	
<b>PRIMARY GOVERNMENT</b>	
Unearned Lease Revenues – amounts due in connection with direct financing leases	\$ 5,667
Prepaid Taxes – Taxes due subsequent to June 30, 2012, but paid in advance by taxpayers	193,254
Other Unearned Revenue – Prepaid recreation fees, developer fees, health premiums, and other unearned revenue	36,255
Total Primary Government	235,176
<b>COMPONENT UNITS</b>	
School Board	7,385
Adult Detention Center	--
Park Authority	1,119
Total Reporting Entity	\$ 243,680

Unavailable revenue (deferred revenue), as shown in Illustration 4-2, represents amounts for which asset recognition criteria and revenue recognition criteria were met, but which were not available to finance expenditures of the current period under the modified accrual basis of accounting.

Illustration 4-2 Deferred Revenue at June 30, 2012	
<b>PRIMARY GOVERNMENT</b>	
Deferred Taxes – Uncollected tax billings not available to fund current expenditures	\$ 2,152
Deferred Lease Revenues – Uncollected revenues associated with direct financing leases	18,663
Total Reporting Entity	\$ 20,815

#### 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, 2012			
	Volunteer Fire & Rescue Companies	Other	Total
Total minimum lease payments to be received	\$ 20,724	3,606	24,330
Less: Unearned revenue	5,221	446	5,667
Net investment in direct financing leases	\$ 15,503	3,160	18,663

Illustration 5-2 shows the scheduled minimum lease payments as of June 30, 2012.

Illustration 5-2 Scheduled Minimum Lease Payments at June 30, 2012			
	Volunteer Fire & Rescue Companies	Other	Total
FY 2013	1,940	636	2,576
FY 2014	1,756	636	2,392
FY 2015	1,720	636	2,356
FY 2016	1,682	636	2,318
FY 2017	1,640	636	2,276
Thereafter	11,986	426	12,412
Total minimum lease payments	\$ 20,724	3,606	24,330

Accounts receivable, as shown in Illustration 5-3, are recorded at gross value except for enterprise operations which are recorded net of allowance for uncollectible accounts.

Illustration 5-3 Accounts Receivable at June 30, 2012					
	Primary Government	Component Units			Total
		School Board	ADC	Park Authority	
Accrued interest	\$ 2,067	--	--	--	2,067
Enterprise operations (net)	81	--	--	--	81
Utility/Consumption taxes	1,553	--	--	--	1,553
Transient occupancy taxes	909	--	--	--	909
Stormwater management fee	38	--	--	--	38
Cable franchise tax	278	--	--	--	278
Premiums due from participants	92	--	--	--	92
Other	4,437	2,002	14	266	6,719
Total	\$ 9,455	2,002	14	266	11,737

**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, 2012			
<b>PRIMARY GOVERNMENT</b>			
<b>General Fund:</b>			
From other localities	\$	85	
From the Commonwealth		9,437	
Local sales taxes		6,826	
Other		2,167	
From the Federal Government			
Total General Fund		\$	18,515
<b>Capital Projects Fund:</b>			
From the Commonwealth		1,445	
From the Federal Government		614	2,059
<b>Nonmajor Governmental Funds:</b>			
From the Commonwealth		339	
From the Federal Government		2	341
<b>Internal Service Funds:</b>			
From Other Localities			2
Total Primary Government			20,917
<b>COMPONENT UNITS</b>			
<b>School Board:</b>			
From the Commonwealth		12,875	
From the Federal Government		10,393	
Total School Board			23,268
<b>Adult Detention Center:</b>			
From other localities		766	
From the Federal Government		24	
Total Adult Detention Center			790
Total Reporting Entity		\$	44,975

Illustration 6-2 details the amounts due to other governmental units at June 30, 2012.

Illustration 6-2 Due to Other Governmental Units at June 30, 2012		
<b>PRIMARY GOVERNMENT</b>		
<b>General Fund:</b>		
To other localities	\$	144
To the Commonwealth		17
Total General Fund		161
<b>Other - Capital Projects Fund:</b>		
To the Federal Government		38
<b>Landfill Enterprise Fund:</b>		
To other localities		76
Total Primary Government		275
<b>COMPONENT UNITS</b>		
<b>School Board:</b>		
To the Federal Government		188
Total Reporting Entity	\$	463

**NOTE (7) - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances and transfers are generally made for the purpose of providing operational support for the receiving fund. During the year ended June 30, 2012, the County did not make any significant interfund 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, 2012.

Illustration 7-1 Due From and Due To Other Funds at June 30, 2012		
	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,188	186
Major Enterprise Fund – Landfill	--	1,188
Internal Service Fund – Self-Insurance Casualty Pool	186	---
Total	\$ 1,374	1,374

Illustration 7-2 details the transfers between funds for the year ended June 30, 2012.

Illustration 7-2 Interfund Transfers for the Year Ended June 30, 2012					
<b>Transfer to General Fund from:</b>			<b>Transfer from General Fund to:</b>		
Streets and Roads – Capital Projects Fund	\$ 63	12,746	Streets and Roads – Capital Projects Fund		
Other Capital Projects Fund	7,022	13,893	Other Capital Projects Fund		
Nonmajor Governmental Funds	13,411	4,843	Nonmajor Governmental Funds		
Internal Service Funds	164	100	Major Enterprise Fund – Landfill		
Landfill Enterprise Fund	1,627	9,562	Internal Service Funds		
Total General Fund Transfers In	22,287	41,144	Total General Fund Transfers Out		
<b>Transfer to Streets and Roads - Capital Projects Fund from:</b>			<b>Transfer from Streets and Roads - Capital Projects Fund to:</b>		
General Fund	12,746	63	General Fund		
Other Capital Projects Fund	1,188	--			
Total Streets and Roads – Capital Projects Fund Transfers In	13,934	63	Total Streets and Roads – Capital Projects Fund Transfers Out		
<b>Transfer to Other Capital Projects Fund from:</b>			<b>Transfer from Other Capital Projects Fund to:</b>		
General Fund	13,893	7,022	General Fund		
Nonmajor Governmental Funds	609	1,188	Streets and Roads Capital Projects Fund		
Internal Service Fund	43	3,398	Nonmajor Governmental Funds		
	--	18,000	Internal Service Fund		
Total Other Capital Projects Fund Transfers In	14,545	29,608	Total Other Capital Projects Fund Transfers Out		
<b>Transfer to Nonmajor Governmental Funds from:</b>			<b>Transfer from Nonmajor Governmental Funds to:</b>		
General Fund	4,843	13,411	General Fund		
Other Capital Projects Fund	3,398	609	Other Capital Projects Fund		
Nonmajor Governmental Funds	27	27	Nonmajor Governmental Fund		
Internal Service Fund	5	4,045	Internal Service Fund		
Total Nonmajor Governmental Funds Transfers In	8,273	18,092	Total Nonmajor Governmental Fund Transfers Out		
<b>Transfers to Landfill Enterprise Fund from:</b>			<b>Transfers from Landfill Enterprise Fund to:</b>		
General Fund	100	1,627	General Fund		
Total Landfill Enterprise Fund Transfers In	100	1,627	Total Landfill Enterprise Fund Transfers Out		
<b>Transfers to Internal Service Funds from:</b>			<b>Transfers from Internal Service Funds to:</b>		
General Fund	9,562	164	General Fund		
Nonmajor Governmental Funds	4,045	5	Nonmajor Governmental Funds		
Other Capital Projects Fund	18,000	43	Other Capital Projects Fund		
Total Internal Service Funds Transfers In	31,607	212	Total Internal Service Funds Transfers Out		
Total Primary Government Transfers In	\$ 90,746	90,746	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, 2012.

Illustration 8-1 Due From Primary Government/Due to Component Units at June 30, 2012			
	Due From Primary Government		Due to Component Unit
<b>PRIMARY GOVERNMENT</b>			
General Fund	\$	--	352
<b>COMPONENT UNITS</b>			
School Board		327	--
Adult Detention Center		25	--
Total Reporting Entity	\$	352	352

## NOTE (9) - CAPITAL ASSETS

Illustration 9-1 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2012.

Illustration 9-1 Governmental Activities – Changes in Capital Assets					
	June 30, 2011	Additions	Deletions	Transfers	June 30, 2012
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 94,906	239	(1,155)	--	93,990
Construction in progress	5,656	7,087	--	--	12,743
Total capital assets not being depreciated	100,562	7,326	(1,155)	--	106,733
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	190,052	1,480	(425)	(82)	191,025
Equipment	36,644	3,534	(742)	16	39,452
Vehicles	31,228	4,310	(1,166)	7	34,379
Infrastructure	160,882	14,869	--	--	175,751
Intangibles	32,816	--	--	--	32,816
Library collections	19,029	1,518	(1,881)	--	18,666
Total buildings and other capital assets being depreciated	470,651	25,711	(4,214)	(59)	492,089
Less accumulated depreciation for:					
Buildings and improvements to sites	(59,209)	(5,387)	259	(1,705)	(66,042)
Equipment	(30,155)	(3,291)	667	1,694	(31,085)
Vehicles	(24,504)	(2,974)	1,166	20	(26,292)
Infrastructure	(25,113)	(3,508)	--	--	(28,621)
Intangibles	(29,460)	(996)	--	--	(30,456)
Library collections	(14,042)	(1,886)	1,881	--	(14,047)
Total accumulated depreciation	(182,483)	(18,042)	3,973	9	(196,543)
Buildings and other capital assets, net	288,168	7,669	(241)	(50)	295,546
Governmental activities capital assets, net	\$ 388,730	14,995	(1,396)	(50)	402,279

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

General government	\$ 2,286
Judicial administration	809
Public safety	5,396
Public works	527
Health and welfare	234
Parks, recreational and cultural	2,321
Community development	4,644
Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets	1,825
Total	<u>\$ 18,042</u>

Illustration 9-2 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2012.

Illustration 9-2 Business-Type Activities – Changes in Capital Assets					
	June 30, 2011	Additions	Deletions	Transfers	June 30, 2012
<b>Business-Type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 18,444	--	--	--	18,444
Construction in progress	3,419	2,056	--	(3,802)	1,673
Total capital assets not being depreciated	21,863	2,056	--	(3,802)	20,117
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	24,486	48	--	3,802	28,336
Equipment	796	57	--	(21)	832
Vehicles	5,606	986	(739)	13	5,866
Total buildings and other capital assets being depreciated	30,888	1,091	(739)	3,794	35,034
Less accumulated depreciation for:					
Buildings and improvements to sites	(16,149)	(3,876)	--	--	(20,025)
Equipment	(265)	(45)	--	21	(289)
Vehicles	(3,621)	(467)	569	(13)	(3,532)
Total accumulated depreciation	(20,035)	(4,388)	569	8	(23,846)
Buildings and other capital assets, net	10,853	(3,297)	(170)	3,802	11,188
Business-type activities capital assets, net	\$ 32,716	(1,241)	(170)	--	31,305

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

Landfill	<u>\$ 4,388</u>
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Illustration 9-3 summarizes the changes in capital assets of the Adult Detention Center component unit activities for the year ended June 30, 2012.

Illustration 9-3 Adult Detention Center Component Unit – Changes in Capital Assets					
	June 30, 2011	Additions	Deletions	Transfers	June 30, 2012
<b>Adult Detention Center:</b>					
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	86,032	--	--	(499)	85,533
Equipment	214	13	(35)	585	777
Vehicles	634	123	--	(19)	738
Total buildings and other capital assets being depreciated	86,880	136	(35)	67	87,048
Less accumulated depreciation for:					
Buildings and improvements to sites	(11,757)	(2,219)	--	104	(13,872)
Equipment	(144)	(79)	27	(121)	(317)
Vehicles	(544)	(54)	--	--	(598)
Total accumulated depreciation	(12,445)	(2,352)	27	(17)	(14,787)
Buildings and other capital assets, net	74,435	(2,216)	(8)	50	72,261
Adult Detention Center capital assets, net	\$ 74,466	(2,216)	(8)	50	72,292

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

Public safety	<u>\$ 2,352</u>
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Illustration 9-4 summarizes the construction in progress at June 30, 2012.

Illustration 9-4 Construction in Progress at June 30, 2012			
	Amount Authorized	Expended to Date	Project Balance
<b>PRIMARY GOVERNMENT</b>			
800 MHz Radio Communications System	\$ 22,245	1,903	20,342
Computer-Aided Dispatch (CAD) System	6,250	504	5,746
Land Use Information System	4,000	718	3,282
PWC Business Continuity and Disaster Recovery	2,000	110	1,890
Tax Administration System	2,000	116	1,884
INET Upgrade	1,278	1,161	117
E 911 Trunk Calling System	750	665	85
Real Estate Assessment System Upgrade	700	98	602
Human Resource Information System Upgrade	544	380	164
Virtual Desktop Pilot Program	300	42	258
PWC Website Upgrades	200	147	53
Geographic Information System Upgrade	183	70	113
Radio Tower Site Acquisition	30	4	26
Central District Police Station	28,135	1	28,134
Montclair Community Library	15,130	29	15,101
Gainesville Community Library	13,787	29	13,758
Community Center Rebuild at Dawson Beach	748	735	13
Potomac Library Patio	512	429	83
Board Audio Room	423	400	288
Police Inventory Control System	300	110	190
Garfield Police Station Improvements	279	147	132
Burn Building Renovations	117	106	11
Lake Ridge Community Library	87	87	--
Fire Pre-emption Equipment	73	69	4
Public Safety Training Center Ground Improvements	73	73	--
Gypsy Moth Mosquito Control System	42	42	--
Animal Shelter Improvements	31	11	20
Brentsville Courthouse Restoration	1,956	1,955	1
Rippon Lodge Restoration	1,739	1,424	315
Bennett School Renovation	640	626	14
Ben Lomond Historic Site	614	308	306
Bristoe Station Battlefield Heritage Park	157	125	32
Williams Ordinary	119	119	--
<b>Total</b>	<b>\$ 105,442</b>	<b>12,743</b>	<b>92,699</b>

The \$1,673 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.

Illustration 9-5 summarizes the changes in capital assets of the School Board component unit activities for the year ended June 30, 2012.

Illustration 9-5 School Board Component Unit – Changes in Capital Assets				
	June 30, 2011	Additions/Transfers	Deletions/Transfers	June 30, 2012
<b>School Board:</b>				
Capital assets not being depreciated:				
Land	\$ 64,009	3,239	--	67,248
Construction in progress	69,324	53,594	(81,501)	41,416
Total capital assets not being depreciated	133,333	56,833	(81,501)	108,664
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	1,118,832	79,484	(748)	1,197,568
Library books	3,582	973	(833)	3,722
Equipment	31,259	3,924	(337)	34,846
Intangibles	--	2,189	--	2,189
Vehicles	73,809	8,823	(4,221)	78,411
Total buildings and other capital assets being depreciated	1,227,482	95,393	(6,139)	1,316,736
Less accumulated depreciation for:				
Buildings and improvements to sites	(262,064)	(23,525)	8	(285,581)
Library books	(2,198)	(745)	833	(2,110)
Equipment	(14,018)	(2,703)	237	(16,484)
Intangibles	--	(287)	--	(287)
Vehicles	(42,299)	(5,511)	4,039	(43,771)
Total accumulated depreciation	(320,579)	(32,771)	5,117	(348,233)
Buildings and other capital assets, net	906,903	62,622	(1,022)	968,503
School Board capital assets, net	\$ 1,040,236	119,455	(82,523)	1,077,167

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

Instruction	
Regular	\$ 23,706
Special	246
Other	49
Support Services	
General administration	998
Student services	9
Curricular/staff development	11
Pupil transportation	5,673
Operations	45
Maintenance	118
Central business services	1,882
Food service	34
Total	<u>\$ 32,771</u>

Illustration 9-6 summarizes the changes in capital assets of the Park Authority component unit for the year ended June 30, 2012.

Illustration 9-6 Park Authority Component Unit – Changes in Capital Assets				
	June 30, 2011	Additions/Transfers	Deletions/Transfers	June 30, 2012
<b>Park Authority:</b>				
Capital assets not being depreciated:				
Land	\$ 22,136	100	(4)	22,232
Construction in progress	1,337	4,827	(4,068)	2,096
Total capital assets not being depreciated	23,473	4,927	(4,072)	24,328
Buildings and other capital assets, being depreciated:				
Land improvements	50,890	997	--	51,887
Buildings and recreational structures	45,823	1,899	--	47,722
Equipment	6,694	1,298	(609)	7,383
Vehicles	2,369	549	(364)	2,554
Total buildings and other capital assets being depreciated	105,776	4,743	(973)	109,546
Less accumulated depreciation for:				
Land improvements	(31,314)	(1,768)	--	(33,082)
Buildings and improvements to sites	(29,546)	(1,369)	--	(30,915)
Equipment	(5,386)	(564)	616	(5,334)
Vehicles	(2,048)	(167)	364	(1,851)
Total accumulated depreciation	(68,294)	(3,868)	980	(71,182)
Buildings and other capital assets, net	37,482	875	7	38,364
Park Authority capital assets, net	\$ 60,955	5,802	(4,065)	62,692

Depreciation expense was charged to the following Park Authority component unit functions:

Parks, recreational and cultural	\$ 3,021
Golf courses	744
Water parks	103
Total	<u>\$ 3,868</u>

#### 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 governing body of each member jurisdiction appoints, from among its members, its representatives to act as Commissioners. The Commission has fifteen members, including three from the General Assembly and one ex-officio representative from the Virginia Department of Transportation (VDOT).

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 2012. 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 2012 of \$855 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***

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

The following bonds were issued in fiscal year 2012:

- On March 1, 2011, the Board of County Supervisors approved Resolution No. 11-155 authorizing the sale of General Obligation School Bonds to be sold to the Virginia Public School Authority in an amount not to exceed \$51,200 for the purpose of financing various school projects. On August 4, 2011, the County sold the Virginia Public School Authority Prince William County Special Obligation Bonds Series 2011 in the par amount of \$46,445.
- On February 7, 2012, the Board of County Supervisors approved Resolution No. 12-191 authorizing the sale of General Obligation Public Improvement Refunding Bonds in an amount not to exceed \$85,000 for the purpose of refunding certain outstanding maturities of the County's General Public Improvement Bonds.

On February 14, 2012 the County sold General Obligation Public Improvement Refunding Bonds, Series GO2012A, in the amount of \$35,550 PAR. A portion of the proceeds of the Series 2012A Bonds will be applied to redeem certain prior outstanding maturities in series 2004A, 2004C, 2007, and 2008 General Obligation Public Improvement bonds of the

County. The refunded PAR maturities totaled \$38,246 and resulted in debt service savings of \$4,330 and net present value savings of \$3,358.

In conjunction with the above, on February 14, 2012 the County sold General Obligation Public Improvement Refunding Bonds, Series GO2012B (Federally Taxable), in the amount of \$16,035 PAR. A portion of the proceeds of the Series 2012B Bonds will be applied to redeem certain prior outstanding maturities in series 2003A and 2004B General Obligation Public Improvement bonds of the County. The refunded PAR maturities totaled \$14,035 and resulted in debt service savings of \$843 and net present value savings of \$811.

The majority of the County's bonds payable are general obligations of the County and are secured by its full faith and credit. Bonds are subject to arbitrage, and as such, actuarial calculations are made and liabilities are recorded annually. A portion of the bonds, however, are intended to be repaid from specific revenue sources as follows:

- The outstanding IDA Lease Revenue Refunding Bond, Series 2005, of \$6,260, 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 account at June 30, 2012, was \$1,099 and is included in the restricted cash balance shown in Illustration 2-8.
- The outstanding Landfill enterprise fund Refunding Bonds of \$3,125 are secured by revenues from the Landfill.
- On March 16, 2010 the Board of County Supervisors authorized Resolution No. 10-208 authorizing the issuance of Park Facilities County Contribution Revenue Bonds by the Prince William Park Authority and approved and authorized the execution and delivery of a contributions agreement with the Prince William County Park Authority in which the County agrees to make debt service payments on the bonds for the purpose of refunding the 1999 Park Authority Bonds. The bonds were sold on June 21, 2010. The balance of this obligation at June 30, 2012, is \$12,235.

The Commonwealth imposes no legal debt limitation on counties. It requires a referendum 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, 2012, the County's total bonded debt, as defined above, was \$469,402, 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, 2012, 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:			
2013	13,792	6,154	19,946
2014	13,879	5,724	19,603
2015	13,844	5,165	19,009
2016	11,237	4,653	15,890
2017	11,305	4,164	15,469
2018 thru 2022	47,310	14,542	61,852
2023 thru 2027	33,870	5,641	39,511
2028 thru 2031	7,931	614	8,545
Subtotal	153,168	46,657	199,825
Designated for School Board Projects			
Year Ending June 30:			
2013	42,703	25,879	68,582
2014	42,736	23,789	66,525
2015	42,061	21,711	63,772
2016	42,013	19,644	61,657
2017	40,610	17,696	58,306
2018 thru 2022	185,010	62,069	247,079
2023 thru 2027	121,170	25,565	146,735
2028 thru 2032	43,194	3,777	46,971
Subtotal	559,497	200,130	759,627
Total	\$ 712,665	246,787	959,452

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2012, 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:			
2013	1,535	91	1,626
2014	1,590	28	1,618
Subtotal	3,125	119	3,244
Add: unamortized premium on refunding of revenue bonds	66		
Less: unamortized deferred cost on refunding	187		
Total	\$ 3,004		

## **B. 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, 2012. Total rental expense under operating leases of the primary government for the year ended June 30, 2012, was \$5,966. Illustration 11-3 summarizes the minimum lease commitments under the County's operating leases.

**Illustration 11-3**  
**Minimum Lease Commitments – Operating Leases**

	<b>Primary Government</b>
Year Ending June 30:	
2013	5,907
2014	6,071
2015	6,094
2016	6,158
2017	4,813
Thereafter	9,251
<b>Total minimum payments</b>	<b>\$ 38,294</b>

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

**Illustration 11-4**  
**Assets Acquired Through Capital Lease Obligations**

	<b>Governmental Activities</b>	<b>ADC</b>
Other capital assets:		
Buildings	\$ 91,537	6,459
Improvements	13,576	105
Machinery and Equipment	725	--
Vehicles	20	--
Less: Accumulated Depreciation	(27,643)	(3,502)
<b>Total assets acquired through capital lease</b>	<b>\$ 78,215</b>	<b>3,062</b>

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

**Illustration 11-5**  
**Minimum Lease Commitments – Capital Lease Obligations**

	<b>Primary Government</b>
Year Ending June 30:	
2013	20,546
2014	19,808
2015	19,327
2016	18,825
2017	19,549
2018 thru 2022	79,395
2023 thru 2027	45,558
2028 thru 2030	7,207
<b>Total minimum payments</b>	<b>230,215</b>
Less: Interest	(57,818)
<b>Present value of future minimum payments</b>	<b>\$ 172,397</b>

### **C. Changes in Long-Term Liabilities:**

Changes in long-term liabilities of governmental activities for the year ended June 30, 2012 are shown in Illustration 11-6.



**Illustration 11-6**  
**Governmental Activities – Changes in Long-Term Liabilities**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due in more than one year</b>	<b>Due Within One Year</b>
General obligation and revenue bonds:						
Designated for Roads, Parks and Other General County projects	\$ 170,890	40,733	(58,455)	153,168	139,376	13,792
Designated for School Board projects	552,775	57,297	(50,575)	559,497	516,795	42,702
Subtotal	723,665	98,030	(109,030)	712,665	656,171	56,494
Capital lease obligations	190,901		(18,504)	172,397	159,526	12,871
Unpaid losses and related liabilities (Note 20)	16,249	31,411	(30,283)	17,377	12,314	5,063
Surplus distribution payable	1,911		(767)	1,144	804	340
Compensated absences	25,500	12,319	(10,521)	27,298	26,046	1,252
Unamortized Premium	48,778	11,926	(4,604)	56,100	51,496	4,604
Total	\$ 1,007,004	153,686	(173,709)	986,981	906,357	80,624

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 3.6% of compensated absences.

Changes in long-term liabilities of business-type activities for the year ended June 30, 2012 are shown in Illustration 11-7.

**Illustration 11-7**  
**Business-Type Activities – Changes in Long-Term Liabilities**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due in More Than One Year</b>	<b>Due Within One Year</b>
Revenue bonds	\$ 4,595	--	(1,470)	3,125	1,590	1,535
Unamortized premium on issuance of revenue bonds	132	--	(66)	66	--	66
Unamortized deferred loss on refunding	(344)	--	157	(187)	--	(187)
Revenue bonds, net	4,383	--	(1,379)	3,004	1,590	1,414
Compensated absences	366	129	(99)	396	378	18
Accrued closure liability (Note 13)	13,210	1,503	(2,852)	11,861	6,381	5,480
Total	\$ 17,959	1,632	(4,330)	15,261	8,349	6,912

Changes in long-term liabilities of the component units for the year ended June 30, 2012 is shown in Illustration 11-8.

<b>Illustration 11-8</b> <b>Component Units – Changes in Long-Term Liabilities</b>						
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due in More Than One Year</b>	<b>Due Within One Year</b>
<b>School Board:</b>						
Compensated absences	\$ 27,942	9,103	(9,060)	27,985	18,402	9,583
Pollution remediation	1,069	--	(437)	632	--	632
Claims liabilities	9,503	62,943	(62,370)	10,076	2,236	7,840
Total School Board component unit	38,514	72,046	(71,867)	38,693	20,638	18,055
<b>Adult Detention Center:</b>						
Compensated absences	2,927	1,257	(1,155)	3,029	2,911	118
Total Adult Detention Center component unit	2,927	1,257	(1,155)	3,029	2,911	118
<b>Park Authority:</b>						
Capital leases	1,689	2,000	(896)	2,794	2,040	754
Notes payable	78	--	(78)	--	--	--
Compensated absences	946	1,009	(984)	971	862	109
Revenue bonds, net	12,008	--	(479)	11,528	11,032	496
Total Park Authority component unit	14,721	3,009	(2,437)	15,293	13,934	1,359
	\$ 56,162	76,312	(75,459)	57,015	37,483	19,532

#### **D. 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, 2012, \$114,685 in principal of bonds outstanding is considered defeased by the County.

#### **E. Component Unit Debt**

Virginia State Law 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, VPSA 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, 2012, the County has outstanding debt of \$559,497 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net assets of the County.

Similarly, assets of the Adult Detention Center and Park Authority 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, 2012, the County has outstanding debt of \$25,875 and \$7,555 reflected in the Primary Government – Governmental Activities column on Exhibit 1 as a reduction to the unrestricted net assets 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 ASSETS**

Illustration 12-1 details the fund balances of the County and Adult Detention Center (ADC) component unit at June 30, 2012.

Illustration 12-1 Fund Balances at June 30, 2012					
	Primary Government				ADC Component Unit
	General Fund	Capital Projects Funds	Other Governmental Funds	Total Primary Government	
<b>Nonspendable in the form of:</b>					
Inventory	\$ 229	--	--	229	--
Prepaid expenditures	--	199	--	199	--
<b>Restricted for:</b>					
General government administration	1,077	--	--	1,077	--
Public safety	--	--	62,862	62,862	--
Public works	--	21,633	6,012	27,645	--
Community development	197	--	8,694	8,891	--
<b>Committed for:</b>					
General government administration	48,302	20,864	--	69,166	--
Judicial administration	1,226	347	--	1,573	--
Public safety	15,283	12,800	--	28,083	9,805
Public works	23,611	47,943	--	71,554	--
Health and welfare	454	--	--	454	--
Education	327	--	--	327	--
Parks, recreational and cultural	364	1,242	--	1,606	--
Community development	642	4,105	--	4,747	--
<b>Assigned for:</b>					
General government administration	1,556	--	--	1,556	--
Judicial administration	467	--	--	467	--
Public safety	3,672	--	--	3,672	1,070
Public works	1,069	--	--	1,069	--
Health and welfare	159	--	--	159	--
Parks, recreational and cultural	65	--	--	65	--
Community development	85	--	--	85	--
<b>Unassigned</b>	64,457	--	--	64,457	8,522
<b>Total</b>	<b>\$ 163,242</b>	<b>109,133</b>	<b>77,568</b>	<b>349,943</b>	<b>19,397</b>

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

**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 Assets.** The government-wide statement of net assets reports \$126,197 of restricted net assets at June 30, 2012. Of this amount, \$77,568 is restricted by enabling legislation.

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

At the end of fiscal year 2012, the Landfill enterprise fund has generated sufficient revenue to maintain the Solid Waste Reserve in the General Fund for future bond coverage requirements. A total of \$7,298, including interest earnings, is committed for Public Works in the General Fund's fund balance for future landfill needs.

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 \$11,861 reported as landfill closure and post closure care liability at June 30, 2012, represents the cumulative amount reported to date based on the use of 100% of the Phase I landfill and 37% 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 2011, is \$37,773. The County will recognize the remaining total estimated cost of closure and post closure care for the southern portion of the landfill of \$25,912 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 2012. The County expects to close the southern portion of the landfill site in the year 2031 and the entire landfill in 2060. Actual cost may be higher due to inflation, changes in technology, or changes in applicable laws or regulations.

#### **NOTE (14) - DEFINED BENEFIT PENSION PLANS**

##### **A. Virginia Retirement System**

##### **Plan Description:**

The County, the Adult Detention Center and Park Authority component units 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, the Adult Detention Center and the Park Authority are automatically covered by VRS upon employment. Benefits vest after five years of service credit for each month they are employed and their employer is paying into the VRS. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees -Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. 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 for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% as elected by the employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

County retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

As of June 30, 2011, the date of the most recent actuarial valuation, there were 3,445 active participants and 1,424 retirees and beneficiaries receiving benefits on that date. In addition, there were 458 vested and 863 non-vested inactive participants entitled to receive future benefits from the Plan.

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 report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2011-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### Funding Policy:

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. All or part of the 5.00% member contribution may be assumed by the employer. 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, 2012 was 10.36% of the annual covered payroll.

#### Annual Pension Cost:

For the fiscal year ended June 30, 2012, the annual pension cost of \$31,230 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, 2010	\$ 17,373	9,860	100%	\$ --	
June 30, 2011	\$ 20,449	9,869	100%	\$ --	
June 30, 2012	\$ 21,064	10,166	100%	\$ --	

The fiscal year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% 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. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

**Funded Status and Funding Progress:**

As of June 30, 2011, the most recent actuarial valuation date, the plan was 75.7% funded. The actuarial accrued liability for benefits was \$913,427 and the actuarial value of assets was \$691,071 resulting in an unfunded actuarial accrued liability (UAAL) of \$222,356. The covered payroll (annual payroll of active employees covered by the plan) was \$205,434 and the ratio of the UAAL to the covered payroll was 108.2%.

The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, Schedule 2, 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. County Supplemental Retirement Plan****Plan Description:**

The Prince William County Supplemental Retirement Plan is a single employer defined benefit retirement plan administered by the Plan's Board of Trustees. The plan became effective July 1, 1985, and was most recently amended on January 18, 2011.

Each police officer and salaried Fire and 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 and 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. As of July 1, 2011, the date of the most recent actuarial valuation, there were 1,007 active participants and 186 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, 2011, there were 142 vested and 83 non-vested inactive participants entitled to receive future benefits from the Plan.

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 55<sup>th</sup> 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 ½% 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 1<sup>st</sup>. 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.

Effective July 1, 2007, contributions from both the employee and the County ceased when an active employee attains the latter of age 50 and 25 years of service. Effective July 1, 2012, these contributions were reinstated. 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 plan does not issue a publicly available financial report.

**Funding Policy and Annual Pension Cost:**

The funding policy of the Plan provides for periodic employer contributions at actuarially determined rates which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits

when due. The Board of Trustees has fixed the annual contribution rate at 1.37% based on the actuarially recommended rate in the July 1, 1999 valuation report. Biennially calculated actuarial contribution percentages are used as a guide to determine changes in the fixed contribution percentage. Contribution rates are developed using the aggregate actuarial cost method. Under this funding method, there is no unfunded actuarial accrued liability. The actuarial accrued liability was determined as part of a biennial actuarial valuation as of June 30, 2011. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, (c) rate of increase in Consumer Price Index of 3% per year compounded annually, and (d) post-retirement benefit increases of 3% per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of the Plan's assets is equal to the market value of the assets with gains and losses smoothed out over five years. Benefits and refunds of the Plan are recognized when due and payable in accordance with the terms of the plan. For terminating employees under 20 years, a refund of employee contributions including 4% interest per annum can be issued, if formally requested, but they are not entitled to future benefits. For the same group with 20 plus years, they can either receive a refund of all contributions including interest, or future benefits, but not both.

For the year ended June 30, 2012, the County's annual pension cost based on the actuarially determined contribution was \$1,806 (\$903 employer and \$903 employee) which was less than the actual contribution of \$1,818 (\$909 employer and \$909 employee) resulting in a negative net pension obligation (net pension asset). Employer contributions in fiscal year 2012 represented approximately 1.37% of gross salary as compared to the actuarially determined contribution of approximately 1.36%. Employee contributions in fiscal year 2012 represented approximately 1.37% of gross salary as compared to the actuarially determined contribution of approximately 1.36%.

The County reserves the right to terminate its participation in this Plan at any time. Such termination shall be by resolution. A certified copy of such resolution shall be delivered to the Board of Trustees and the County shall notify its employees. The Plan shall also terminate upon the County's complete discontinuance of contributions to the Plan; should such an event occur, the County shall give written notice of such termination to the parties. Upon termination, or partial termination, of the Plan by the County, or upon the County's permanent discontinuance of contributions to the Plan, the rights of each affected participant shall be fully vested and non-forfeitable. The Plan additions fund the cost of administering the plan.

#### Trend information:

Illustration 14-2 summarizes the three-year trend information for the County's employer portion.

<b>Illustration 14-2</b> <b>County Supplemental Retirement Plan</b> <b>Three Year Trend Information for Prince William County</b> <b>Employer Portion</b>						
<b>Fiscal Year Ending:</b>	<b>Percentage Annual Pension Cost (APC)</b>	<b>Annual Pension Cost (APC)</b>	<b>Contributions 1.37%</b>	<b>Percentage APC Contributed</b>	<b>Interest on NPO/NPA</b>	<b>Net Pension Obligation (Asset) NPO/(NPA)</b>
June 30, 2010	1.06%	\$ 639	\$ 827	130%	\$ 13	\$ (201)
June 30, 2011	1.19%	\$ 729	\$ 839	115%	\$ 14	\$ (124)
June 30, 2012	1.36%	\$ 903	\$ 909	101%	\$ 9	\$ (15)

Illustration 14-3 summarizes the three-year trend information for the County's employee portion.

<b>Illustration 14-3</b> <b>County Supplemental Retirement Plan</b> <b>Three Year Trend Information for Prince William County</b> <b>Employee Portion</b>						
<b>Fiscal Year Ending:</b>	<b>Percentage Annual Pension Cost (APC)</b>	<b>Annual Pension Cost (APC)</b>	<b>Contributions 1.37%</b>	<b>Percentage APC Contributed</b>	<b>Interest on NPO/NPA</b>	<b>Net Pension Obligation (Asset) NPO/(NPA)</b>
June 30, 2010	1.06%	\$ 639	\$ 826	129%	\$ 13	\$ (200)
June 30, 2011	1.19%	\$ 729	\$ 839	115%	\$ 14	\$ (124)
June 30, 2012	1.36%	\$ 903	\$ 909	101%	\$ 9	\$ (15)

### **Funded Status and Funding Progress:**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 83.2% funded. The actuarial accrued liability for benefits was \$32,489 and the actuarial value of assets was \$27,031, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,458. The covered payroll (annual payroll of active employees of covered by the plan) was \$63,806, and the ratio of the UAAL to the covered payroll was 8.6%.

Since the Annual Required Costs were calculated using the aggregate actuarial cost method, current year funded status information is calculated using the entry age normal actuarial cost method. Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about this plan's funded status and funding progress has been prepared using the entry age normal actuarial cost method for that purpose. This information is presented to serve as a surrogate for the funded status and funding progress of the plan.

The schedule of funding progress, presented as Required Supplementary Information, Schedule 2, following the Notes to the Financial Statements, 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 for benefits.

### **Concentrations:**

Permissible asset classes, shown with target investment percentages, include: domestic small-capitalization equity (8.75%); domestic large-capitalization value equity (1.25%); domestic large-growth equity (5%); domestic large-quality equity (5%); international large-mid-capitalization equity (19.5%); international small-capitalization equity (2%); international emerging markets equity (4.5%); private equity/special situations (5%); domestic fixed income (15%); global fixed income (10%); hedge funds (10%); domestic inflation protected securities (6%); Real Assets (8%). For Domestic Equity, International Equity & 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 & 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. At June 30, 2012, the Supplemental Retirement Plan's investments were in money market, bond and equity mutual funds and therefore not subject to concentration of credit risk.

### **NOTE (15) – OTHER POSTEMPLOYMENT 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 postemployment healthcare plan that covers eligible retired employees and 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 206 retirees and 22 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 \$1,905. 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 required employer contribution rate was actuarially determined. For fiscal year 2012, the County Premium Plan ARC amounts were contributed by the County to the OPEB Master Trust of \$3,543. When \$3,457 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 \$1,552.

**Annual OPEB Cost.** For fiscal year 2012, the County Premium Plan annual OPEB cost (expense) was equal to the ARC. 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 2012 and the two preceding years were as follows:

<b>Illustration 15-1</b> <b>Other Post Employment Benefits – Percentage of Annual OPEB Cost</b> <b>Prince William County Premium Plan</b>				
<b>Fiscal Year Ending:</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (Asset) (NOO) ending</b>	
June 30, 2010	\$ 2,558*	100%	\$	--
June 30, 2011	\$ 3,417*	100%	\$	--
June 30, 2012	\$ 3,543*	100%	\$	--

\* This includes \$265, \$349 and \$362, respectively, allocated to ADC Component Unit based on proportion of ADC premiums paid budget.

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

<b>Illustration 15-2</b> <b>Other Post Employment Benefits – County Sponsored Plans</b> <b>Schedule of Funding Progress for Prince William County Premium Plan</b>							
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>	
July 1, 2009	\$ 3,839	\$ 23,882	\$ 20,043	16.1%	\$ 221,201	9.1%	
July 1, 2010	\$ 5,898	\$ 32,317	\$ 26,419	18.3%	\$ 220,389	12.0%	
July 1, 2011	\$ 8,298	\$ 34,887	\$ 26,589	23.8%	\$ 237,034	11.2%	

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 stated above. 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 actuarial required contributions (ARC) 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 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, 2010.

Significant actuarial valuation methods and assumptions used for the premium and credit plans include (a) 50% of employees elect insurance coverage and 100% of employees assumed to elect health insurance credit at retirement or non-line-of-duty disability at retirement, (b) current marital status and elected insurance coverage assumed to continue into 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) 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 and 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 2010 premium rates by current enrollment, and (i) gross claims weighted and projected using paid medical and prescription claims for employees pre age 65 retirees from July 1, 2009 to June 30, 2010 with a 10% annual increase for fiscal year 2012.

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

**Plan Description.** The County RHICP is a single-employer defined benefit postemployment healthcare plan that covers eligible employees or former employees of the County including all departments and agencies. The RHICP provides \$5.50 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 Retiree Health Insurance Credit Plan (RHICP). Disabled employees receive the full 30-year allowance. However, employees disabled in-service, where the state 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 percent of their monthly health insurance premium towards the County Premium Plan less \$5.50 times years of service for a maximum health insurance credit of \$165 from the County. For the year ended June 30, 2012, the County paid \$1,029 to 685 eligible retirees for the retiree health insurance credit plan.

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 required employer contribution rate was actuarially determined. For fiscal year 2012, the County RHICP ARC amounts were contributed by the County to the OPEB Master Trust of \$1,844. When \$1,029 of the benefits paid on behalf of the County's retirees and COBRA insured were measured and made available, a request for reimbursement from the OPEB Master Trust Fund was made according to the Trust Agreement of \$1,029.

**Annual OPEB Cost.** For fiscal year 2012, the RHICP annual OPEB cost (expense) was equal to the ARC. 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 2012 and the two preceding years were as follows:

Illustration 15-3 Other Post Employment Benefits – Percentage of Annual OPEB Cost Prince William County Retiree Health Insurance Credit Plan				
Fiscal Year Ending:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) ending	
June 30, 2010	\$ 1,746*	100%	\$	--
June 30, 2011	\$ 1,811*	100%	\$	--
June 30, 2012	\$ 1,844*	100%	\$	--

\* This includes \$152, \$157 and \$160, 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:

<p style="text-align: center;">Illustration 15-4 Other Post Employment Benefits – County Sponsored Plans Schedule of Funding Progress for Prince William County RHICP</p>							
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, 2009	\$ 2,330	\$ 20,256	\$ 17,926	11.5%	\$ 221,201	8.1%	
July 1, 2010	\$ 4,415	\$ 22,267	\$ 17,852	19.8%	\$ 220,389	8.1%	
July 1, 2011	\$ 5,350	\$ 23,334	\$ 17,984	22.9%	\$ 237,034	7.6%	

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 stated above. 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 actuarial required contributions (ARC) 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 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, 2010.

Significant actuarial valuation methods and assumptions used for the premium and credit plans include (a) 50% of employees elect insurance coverage and 100% of employees assumed to elect health insurance credit at retirement or non-line-of-duty disability at retirement, (b) current marital status and elected insurance coverage assumed to continue into 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) mortality based on RP 2000 Combined Healthy and Disabled Tables, (f) eligible retirement and disability rates, withdrawal rates and ages of retirement based on VRS statistical tables.

### 3. Prince William County Park Authority Post-Retirement Medical Benefits Premium Plan (Parks Premium Plan)

*Plan Description.* The Park Authority Premium Plan is a single-employer defined benefit postemployment healthcare plan that covers eligible retired employees and COBRA eligible employees of the Park Authority including all departments and agencies. The Parks 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 Parks Premium Plan. As of the end of the current fiscal year, there were 2 retirees and 0 post-employed under COBRA option who participated in Park's group insurance plans.

The Parks Premium Plan is administered by Prince William County Premium Plan, and its results of operations are included in the Health Insurance Internal Service Fund. However, OPEB Trust activity is separated to identify net assets designated for Parks' benefit payments.

The Parks 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 Park Authority with 30 days notice. Retired plan members and beneficiaries are required to pay 100 percent of published blended premium rates to the Park Authority, which totaled \$30. The Park Authority 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 Park Authority is not obligated by the Trust Agreement to make any contributions. Therefore, contributions are recognized when due and the Park Authority has made a formal commitment to provide the contributions.

The required employer contribution rate was actuarially determined. For fiscal year 2012, the Parks Premium Plan ARC, adjustments, interest and prior year liability amounts contributed by the Park Authority to the OPEB Master Trust were \$142. When \$25 of the benefits paid on behalf of Parks' retirees and COBRA insured were measured and made available, no request for reimbursement was made from the OPEB Master Trust Fund.

**Annual OPEB Cost.** For fiscal year 2012, the Parks Premium Plan annual OPEB cost (expense) was equal to the ARC. The Parks 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 2012 and the two preceding years were as follows:

<b>Illustration 15-5</b> <b>Other Post Employment Benefits – Percentage of Annual OPEB Cost</b> <b>Prince William County Park Authority Premium Plan</b>				
<b>Fiscal Year Ending:</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (Asset) (NOO) ending</b>	
June 30, 2010	\$ 102	100%	\$	--
June 30, 2011	\$ 136	100%	\$	--
June 30, 2012	\$ 142	100%	\$	--

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

<b>Illustration 15-6</b> <b>Other Post Employment Benefits – County Sponsored Plans</b> <b>Schedule of Funding Progress for Park Authority Premium Plan</b>							
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>	
July 1, 2009	\$ 128	\$ 799	\$ 671	16.0%	\$ 7,206	9.3%	
July 1, 2010	\$ 222	\$ 1,120	\$ 898	19.8%	\$ 7,017	12.8%	
July 1, 2011	\$ 354	\$ 1,257	\$ 903	28.2%	\$ 6,656	13.6%	

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 stated above. 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 actuarial required contributions (ARC) 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 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, 2010.

Significant actuarial valuation methods and assumptions used for the premium and credit plans include (a) 50% of employees elect insurance coverage and 100% of employees assumed to elect health insurance credit at retirement or non-line-of-duty disability at retirement, (b) current marital status and elected insurance coverage assumed to continue into 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) 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 and 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 2010 premium rates by current enrollment, and (i) gross claims weighted and projected using paid medical and prescription claims for employees pre age 65 retirees from July 1, 2009 to June 30, 2010 with a 10% annual increase for fiscal year 2012.

### 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 2012, the County and Parks contributed the ARC amounts for the County Premium Plan, County RHICP and Parks Premium Plan of \$5,529. Plan members received \$4,511 benefits and contributed \$1,935 premiums, resulting in \$2,576 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 annual required contributions of the County (ARC), and amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents 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, 2012, the County's annual OPEB cost for County and Park Authority health insurance plans and the County's Retiree Health Insurance Credit Plan (RHICP), based on the actuarial annual required contribution (ARC) for OPEB funding was \$5,529 (\$2,750 amortization, \$2,779 actuarial normal cost, funded) which was equal to the actual OPEB payment of \$5,529. The Park Authority's RHICP separate pass-through OPEB contribution to the Trust Fund of \$53 was included. As a result, the County recognizes a total net negative OPEB obligation (asset) of \$0.

OPEB costs for retiree and COBRA claims and claims administration, net of premiums paid, of \$2,576, 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 15-7 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:

<b>Illustration 15-7</b> <b>Other Post Employment Benefits – Net OPEB Obligation</b> <b>Prince William County, including ADC Component Unit and Park Authority Premium Plan</b>									
<b>Fiscal Year Ending:</b>	<b>Annual Required Contribution (ARC)</b>	<b>Less NOO Amortization and Adjustments</b>	<b>Plus Interest Net OPEB Obligation</b>	<b>Annual OPEB Cost</b>	<b>County Contribution to Trust Fund</b>	<b>Pay-as-you-go OPEB Costs</b>	<b>Increase (Decrease) in Net OPEB Obligation</b>	<b>Net OPEB Obligation (NOO) beginning</b>	<b>Net OPEB Obligation (Asset) (NOO) ending</b>
June 30, 2010	\$ 4,406	--	--	4,406*	(4,406)	--	--	--	\$ --
June 30, 2011	\$ 5,364	--	--	5,364*	(5,364)	--	--	--	\$ --
June 30, 2012	\$ 5,529	--	--	5,529*	(5,529)	--	--	--	\$ --

\* This includes \$417, \$506 and \$522, respectively allocated to ADC Component Unit based on proportion of ADC premiums paid and RHICP budget.

Illustration 15-8 summarizes the Net OPEB Obligation for the County's other post employment benefits.

<b>Illustration 15-8</b> <b>Other Post Employment Benefits – Percentage of Annual OPEB Cost</b> <b>Prince William County, including ADC Component Unit and Park Authority Premium Plan</b>			
<b>Fiscal Year Ending:</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (Asset) (NOO) ending</b>
June 30, 2010	\$ 4,406*	100%	\$ --
June 30, 2011	\$ 5,364*	100%	\$ --
June 30, 2012	\$ 5,529*	100%	\$ --

\* This includes \$417, \$506 and \$522, respectively allocated to ADC Component Unit based on proportion of ADC premiums paid and RHICP budget.

#### **Funded Status and Funding Progress:**

The funded status of County plans as of July 1, 2010, the date of the most recent actuarial valuation, the actuarial accrued liability for benefits was \$59,478 and the actuarial value of assets was \$14,002, resulting in an unfunded actuarial accrued liability (UAAL) \$45,476. The covered payroll (annual payroll of active employees covered by the plans) was \$237,034, and the ratio of the UAAL to the covered payroll was 19.2 percent. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at June 30, 2012 was 26 years.

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 stated above. 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, 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.

#### **4. Prince William County Post-Retirement Medical Benefits Credit Plan (Parks RHICP)**

The Prince William County Post-Retirement Medical Benefits Credit Plan (Parks RHICP) is sponsored and administered by the Park Authority and reported separately in their audited financial statements. Copies of these financial statements may be obtained by writing to the Park Authority's Finance Division at 14420 Bristow Road, Manassas, Virginia 20112.

#### **5. 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 and Park Authority component units, 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 percent of their monthly health insurance premium less a \$1.50 times years of service for a maximum credit of \$45 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 794 retirees, including 28 retirees from the Park Authority 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, 2012, the County paid \$378, of which \$12 is related to the Park Authority retirees for which the County was reimbursed. 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, 2011, the date of the most recent actuarial valuation, there were 3,080 active participants and 672 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, 2012 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, 2011 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, 2011, was 30 years for the County.

#### **Trend information:**

Illustration 15-9 summarizes the required three-year trend information for the County.

<b>Illustration 15-9</b> <b>Virginia Retirement System – Health Insurance Credit Program</b> <b>Three Year Trend Information for Prince William County</b>					
<b>Fiscal Year Ending:</b>	<b>Annual Benefit Cost (ABC)</b>		<b>Percentage of</b>	<b>Net Benefit</b>	
		<b>Employer Portion</b>	<b>ABC</b>	<b>Obligation</b>	
			<b>Contributed</b>	<b>(NBO)</b>	
June 30, 2010	\$	552	100%	\$	--
June 30, 2011	\$	368	100%	\$	--
June 30, 2012	\$	378	100%	\$	--

#### **Funded Status and Funding Progress:**

As of June 30, 2011, the most recent actuarial valuation date, the VRS health insurance credit program was 36.8% funded. The actuarial accrued liability for benefits was \$5,847 and the actuarial value of assets was \$2,150, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,697. The covered payroll (annual payroll of active employees of covered by the plan) was \$184,120, and the ratio of the UAAL to the covered payroll was 2.0%. 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, Schedule 2, 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 for benefits.

#### **NOTE (16) – 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 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.

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.

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

#### Summary of Significant Accounting Policies:

*Basis of Accounting.* OPEB Master Trust's financial statements are prepared using the accrual basis of accounting. Plan members do not contribute directly to 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 16-1 summarizes the membership in the OPEB Master Trust of each plan as of July 1, 2010, the latest actuarial valuations.

<p>Illustration 16-1 OPEB Master Trust Fund Membership Information</p>					
	County		Park Authority		School Board
	Premium Plan	RHICP	Premium Plan	RHICP	Premium Plan
Active plan members	2,605	3,544	138	183	10,017
Retirees and beneficiaries receiving benefits	229	663	2	21	455
Terminated plan members entitled to but not yet receiving benefits	3	19	7	2	--

#### 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 below, present 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 16-2 summarizes the funded status and Employer contributions of all plans as of the most recent actuarial valuation date.

<b>Illustration 16-2</b> <b>Other Post Employment Benefits – All Plans</b> <b>Schedule of Funding Progress</b>							
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>	
July 1, 2009	\$ 11,403	\$ 86,784	\$ 75,381	13.1%	\$ 701,567	10.7%	
July 1, 2010	\$ 17,819	\$ 116,848	\$ 99,029	15.3%	\$ 712,394	13.9%	
July 1, 2011	\$ 25,366	\$ 126,241	\$ 100,875	20.1%	\$ 790,316	12.8%	

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 the annual required contribution (ARC), an amount that is actuarially determined in accordance to the parameters of GASB Statement 45. The ARC 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.

<b>Illustration 16-3</b> <b>Other Post Employment Benefits – All Plans</b> <b>Schedule of Employer Contributions</b>		
<b>Fiscal Year Ending:</b>	<b>Total Annual Required Contribution</b>	<b>Percentage Contributed</b>
June 30, 2010	\$ 9,558	100%
June 30, 2011	\$ 9,424	100%
June 30, 2012	\$ 10,753	100%

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 as of the latest actuarial valuations follows:

	<b>County and Parks Premium Plans</b>	<b>County and Parks RHICP</b>	<b>Schools</b>
Valuation Date	July 1, 2010	July 1, 2010	July 1, 2010
Actuarial Cost Method	Projected Unit Cost	Projected Unit Cost	Projected Unit Cost
Amortization Method	Level % of Projected Pay, open	Level % of Projected Pay, open	Level % of Pay, open
Remaining Amortization Period	26 years	26 years	29 years
Asset Valuation Method	Fair Market Value	Fair Market Value	Fair Market Value
Investment Rate of Return	7.0%	7.0%	7.0%
Healthcare Cost Trend Rate	8.0% base, 10.0% sensitivity, initial	n/a	8.0% initial
	4.2% base, 5.2% sensitivity, ultimate	n/a	5.0% ultimate

#### Concentrations:

Permissible asset classes, shown with target investment percentages, include: domestic equity (32%); international equity (20%); REIT (5%); inflation hedged (5%); fixed income (38%). 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, 2012. 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, 2012, 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 \$0 and \$76 respectively at June 30, 2012.

#### **NOTE (18) - RELATED ORGANIZATIONS AND JOINTLY GOVERNED 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; Section 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 a public body politic and corporate, and as such it 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 jointly governed organization 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 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.

UOSA has various sewage system revenue bonds outstanding with the annual debt service funded by each of the participating jurisdictions. Based on the agreement between the County and the Service Authority, effective in 1992 the County makes an annual fixed payment to fund UOSA debt service, with the Service Authority paying the balance. The County's payment for fiscal year 2012 was \$427. As of June 30, 2012, the County's General Fund committed share of UOSA's remaining debt service (including interest), which approximates two percent of total UOSA principal and interest requirements, is shown in Illustration 18-1.

Illustration 18-1 County's Share of UOSA's Debt Service Requirements		
Year Ending June 30:		
2013		427
2014		427
2015		427
2016		427
2017		427
2018 thru 2021		1,708
Total	\$	3,843

#### D. Northern Virginia Criminal Justice Training Academy

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 percent of the total issue, or \$5,505. The County's payment for fiscal year 2012 was \$476. The County's General Fund committed share of the NVCJTA's remaining debt service (including interest), which approximates 30 percent of total NVCJTA principal and interest requirements as of June 30, 2012 is shown in Illustration 18-2.

Illustration 18-2 County's Share of NVCJTA Debt Service Requirements		
Year Ending June 30:		
2013		465
2014		453
2015		442
2016		430
2017		418
2018 thru 2022		1,918
2023 thru 2026		1,293
Total	\$	5,419

## **NOTE (19) - COMMITMENTS AND CONTINGENCIES**

### **A. 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, 2012, the amount of outstanding NVTC bonds issued for the Virginia Railway Express was \$18,685.

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, 2012, the outstanding balance on the capitalized lease was approximately \$18,752.

In June 2002, VRE entered into a borrowing with SunTrust Bank in the amount of \$900 to refinance a previous borrowing used to purchase the VRE offices. The amount outstanding at June 30, 2012 was \$320. 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, 2012 was \$63,410.

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 \$5,900 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, Adult Detention Center and Park Authority 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, Adult Detention Center and Park Authority. The Casualty Pool has a \$750 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, Adult Detention Center and Park Authority. The Association has a \$1,000 per occurrence retention, and it purchases commercial excess coverage which provides statutory limits for workers' compensation claims and a \$1,000 excess of the \$1,000 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 up to an aggregate stop loss of 125% of total projected claims with a \$175 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 \$28,212 for claims, administration and premiums in fiscal year 2012.

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 net assets (Exhibit 7).

<b>Illustration 20-1</b> <b>Prince William County Self-Insurance</b> <b>Other Self Insurance, Casualty Pool and Workers' Compensation Association, Health Insurance</b> <b>Changes in the Aggregate Liabilities for Claims</b>					
		<b>Other Self- Insurance</b>	<b>Casualty Pool</b>	<b>Workers' Compensation Association</b>	<b>Health Insurance*</b>
Unpaid claims June 30, 2009	\$	339	742	10,380	2,994
Total claims incurred, fiscal year 2010		--	725	2,648	28,628
Total claims paid, fiscal year 2010		(31)	(790)	(1,740)	(28,782)
Unpaid claims June 30, 2010	\$	308	677	11,288	2,840
Total claims incurred, fiscal year 2011		(20)	570	2,864	25,286
Total claims paid, fiscal year 2011		(38)	(390)	(1,873)	(25,263)
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

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

#### **NOTE (21) – SUBSEQUENT EVENTS**

On March 13, 2012, the Board of County Supervisors approved Resolution No. 12-325 authorizing the sale of General Obligation School Bonds to be sold to the Virginia Public School Authority in an amount not to exceed \$79,600 for the purpose of financing various school projects. On August 1, 2012, the County sold the Virginia Public School Authority Prince William County Special Obligation Bonds Series 2012 in the par amount of \$65,675.

Pursuant to legislation enacted by the Commonwealth of Virginia that permits localities to require certain employees to contribute toward their participation in the Virginia Retirement System (VRS), as of July 1, 2012, employees hired subsequent to June 30, 2010 are required to contribute 5 percent of their gross salary to the VRS.

On March 13, 2012, the Board of County Supervisors approved Resolution No. 12-326 authorizing the merger of Prince William County Park Authority, a component unit, with the Prince William County Government, the Primary Government, by creating the Prince William County Department of Parks and Recreation effective July 1, 2012. The Prince William County Department of Parks and Recreation will be the department responsible for the delivery of parks and recreational services in Prince William County beginning in fiscal year 2013. All activities and financial reporting functions of the newly created Department of Parks and Recreation will be integrated with the primary government.



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





COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 1

GENERAL FUND

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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, 2012

(amounts expressed in thousands)

	Budgeted Amounts		2012	Variance With Final Budget Positive (Negative)	2011
	Original	Final	Actual		
<b>BUDGETARY REVENUES:</b>					
FROM LOCAL SOURCES:					
GENERAL PROPERTY TAXES:					
Real property taxes	\$ 474,108	474,108	475,380	1,272	459,203
Real and personal property taxes of public service corporations	17,835	17,835	17,704	(131)	18,129
Personal property taxes	123,695	69,395	73,192	3,797	67,639
Penalties and interest	5,821	5,821	5,146	(675)	5,002
Total general property taxes	621,459	567,159	571,422	4,263	549,973
OTHER LOCAL TAXES:					
Short term rental tax	185	185	152	(33)	146
Local sales taxes	50,810	50,810	52,003	1,193	49,554
Consumer's utility taxes	13,440	13,440	13,075	(365)	13,190
Bank stock taxes	900	900	1,694	794	1,735
Motor vehicle licenses	7,560	7,560	7,591	31	7,504
Taxes on recordation and wills	7,450	7,450	8,014	564	7,562
Business, professional and occupational license tax	21,960	21,960	21,725	(235)	20,965
Public utility gross receipts tax	1,150	1,150	1,234	84	1,327
Transient occupancy tax	3,095	3,095	3,274	179	3,169
Total other local taxes	106,550	106,550	108,762	2,212	105,152
PERMITS, PRIVILEGE FEES AND REGULATORY LICENSES:					
Animal licenses	196	196	235	39	111
Development permits and licenses	-	-	1	1	-
Fire protection permits	319	319	360	41	300
Health protection permits	151	151	158	7	138
Cable franchise fees	757	757	1,112	355	951
Permits and other licenses	102	102	207	105	169
Total permits, privilege fees and regulatory licenses	1,525	1,525	2,073	548	1,669
FINES AND FORFEITURES:	2,586	2,586	3,435	849	3,241
FROM USE OF MONEY AND PROPERTY:					
Use of money	10,681	8,117	6,213	(1,904)	8,326
Use of property	805	814	927	113	876
Total revenue from use of money and property	11,486	8,931	7,140	(1,791)	9,202
CHARGES FOR SERVICES:					
Court costs	3,956	3,956	4,421	465	4,057
Correction and detention	673	713	846	133	943
Commonwealth's Attorney	73	73	127	54	103
Mental health and mental retardation	531	646	822	176	906
Welfare and social services	263	412	401	(11)	243
Library	663	663	578	(85)	562
Planning and community development	35	35	25	(10)	27
Public safety	1,031	1,031	1,136	105	931
Ambulance and rescue	3,467	3,542	3,774	232	-
Other charges	847	575	597	22	554
Total charges for services	11,539	11,646	12,727	1,081	8,326
Total revenue from local sources	755,145	698,397	705,559	7,162	677,563
THE FEDERAL GOVERNMENT:					
Payments in lieu of taxes	90	90	66	(24)	54
Categorical aid grants:					
Aging programs	626	1,095	700	(395)	511
USDA	79	82	82	-	79
Welfare programs	13,811	11,507	11,133	(374)	14,006
Mental health/retardation and substance abuse programs	2,313	2,717	2,635	(82)	3,059
Homeland Security Grants	523	1,146	1,015	(131)	631
Police federal forfeitures and grant programs	607	322	473	151	585

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Schedule 1

**GENERAL FUND**

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**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, 2012

(amounts expressed in thousands)

	Budgeted Amounts		2012 Actual	Variance With Final Budget Positive (Negative)	2011
	Original	Final			
Expenditure reimbursement for social services	330	330	330	-	330
Other	2,430	3,918	4,120	202	3,700
Total revenue from the federal government	20,809	21,207	20,554	(653)	22,955
THE COMMONWEALTH:					
NONCATEGORICAL AID:					
PPTRA revenue	-	54,300	54,288	(12)	54,288
Communications sales and use tax	21,060	21,060	19,772	(1,288)	20,182
Anti-Annexation public safety	9,189	9,189	8,677	(512)	9,002
Mobile home tax	35	35	30	(5)	35
Rental car tax	772	772	1,047	275	829
Rolling stock tax	90	90	94	4	84
Total noncategorical aid	31,146	85,446	83,908	(1,538)	84,420
SHARED EXPENDITURES:					
Commonwealth's Attorney	1,256	1,256	1,462	206	1,453
Sheriff	1,658	1,658	1,601	(57)	1,603
Director of Finance	534	534	588	54	607
Registrar	80	80	80	-	95
Clerk of the Court	505	505	189	(316)	318
Total shared expenditures	4,033	4,033	3,920	(113)	4,076
CATEGORICAL AID:					
Public safety	2,204	4,336	881	(3,455)	4,720
Fire programs	949	1,057	1,499	442	1,126
Library	503	503	496	(7)	502
Public assistance and welfare administration	9,969	9,696	9,392	(304)	10,844
Public health	28	28	459	431	387
Total categorical aid	13,653	15,620	12,727	(2,893)	17,579
OTHER CATEGORICAL AID:					
Aging program	244	265	221	(44)	264
Office on youth	-	-	-	-	1
Community services	10,257	11,949	11,598	(351)	10,523
Juvenile detention	1,780	1,804	1,792	(12)	1,789
Criminal justice services	921	921	946	25	947
Communications	43	43	5	(38)	-
Police extraditions	32	32	42	10	25
Sheriff extraditions	30	30	24	(6)	22
Victim/witness program	156	156	44	(112)	43
Other	515	603	683	80	654
Total other categorical aid	13,978	15,803	15,355	(448)	14,268
Total revenue from the Commonwealth	62,810	120,902	115,910	(4,992)	120,343
LOCAL GOVERNMENTS:					
City of Manassas	4,430	4,430	4,376	(54)	4,906
City of Manassas Park	1,590	1,590	1,589	(1)	1,926
Potomac/Rappahannock Transportation Commission	-	-	-	-	1,516
Other localities	403	-	241	241	118
Total revenues from local governments	6,423	6,020	6,206	186	8,466
MISCELLANEOUS:					
Expenditure refunds	173	302	254	(48)	308
Donations - Proffers	7,363	7,858	7,858	-	6,030
Donations - Other	184	358	360	2	939
Insurance recoveries	3	3	86	83	25
Other	75	75	58	(17)	106
Total miscellaneous revenues	7,798	8,596	8,616	20	7,408
Total budgetary revenues	852,985	855,122	856,845	1,723	836,735

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 1

GENERAL FUND

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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, 2012

(amounts expressed in thousands)

	Budgeted Amounts		2012		Variance With Final Budget Positive (Negative)	2011
	Original	Final	Actual			
<b>BUDGETARY EXPENDITURES:</b>						
GENERAL GOVERNMENTAL ADMINISTRATION:						
Board of Supervisors	4,307	3,707	3,251	456		2,840
County Attorney	3,149	3,154	3,095	59		3,146
Office of Executive Management	7,444	8,178	7,871	307		6,701
Technology and Support Services	6,320	6,483	5,159	1,324		5,249
Finance	15,894	16,024	15,806	218		13,979
Audit Services	740	729	651	78		708
Board of Equalization	52	52	27	25		33
Human Rights	554	557	536	21		551
Board of Registration/Elections	1,726	1,617	1,471	146		1,058
Mailroom and Print Shop	1,013	980	980	-		945
Contingency Reserve	1,203	402	-	402		-
Unemployment Insurance Reserves	150	150	50	100		86
Total general governmental administration	42,552	42,033	38,897	3,136		35,296
JUDICIAL ADMINISTRATION:						
Commonwealth Attorney	4,718	4,780	4,620	160		4,542
Sheriff	8,694	8,823	8,217	606		8,353
Juvenile and Domestic Relations Court	79	64	58	6		64
Clerk of Court/Judges Chambers	4,726	4,394	4,169	225		3,991
General District Court	245	242	182	60		203
Magistrates	191	205	204	1		205
Law Library	148	148	143	5		147
Total judicial administration	18,801	18,656	17,593	1,063		17,505
PUBLIC SAFETY:						
Public Works - Development	2,528	2,504	2,232	272		2,341
Police	78,183	80,233	80,139	94		75,748
Juvenile Court Services Unit	1,064	1,054	958	96		1,076
Adult Detention Center	21,972	21,751	21,751	-		20,967
Correction and Detention of Youth	5,249	5,204	5,028	176		4,920
Criminal Justice Services	3,182	2,993	2,919	74		2,928
Public Safety Communications	8,988	9,044	8,666	378		8,578
Fire Service	64,554	61,438	61,041	397		56,740
Northern Virginia Criminal Justice Training Academy	-	476	476	-		488
Total public safety	185,720	184,697	183,210	1,487		173,786
PUBLIC WORKS:						
Public Works	32,858	29,977	27,033	2,944		24,681
Transportation	2,826	2,563	2,473	90		2,182
Property and Miscellaneous Insurance	5,676	1,016	332	684		345
Upper Occoquan Sewage Authority	427	427	427	-		427
Total public works	41,787	33,983	30,265	3,718		27,635
HEALTH AND WELFARE:						
Social Services	30,375	27,212	25,782	1,430		30,207
Public Health	4,011	4,025	4,014	11		3,880
Community Services Board	31,662	33,345	32,113	1,232		30,563
At-Risk Youth and Family Services	7,986	8,643	8,603	40		8,032
Office on Aging	4,808	5,295	4,502	793		4,099
School Age Child Care	-	-	-	-		115
Total health and welfare	78,842	78,520	75,014	3,506		76,896
EDUCATION:						
Schools	425,559	366,976	366,960	16		346,314
PARKS, RECREATIONAL AND CULTURAL:						
Parks	13,967	15,025	15,025	-		14,769
Library	13,514	13,519	13,332	187		13,802
Total parks, recreational and cultural	27,481	28,544	28,357	187		28,571

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 1

GENERAL FUND

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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, 2012

(amounts expressed in thousands)

	Budgeted Amounts		2012	Variance With Final Budget Positive (Negative)	2011
	Original	Final	Actual		
COMMUNITY DEVELOPMENT:					
Office of Planning	2,238	2,317	1,376	941	2,170
Economic and Community Development	3,445	3,570	3,436	134	3,160
Extension and Continuing Education	823	832	709	123	845
Transportation	-	-	-	-	327
Total community development	6,506	6,719	5,521	1,198	6,502
DEBT SERVICE:					
Principal retirement	24,155	74,673	74,673	-	66,811
Interest and other debt costs	22,608	43,060	42,777	283	43,298
Total debt service	46,763	117,733	117,450	283	110,109
Total budgetary expenditures	874,011	877,861	863,267	14,594	822,614
Excess (deficiency) of budgetary revenues over (under) budgetary expenditures	(21,026)	(22,739)	(6,422)	16,317	14,121
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN:					
General fund	1,911	-	-	-	-
Special revenue funds	13,284	13,411	13,411	-	13,508
Capital projects funds	1,000	7,085	7,085	-	3,098
Internal service funds	71	164	164	-	165
Enterprise funds	1,627	1,627	1,627	-	1,556
Total transfers in	17,893	22,287	22,287	-	18,327
TRANSFERS OUT:					
General fund	(1,911)	-	-	-	-
Special revenue funds	(4,464)	(4,843)	(4,843)	-	(2,589)
Capital projects funds	(22,695)	(26,639)	(26,639)	-	(8,397)
Internal service funds	(9,540)	(9,562)	(9,562)	-	(1,194)
Enterprise funds	-	(100)	(100)	-	-
Total transfers out	(38,610)	(41,144)	(41,144)	-	(12,180)
NON-REVENUE RECEIPTS:					
Proceeds from refunding bonds	-	-	51,585	51,585	82,410
Premium on refunding of bonds	-	-	9,690	9,690	9,757
Payment to refunded bond escrow agent	-	-	(60,921)	(60,921)	(91,667)
Claims and judgment recoveries	-	-	66	66	-
Sale of surplus property	174	177	129	(48)	188
Total non-revenue receipts	174	177	549	372	688
Total other financing sources (uses)	(20,543)	(18,680)	(18,308)	372	6,835
Net change in budgetary fund balance	(41,569)	(41,419)	(24,730)	16,689	20,956
BUDGETARY FUND BALANCE, beginning of year	189,833	189,833	189,833	-	168,877
BUDGETARY FUND BALANCE, end of year	\$ 148,264	148,414	165,103	16,689	189,833
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 1)	\$ 11,486	8,931	7,140	(1,791)	9,202
Current Year Fair Value Adjustment	-	-	2,576	2,576	(4,437)
Use of money and property (Exhibit 5)	11,486	8,931	9,716	785	4,765
BUDGETARY FUND BALANCE, end of year	148,264	148,414	165,103	16,689	189,833
Total adjustments	-	-	(1,861)	(1,861)	(4,437)
FUND BALANCE, end of year	\$ 148,264	148,414	163,242	14,828	185,396

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 2

SCHEDULE OF FUNDING PROGRESS - POST-EMPLOYMENT BENEFIT PLANS (UNAUDITED)

(amounts expressed in thousands)

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, 2006	\$ 492,099	564,959	72,860	87.1%	173,003	42.1%
June 30, 2007	\$ 564,007	640,238	76,231	88.1%	184,569	41.3%
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%

Supplemental Retirement Plan Schedule of Funding Progress

Because the Plan uses the aggregate actuarial cost method, presentation of a schedule of funding progress based on entry age is required.

Supplemental Retirement 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
July 1, 2007	\$ 23,420	21,530	(1,890)	108.8%	51,033	-3.7%
July 1, 2009	\$ 26,094	29,260	3,166	89.2%	62,456	5.1%
July 1, 2011	\$ 27,031	32,489	5,458	83.2%	63,806	8.6%

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, 2009	\$ 6,297	44,937	38,640	14.0%	228,407	16.9%
July 1, 2010	\$ 10,535	55,704	45,169	18.9%	227,406	19.9%
July 1, 2011	\$ 14,002	59,478	45,476	23.5%	243,690	18.7%

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, 2009	\$ 1,239	5,031	3,792	24.6%	205,468	1.8%
June 30, 2010	\$ 1,718	5,606	3,888	30.6%	204,285	1.9%
June 30, 2011	\$ 2,150	5,847	3,697	36.8%	184,120	2.0%



## **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 Fire and Rescue Levy accounts for fire and rescue services provided to specific County districts. Revenues are principally derived from special tax levies and interest earnings. Expenditures consist of the cost of delivering fire and rescue services.

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**

**Schedule 3**

**Page 1 of 2**

As of June 30, 2012

With Comparative Totals for June 30, 2011

(amounts expressed in thousands)

	Fire and Rescue Levy	Transportation Districts	Stormwater Management District/Gypsy Moth Levy	Development Fee Services
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 63,545	997	7,157	4,925
Accounts receivable, net	303	8	57	11
Due from other governmental units	-	-	2	-
Total assets	<u>\$ 63,848</u>	<u>1,005</u>	<u>7,216</u>	<u>4,936</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,468	8	45	8
Wages and benefits payable	-	-	86	179
Deposits and escrows	1	-	-	-
Unearned revenue	167	-	2,070	-
Total liabilities	<u>1,636</u>	<u>8</u>	<u>2,201</u>	<u>187</u>
<b>FUND BALANCES:</b>				
Restricted	62,212	997	5,015	4,749
Total fund balances	<u>62,212</u>	<u>997</u>	<u>5,015</u>	<u>4,749</u>
Total liabilities and fund balances	<u>\$ 63,848</u>	<u>1,005</u>	<u>7,216</u>	<u>4,936</u>

<u>Housing</u>	<u>2012</u>	<u>2011</u>	
4,573	81,197	76,412	<b>ASSETS</b>
-	379	689	Equity in pooled cash and investments
339	341	72	Accounts receivable, net
4,912	81,917	77,173	Due from other governmental units
			Total assets
			<b>LIABILITIES AND FUND BALANCE</b>
			LIABILITIES:
189	1,718	1,623	Accounts payable
34	299	731	Wages and benefits payable
1	2	6	Deposits and escrows
93	2,330	1,640	Unearned revenue
317	4,349	4,000	Total liabilities
			<b>FUND BALANCES:</b>
4,595	77,568	73,173	Restricted
4,595	77,568	73,173	Total fund balances
4,912	81,917	77,173	Total liabilities and fund balances

**COUNTY OF PRINCE WILLIAM, VIRGINIA****NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**

Schedule 4

Page 1 of 2

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**

For the Year Ended June 30, 2012

With Comparative Totals for the Year Ended June 30, 2011

(amounts expressed in thousands)

	Fire and Rescue Levy	Transportation Districts	Stormwater Management District/Gypsy Moth Levy	Development Fee Services
<b>REVENUES:</b>				
General property taxes	\$ 30,777	2,656	1,041	-
Permits, privilege fees and regulatory licenses	-	-	2	11,761
From use of money and property	1,478	57	165	92
Charges for services	-	9	5,043	159
Intergovernmental revenues:				
Federal	-	-	-	-
State	-	-	2	-
Local	-	-	-	-
Donations and contributions	2	-	-	-
Miscellaneous	684	-	-	183
Total revenues	32,941	2,722	6,253	12,195
<b>EXPENDITURES:</b>				
Public safety - Fire & Rescue	18,266	-	-	-
Public safety - Public Works	-	-	-	9,098
Public works - Public Works	-	143	-	-
Community development - Housing	-	-	-	-
Community development - Public Works	-	-	5,923	4,337
Total expenditures	18,266	143	5,923	13,435
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in:				
General fund	785	-	132	3,874
Special revenue funds	-	-	-	27
Capital projects funds	-	-	-	3,398
Internal service funds	-	-	-	5
Transfers out:				
General fund	(6,626)	(2,523)	(1,188)	(2,890)
Special revenue funds	-	-	(27)	-
Capital projects funds	-	-	(609)	-
Internal service funds	(4,045)	-	-	-
Sale of surplus property	15	-	10	-
Total other financing sources (uses)	(9,871)	(2,523)	(1,682)	4,414
Net change in fund balances	4,804	56	(1,352)	3,174
<b>FUND BALANCE, beginning of year</b>	57,408	941	6,367	1,575
<b>FUND BALANCE, end of year</b>	\$ 62,212	997	5,015	4,749

Housing	2012	2011	
-	34,474	33,247	<b>REVENUES:</b>
-	11,763	9,826	General property taxes
70	1,862	1,184	Permits, privilege fees and regulatory licenses
3,288	8,499	5,646	From use of money and property
			Charges for services
			Intergovernmental revenues:
25,953	25,953	31,099	Federal
28	30	42	State
-	-	7	Local
-	2	-	Donations and contributions
-	867	272	Miscellaneous
29,339	83,450	81,323	Total revenues
			<b>EXPENDITURES:</b>
-	18,266	16,878	Public safety - Fire & Rescue
-	9,098	7,738	Public safety - Public Works
-	143	101	Public works - Public Works
31,499	31,499	29,063	Community development - Housing
-	10,260	9,618	Community development - Public Works
31,499	69,266	63,398	Total expenditures
			<b>OTHER FINANCING SOURCES (USES):</b>
			Transfers in:
52	4,843	2,589	General fund
-	27	3	Special revenue funds
-	3,398	112	Capital projects funds
-	5	-	Internal service funds
			Transfers out:
(184)	(13,411)	(13,508)	General fund
-	(27)	(3)	Special revenue funds
-	(609)	(1,284)	Capital projects funds
-	(4,045)	-	Internal service funds
5	30	-	Sale of surplus property
(127)	(9,789)	(12,091)	Total other financing sources (uses)
(2,287)	4,395	5,834	Net change in fund balances
6,882	73,173	67,339	<b>FUND BALANCE, beginning of year</b>
4,595	77,568	73,173	<b>FUND BALANCE, end of year</b>

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Schedule 5

**SPECIAL REVENUE FUND - Fire & Rescue 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, 2012

With Comparative Totals for the Year Ended June 30, 2011

(amounts expressed in thousands)

	Budgeted Amounts		2012 Actual	Variance With Final Budget Positive (Negative)	2011
	Original	Final			
<b>BUDGETARY REVENUES:</b>					
General property taxes	\$ 30,320	30,320	30,777	457	29,764
From use of money and property	-	-	1,234	1,234	1,444
Intergovernmental revenues:					
Local	-	-	-	-	7
Donations and contributions	-	-	2	2	-
Miscellaneous	-	425	684	259	16
Total budgetary revenues	30,320	30,745	32,697	1,952	31,231
<b>BUDGETARY EXPENDITURES:</b>					
Public safety - Fire & Rescue	55,634	22,100	18,266	3,834	16,878
Total budgetary expenditures	55,634	22,100	18,266	3,834	16,878
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in:					
General fund	785	785	785	-	250
Special revenue funds	18,344	-	-	-	-
Transfers out:					
General fund	(6,562)	(6,626)	(6,626)	-	(7,100)
Special revenue funds	(18,344)	-	-	-	-
Capital projects funds	-	-	-	-	(677)
Internal service funds	(4,045)	(4,045)	(4,045)	-	-
Sale of surplus property	-	-	15	15	-
Total other financing sources (uses)	(9,822)	(9,886)	(9,871)	15	(7,527)
Net change in budgetary fund balance	(35,136)	(1,241)	4,560	5,801	6,826
<b>BUDGETARY FUND BALANCE, beginning of year</b>	57,949	57,949	57,949	-	51,123
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 22,813	56,708	62,509	5,801	57,949
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>					
Use of money and property (Schedule 5)	\$ -	-	1,234	1,234	1,444
Current Year Fair Value Adjustment	-	-	244	244	(541)
Use of money and property (Schedule 4)	-	-	1,478	1,478	903
Cumulative Fair Value Adjustments of Prior Periods	-	-	(541)	(541)	-
<b>BUDGETARY FUND BALANCE, end of year</b>	22,813	56,708	62,509	5,801	57,949
Total adjustments	-	-	(297)	(297)	(541)
<b>FUND BALANCE, end of year</b>	\$ 22,813	56,708	62,212	5,504	57,408

**COUNTY OF PRINCE WILLIAM, VIRGINIA**  
**SPECIAL REVENUE FUND - Transportation Districts**

Schedule 6

**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, 2012

With Comparative Totals for the Year Ended June 30, 2011

(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Variance With Final Budget Positive (Negative)</b>		
	<b>Original</b>	<b>Final</b>	<b>2012 Actual</b>		<b>2011</b>
<b>BUDGETARY REVENUES:</b>					
General property taxes	\$ 2,595	2,595	2,656	61	2,501
From use of money and property	10	10	52	42	49
Charges for services	-	-	9	9	3
Total budgetary revenues	2,605	2,605	2,717	112	2,553
<b>BUDGETARY EXPENDITURES:</b>					
Public works - Public Works	252	196	143	53	101
Total budgetary expenditures	252	196	143	53	101
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out:					
General fund	(2,523)	(2,523)	(2,523)	-	(2,289)
Total other financing sources (uses)	(2,523)	(2,523)	(2,523)	-	(2,289)
Net change in budgetary fund balance	(170)	(114)	51	165	163
<b>BUDGETARY FUND BALANCE, beginning of year</b>	958	958	958	-	795
<b>BUDGETARY FUND BALANCE, end of year</b>	<u>\$ 788</u>	<u>844</u>	<u>1,009</u>	<u>165</u>	<u>958</u>
<b><u>Reconciliation of Budgetary Basis to GAAP Basis:</u></b>					
Use of money and property (Schedule 6)	\$ 10	10	52	42	49
Current Year Fair Value Adjustment	-	-	5	5	(17)
Use of money and property (Schedule 4)	10	10	57	47	32
Cumulative Fair Value Adjustments of Prior Periods	-	-	(17)	(17)	-
<b>BUDGETARY FUND BALANCE, end of year</b>	788	844	1,009	165	958
Total adjustments	-	-	(12)	(12)	(17)
<b>FUND BALANCE, end of year</b>	<u>\$ 788</u>	<u>844</u>	<u>997</u>	<u>153</u>	<u>941</u>

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**Schedule 7**

**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, 2012

With Comparative Totals for the Year Ended June 30, 2011

(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Variance With Final Budget Positive (Negative)</b>		
	<b>Original</b>	<b>Final</b>	<b>2012 Actual</b>		<b>2011</b>
<b>BUDGETARY REVENUES:</b>					
General property taxes	\$ 976	976	1,041	65	982
Permits, privilege fees and regulatory licenses	-	-	2	2	4
From use of money and property	143	143	131	(12)	196
Charges for services	5,106	5,106	5,043	(63)	5,031
Intergovernmental revenues:					
State	-	-	2	2	17
Total budgetary revenues	6,225	6,225	6,219	(6)	6,230
<b>BUDGETARY EXPENDITURES:</b>					
Public works - Public Works	7,164	6,580	5,923	657	5,278
Total budgetary expenditures	7,164	6,580	5,923	657	5,278
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in:					
General fund	-	132	132	-	-
Capital projects funds	-	-	-	-	80
Transfers out:					
General fund	(1,188)	(1,188)	(1,188)	-	(881)
Special revenue funds	-	(27)	(27)	-	(3)
Capital projects funds	(607)	(609)	(609)	-	(607)
Sale of surplus property	-	-	10	10	-
Total other financing sources (uses)	(1,795)	(1,692)	(1,682)	10	(1,411)
Net change in budgetary fund balance	(2,734)	(2,047)	(1,386)	661	(459)
<b>BUDGETARY FUND BALANCE, beginning of year</b>	6,445	6,445	6,445	-	6,904
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 3,711	4,398	5,059	661	6,445
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>					
Use of money and property (Schedule 7)	\$ 143	143	131	(12)	196
Current Year Fair Value Adjustment	-	-	34	34	(78)
Use of money and property (Schedule 4)	143	143	165	22	118
Cumulative Fair Value Adjustments of Prior Periods	-	-	(78)	(78)	-
<b>BUDGETARY FUND BALANCE, end of year</b>	3,711	4,398	5,059	661	6,445
Total adjustments	-	-	(44)	(44)	(78)
<b>FUND BALANCE, end of year</b>	\$ 3,711	4,398	5,015	617	6,367



**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Schedule 8

**SPECIAL REVENUE FUND - Development Fee Services**

**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, 2012

With Comparative Totals for the Year Ended June 30, 2011

(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>2012</b>	<b>Variance With Final Budget Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		<b>2011</b>
<b>BUDGETARY REVENUES:</b>					
Permits, privilege fees and regulatory licenses	\$ 10,044	10,044	11,761	1,717	9,822
From use of money and property	5	5	75	70	61
Charges for services	388	388	159	(229)	344
Miscellaneous	262	262	183	(79)	256
Total budgetary revenues	10,699	10,699	12,178	1,479	10,483
<b>BUDGETARY EXPENDITURES:</b>					
Public safety - Public Works	9,407	9,319	9,098	221	7,738
Community development - Public Works	4,445	4,446	4,337	109	4,340
Total budgetary expenditures	13,852	13,765	13,435	330	12,078
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in:					
General fund	3,658	3,874	3,874	-	2,288
Special revenue funds	86	27	27	-	3
Capital projects funds	3,398	3,398	3,398	-	32
Internal service funds	5	5	5	-	-
Transfers out:					
General fund	(2,890)	(2,890)	(2,890)	-	(2,655)
Special revenue funds	(86)	-	-	-	-
Total other financing sources (uses)	4,171	4,414	4,414	-	(332)
Net change in budgetary fund balance	1,018	1,348	3,157	1,809	(1,927)
<b>BUDGETARY FUND BALANCE, beginning of year</b>	1,607	1,607	1,607	-	3,534
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 2,625	2,955	4,764	1,809	1,607
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>					
Use of money and property (Schedule 8)	\$ 5	5	75	70	61
Current Year Fair Value Adjustment	-	-	17	17	(32)
Use of money and property (Schedule 4)	5	5	92	87	29
Cumulative Fair Value Adjustments of Prior Periods	-	-	(32)	(32)	-
<b>BUDGETARY FUND BALANCE, end of year</b>	2,625	2,955	4,764	1,809	1,607
Total adjustments	-	-	(15)	(15)	(32)
<b>FUND BALANCE, end of year</b>	\$ 2,625	2,955	4,749	1,794	1,575

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 9

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, 2012

With Comparative Totals for the Year Ended June 30, 2011

(amounts expressed in thousands)

	Budgeted Amounts		2012	Variance With Final Budget Positive (Negative)	2011
	Original	Final	Actual		
<b>BUDGETARY REVENUES:</b>					
From use of money and property	\$ 75	75	70	(5)	102
Charges for services	839	828	3,288	2,460	268
Intergovernmental revenues:					
Federal	32,065	29,473	25,953	(3,520)	31,099
State	24	28	28	-	25
Total budgetary revenues	33,003	30,404	29,339	(1,065)	31,494
<b>BUDGETARY EXPENDITURES:</b>					
Community development - Housing	33,094	31,636	31,499	137	29,063
Total budgetary expenditures	33,094	31,636	31,499	137	29,063
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in:					
General fund	21	52	52	-	51
Transfers out:					
General fund	(121)	(184)	(184)	-	(583)
Sale of surplus property	-	-	5	5	-
Total other financing sources (uses)	(100)	(132)	(127)	5	(532)
Net change in budgetary fund balance	(191)	(1,364)	(2,287)	(923)	1,899
<b>BUDGETARY FUND BALANCE, beginning of year</b>	6,882	6,882	6,882	-	4,983
<b>BUDGETARY FUND BALANCE, end of year</b>	\$ 6,691	5,518	4,595	(923)	6,882
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>					
Use of money and property (Schedule 9)	\$ 75	75	70	(5)	102
Current Year Fair Value Adjustment	-	-	-	-	-
Use of money and property (Schedule 4)	75	75	70	(5)	102
Cumulative Fair Value Adjustments of Prior Periods	-	-	-	-	-
<b>BUDGETARY FUND BALANCE, end of year</b>	6,691	5,518	4,595	(923)	6,882
Total adjustments	-	-	-	-	-
<b>FUND BALANCE, end of year</b>	\$ 6,691	5,518	4,595	(923)	6,882

## **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**

Schedule 10

**INTERNAL SERVICE FUNDS**

**Combining Statement of Fund Net Assets**

As of June 30, 2012

With Comparative Totals for June 30, 2011

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals	
						2012	2011
<b>ASSETS</b>							
Current assets:							
Equity in pooled cash and investments	\$ 55,928	250	2,390	8,156	26,961	93,685	59,193
Investments	-	-	2,001	16,832	-	18,833	20,835
Accounts receivable, net	162	-	4	88	2,643	2,897	2,727
Due from other governmental units	2	-	-	-	-	2	431
Due from other funds	-	-	-	186	-	186	5
Inventory	272	-	-	-	-	272	254
Prepays	-	-	5	7	401	413	663
Total current assets	56,364	250	4,400	25,269	30,005	116,288	84,108
Non-current assets:							
Restricted investments	-	-	500	750	-	1,250	1,250
Capital assets:							
Land and construction in progress	5,992	-	-	-	-	5,992	1,399
Buildings and other capital assets, net of depreciation	5,669	-	-	-	-	5,669	5,929
Total non-current assets	11,661	-	500	750	-	12,911	8,578
Total assets	68,025	250	4,900	26,019	30,005	129,199	92,686
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	1,294	-	48	114	678	2,134	1,689
Wages and benefits payable	139	-	-	-	1	140	351
Unpaid losses, related liabilities and IBNR	-	25	369	1,511	3,158	5,063	4,664
Due to component units	-	-	-	25	-	25	13
Unearned revenue	-	-	-	-	2,586	2,586	2,453
Current portion of surplus distribution payable	-	-	140	200	-	340	631
Compensated absences	46	-	-	-	-	46	37
Total current liabilities	1,479	25	557	1,850	6,423	10,334	9,838
Non-current liabilities:							
Unpaid losses, related liabilities and IBNR	-	171	244	11,899	-	12,314	11,585
Surplus distribution payable	-	-	103	701	-	804	1,280
Compensated absences	960	-	-	-	1	961	890
Total non-current liabilities	960	171	347	12,600	1	14,079	13,755
Total liabilities	2,439	196	904	14,450	6,424	24,413	23,593
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	11,661	-	-	-	-	11,661	7,328
Restricted for self-insurance funds	-	-	500	2,348	-	2,848	1,250
Unrestricted	53,925	54	3,496	9,221	23,581	90,277	60,515
Total net assets	\$ 65,586	54	3,996	11,569	23,581	104,786	69,093

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Schedule 11

**INTERNAL SERVICE FUNDS**
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**

For the Year Ended June 30, 2012

With Comparative Totals for the Year Ended June 30, 2011

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals	
						2012	2011
<b>OPERATING REVENUES:</b>							
Charges for services	\$ 25,492	-	1,398	4,374	36,775	68,039	64,613
Intergovernmental revenues:							
Federal	342	-	-	-	51	393	487
State	-	-	-	-	-	-	7
Miscellaneous	-	33	-	-	2,851	2,884	2,630
Total operating revenues	25,834	33	1,398	4,374	39,677	71,316	67,737
<b>OPERATING EXPENSES:</b>							
Personal services	8,426	-	-	-	50	8,476	8,216
Contractual services	7,628	-	-	-	3,489	11,117	10,817
Materials/supplies	5,925	-	-	-	-	5,925	5,260
Depreciation	1,825	-	-	-	-	1,825	1,971
Other	52	-	331	519	-	902	960
Claims and premiums	-	-	501	238	31,234	31,973	29,440
OPEB cost	-	-	-	-	5,060	5,060	4,918
Losses and loss adjustment expenses	-	-	204	3,024	295	3,523	3,457
Total operating expenses	23,856	-	1,036	3,781	40,128	68,801	65,039
Operating income/(loss)	1,978	33	362	593	(451)	2,515	2,698
<b>NON-OPERATING REVENUES/(EXPENSES):</b>							
Interest income	893	4	56	232	563	1,748	954
Gain/(loss) on sale of capital assets	(48)	-	-	-	-	(48)	94
Declaration of surplus distribution	-	-	-	-	-	-	(900)
Total non-operating revenues/(expenses)	845	4	56	232	563	1,700	148
Income before transfers and capital contributions	2,823	37	418	825	112	4,215	2,846
<b>TRANSFERS:</b>							
Transfers in:							
General fund	8,384	-	-	-	1,178	9,562	1,368
Special revenue funds	4,000	-	-	-	45	4,045	-
Capital projects funds	18,000	-	-	-	-	18,000	167
Transfers out:							
General fund	(160)	(4)	-	-	-	(164)	(165)
Special revenue funds	(5)	-	-	-	-	(5)	-
Capital projects funds	(43)	-	-	-	-	(43)	(5)
Total transfers	30,176	(4)	-	-	1,223	31,395	1,365
Capital contributions	83	-	-	-	-	83	581
Change in net assets	33,082	33	418	825	1,335	35,693	4,792
<b>NET ASSETS, beginning</b>	32,504	21	3,578	10,744	22,246	69,093	64,301
<b>NET ASSETS, ending</b>	\$ 65,586	54	3,996	11,569	23,581	104,786	69,093

**COUNTY OF PRINCE WILLIAM, VIRGINIA**
**INTERNAL SERVICE FUNDS**
**Combining Statement of Cash Flows**

For the Year Ended June 30, 2012

(amounts expressed in thousands)

Schedule 12

Page 1 of 2

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from County agencies	\$ 25,275	-	1,094	3,890	22,348	52,607
Cash received from employees	-	-	-	-	11,031	11,031
Cash received from other entities	505	-	-	-	4,063	4,568
Payments for claims and premiums	-	(21)	(940)	(2,123)	(33,464)	(36,548)
Payments to suppliers for goods and services	(13,450)	-	(256)	(516)	(3,253)	(17,475)
Payments to employees for services	(8,556)	-	-	-	(50)	(8,606)
Net cash provided (used) by operating activities	3,774	(21)	(102)	1,251	675	5,577
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Surplus distributions paid	-	-	(137)	-	-	(137)
Transfers in	30,384	-	-	-	1,223	31,607
Transfers out	(208)	(4)	-	-	-	(212)
Net cash provided (used) by non-capital financing activities	30,176	(4)	(137)	-	1,223	31,258
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets	(6,135)	-	-	-	-	(6,135)
Proceeds from the sale of capital assets	17	-	-	-	-	17
Net cash provided (used) by capital and related financing activities	(6,118)	-	-	-	-	(6,118)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Proceeds from maturities of investments	-	-	4,000	24,402	-	28,402
Purchases of investments	-	-	(3,293)	(23,042)	-	(26,335)
Interest and dividends received on investments	893	4	31	199	581	1,708
Net cash provided (used) by investing activities	893	4	738	1,559	581	3,775
Net increase (decrease) in cash and cash equivalents	28,725	(21)	499	2,810	2,479	34,492
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	27,203	271	1,891	5,346	24,482	59,193
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 55,928	250	2,390	8,156	26,961	93,685

**COUNTY OF PRINCE WILLIAM, VIRGINIA**
**INTERNAL SERVICE FUNDS**
**Combining Statement of Cash Flows**

For the Year Ended June 30, 2012

(amounts expressed in thousands)

Schedule 12

Page 2 of 2

	Intra- County Services	Other Self- Insurance	Self- Insurance Casualty Pool	Self- Insurance Workers' Compensation Association	Health Insurance	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income	\$ 1,978	33	362	593	(451)	2,515
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	1,825	-	-	-	-	1,825
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable, net of accrued interest	(50)	-	(303)	(318)	(168)	(839)
Due from other governmental units	(2)	-	-	-	431	429
Due from other funds	-	-	5	(185)	-	(180)
Inventory	(17)	-	-	-	-	(17)
Prepaid items	-	-	57	(4)	208	261
Increase (decrease) in:						
Accounts payable and accrued liabilities, net of accrued interest	40	(54)	21	5	522	534
Unpaid losses and related expenses	-	-	(244)	1,131	-	887
Unearned revenue	-	-	-	-	133	133
Due to related parties	-	-	-	29	-	29
Total adjustments	1,796	(54)	(464)	658	1,126	3,062
Net cash provided (used) by operating activities	\$ 3,774	(21)	(102)	1,251	675	5,577
<b>NON-CASH CAPITAL AND FINANCING ACTIVITIES:</b>						
Capital contributions	\$ 423	-	-	-	-	423
Change in fair value of investments	-	-	27	39	-	66
Total non-cash capital and financing activities	\$ 423	-	27	39	-	489





## **Fiduciary & Agency Funds**

**F**iduciary 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.

**A**gency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds.

**A**gency 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.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Schedule 13

**FIDUCIARY FUNDS**
**Statement of Fiduciary Net Assets - OPEB Master Trust Fund**

As of June 30, 2012

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Trust Fund	Other Post-Employment Benefits (OPEB) Park Authority Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
<b>ASSETS</b>				
Restricted cash	\$ 1	-	1	2
Restricted investments, at fair value	16,911	803	13,672	31,386
Total assets	<u>\$ 16,912</u>	<u>803</u>	<u>13,673</u>	<u>31,388</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,588	(6)	6	2,588
Total liabilities	<u>2,588</u>	<u>(6)</u>	<u>6</u>	<u>2,588</u>
<b>NET ASSETS:</b>				
Held in trust for pension benefits and other purposes	14,324	809	13,667	28,800
Total net assets	<u>14,324</u>	<u>809</u>	<u>13,667</u>	<u>28,800</u>
Total liabilities and net assets	<u>\$ 16,912</u>	<u>803</u>	<u>13,673</u>	<u>31,388</u>

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Schedule 14

**FIDUCIARY FUNDS**
**Statement of Changes in Fiduciary Net Assets - OPEB Master Trust Fund**

For the Year Ended June 30, 2012

(amounts expressed in thousands)

	Other Post-Employment Benefits (OPEB) County Trust Fund	Other Post-Employment Benefits (OPEB) Park Authority Trust Fund	Other Post-Employment Benefits (OPEB) School Board Trust Fund	Total Other Post-Employment Benefits (OPEB) Master Trust Fund
<b>ADDITIONS</b>				
Use of money and property:				
Interest and dividends	\$ 368	17	316	701
Increase/(decrease) in fair value of investments	362	17	301	680
Contributions - employer	5,387	195	1,985	7,567
Total additions	6,117	229	2,602	8,948
<b>DEDUCTIONS</b>				
Other Post-Employment Benefit payments	2,608	(4)	23	2,627
Total deductions	2,608	(4)	23	2,627
Change in net assets	3,509	233	2,579	6,321
<b>NET ASSETS, beginning of year</b>	10,815	576	11,088	22,479
<b>NET ASSETS, end of year</b>	\$ 14,324	809	13,667	28,800

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Schedule 15

**FIDUCIARY FUNDS****Statement of Fiduciary Net Assets - Private Purpose Trust Funds**

As of June 30, 2012

(amounts expressed in thousands)

	<b>Private Purpose Trust Funds</b>			<b>Total</b>
	<b>Innovation Owners' Association</b>	<b>Historic Preservation Foundation</b>	<b>Library Donations</b>	
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 559	57	335	951
Accounts receivable, net	37	-	1	38
Prepaid items	47	-	-	47
Total assets	643	57	336	1,036
<b>LIABILITIES</b>				
Accounts payable	-	-	5	5
Total liabilities	-	-	5	5
<b>NET ASSETS</b>				
Held in trust for other purposes	643	57	331	1,031
Total net assets	\$ 643	57	331	1,031

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Schedule 16

**FIDUCIARY FUNDS**
**Statement of Changes in Fiduciary Net Assets - Private Purpose Trust Funds**

For the Year Ended June 30, 2012

(amounts expressed in thousands)

	Private Purpose Trust Funds			Total
	Innovation Owners' Association	Historic Preservation Foundation	Library Donations	
<b>ADDITIONS</b>				
Contributions:				
Member	\$ 85	-	-	85
Total contributions	85	-	-	85
Donations	-	31	83	114
Charges for services	-	2	-	2
Investment income:				
Interest and dividends	13	1	7	21
Total investment income	13	1	7	21
Net investment income	13	1	7	21
Total additions	98	34	90	222
<b>DEDUCTIONS</b>				
Administrative expenses	241	24	125	390
Total deductions	241	24	125	390
Change in net assets	(143)	10	(35)	(168)
<b>NET ASSETS, beginning of year</b>	786	47	366	1,199
<b>NET ASSETS, end of year</b>	\$ 643	57	331	1,031

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Schedule 17

**AGENCY FUNDS****Combining Statement of Fiduciary Net Assets**

As of June 30, 2012

(amounts expressed in thousands)

		Special	Community	Housing	
		Welfare	Services Board	FSS Recipients	Total
			Payees		
<b>ASSETS</b>					
Equity in pooled cash and investments	\$	34	67	459	560
Total assets	\$	34	67	459	560
<b>LIABILITIES</b>					
Deposits and escrows	\$	34	67	459	560
Total liabilities	\$	34	67	459	560

**COUNTY OF PRINCE WILLIAM, VIRGINIA****Schedule 18****AGENCY FUNDS****Combining Statement of Changes In Assets and Liabilities**

For the Year Ended June 30, 2012

(amounts expressed in thousands)

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<b>SPECIAL WELFARE</b>				
Equity in pooled cash and investments	\$ 26	209	201	34
Total assets	<u>\$ 26</u>	<u>209</u>	<u>201</u>	<u>34</u>
Deposits and escrows	\$ 26	209	201	34
Total liabilities	<u>\$ 26</u>	<u>209</u>	<u>201</u>	<u>34</u>
<b>COMMUNITY SERVICES BOARD PAYEES</b>				
Equity in pooled cash and investments	\$ 127	642	702	67
Total assets	<u>\$ 127</u>	<u>642</u>	<u>702</u>	<u>67</u>
Deposits and escrows	\$ 127	642	702	67
Total liabilities	<u>\$ 127</u>	<u>642</u>	<u>702</u>	<u>67</u>
<b>HOUSING FSS RECIPIENTS</b>				
Equity in pooled cash and investments	\$ 539	-	80	459
Total assets	<u>\$ 539</u>	<u>-</u>	<u>80</u>	<u>459</u>
Deposits and escrows	\$ 539	-	80	459
Total liabilities	<u>\$ 539</u>	<u>-</u>	<u>80</u>	<u>459</u>
<b>TOTAL AGENCY FUNDS</b>				
Equity in pooled cash and investments	\$ 692	851	983	560
Total assets	<u>\$ 692</u>	<u>851</u>	<u>983</u>	<u>560</u>
Deposits and escrows	\$ 692	851	983	560
Total liabilities	<u>\$ 692</u>	<u>851</u>	<u>983</u>	<u>560</u>





## **DISCRETELY PRESENTED COMPONENT UNITS**

### **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**

Schedule 19

**DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER**
**Combining Balance Sheet**

As of June 30, 2012

With Comparative Totals for June 30, 2011

(amounts expressed in thousands)

	<b>Governmental Fund Types</b>		<b>2012</b>	<b>2011</b>
	<b>General Operating</b>	<b>Capital Projects</b>		
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 11,612	7,921	19,533	19,481
Restricted cash and temporary investments	-	-	-	69
Accounts receivable, net	14	-	14	413
Due from other governmental units	790	-	790	2,720
Due from primary government	25	-	25	13
Total assets	<u>\$ 12,441</u>	<u>7,921</u>	<u>20,362</u>	<u>22,696</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 558	-	558	789
Wages and benefits payable	407	-	407	1,104
Total liabilities	<u>965</u>	<u>-</u>	<u>965</u>	<u>1,893</u>
<b>FUND BALANCES:</b>				
Restricted	-	-	-	69
Committed	1,884	7,921	9,805	9,712
Assigned	1,070	-	1,070	734
Unassigned	8,522	-	8,522	10,288
Total fund balances	<u>11,476</u>	<u>7,921</u>	<u>19,397</u>	<u>20,803</u>
Total liabilities and fund balances	<u>\$ 12,441</u>	<u>7,921</u>		

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

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

72,292 74,466

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

(3,029) (2,927)

Net assets of governmental activities

\$ 88,660 92,342

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

Schedule 20

**DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER**
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

For the Year Ended June 30, 2012

With Comparative Totals for the Year Ended June 30, 2011

(amounts expressed in thousands)

	Governmental Fund Types		Total	
	General Operating	Capital Projects	2012	2011
<b>REVENUES:</b>				
From use of money and property	\$ 221	-	221	323
Charges for services	473	-	473	520
Intergovernmental revenues:				
Federal	651	-	651	808
State	9,539	-	9,539	9,321
Local	25,061	-	25,061	26,548
Miscellaneous	92	-	92	101
Total revenues	36,037	-	36,037	37,621
<b>EXPENDITURES:</b>				
Public safety	37,427	-	37,427	35,043
Capital projects	-	16	16	2,935
Total expenditures	37,427	16	37,443	37,978
Excess (deficiency) of revenues over (under) expenditures	(1,390)	(16)	(1,406)	(357)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	40	40	48
Transfers out	(40)	-	(40)	(48)
Sale of surplus property	-	-	-	4
Total other financing sources (uses)	(40)	40	-	4
Net change in fund balances	(1,430)	24	(1,406)	(353)
<b>FUND BALANCES, beginning of year</b>	12,906	7,897		
<b>FUND BALANCES, end of year</b>	\$ 11,476	7,921		

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	186	9,179
Subtract depreciation expense	(2,352)	(2,048)
Subtract net book value of assets removed from service	(8)	-

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	2,927	2,954
Subtract current year's compensated absences liability	(3,029)	(2,927)

Change in Adult Detention Center net assets	\$ (3,682)	6,805
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**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, 2012

With Comparative Totals for the Year Ended June 30, 2011

(amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Variance With Final Budget Positive (Negative)</b>		
	<b>Original</b>	<b>Final</b>	<b>2012 Actual</b>		<b>2011</b>
<b>REVENUES:</b>					
From use of money and property	\$ -	221	221	-	321
Charges for services	663	663	473	(190)	520
Intergovernmental revenues:					
Federal	483	483	651	168	808
State	9,637	9,637	9,539	(98)	9,321
From other localities:					
Manassas	2,731	2,731	2,822	91	2,524
Manassas Park	376	376	488	112	510
Prince William County	21,972	21,751	21,751	-	20,967
Miscellaneous	57	57	92	35	101
Total revenues	35,919	35,919	36,037	118	35,072
<b>EXPENDITURES:</b>					
Public safety - Adult Detention	39,183	38,225	37,427	798	35,043
Total expenditures	39,183	38,225	37,427	798	35,043
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out:					
Capital projects funds	(40)	(40)	(40)	-	(48)
Sale of surplus property	-	-	-	-	4
Total other financing sources (uses)	(40)	(40)	(40)	-	(44)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(3,304)	(2,346)	(1,430)	916	(15)
<b>FUND BALANCE, beginning of year</b>	12,906	12,906	12,906	-	12,921
<b>FUND BALANCE, end of year</b>	\$ 9,602	10,560	11,476	916	12,906

## **DEBT OBLIGATIONS**

The schedule of bonds, capital leases, and other long-term debt details the maturity dates and variable interest rates of the governmental funds' general obligation bonds, revenue bonds, notes payable, capital leases, school bonds, and state literary funds.

## GOVERNMENTAL FUNDS

## Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt

As of June 30, 2012

(amounts expressed in thousands)

				Total Outstanding at June 30, 2012								
Description	Authorized	Issued	Date Issued	General		Adult	Park	School	Total	Interest Rate (%)	Maturing Annually	
				County Related Debt	Road Related Debt	Detention Center Related Debt	Authority Related Debt	Board Related Debt	Outstanding (Not Matured) at June 30, 2012		Amount	Fiscal Year
General Obligation and Revenue Bonds:												
Park Authority Bonds	5,080	5,080	15-Apr-03	--	--	--	510	--	510	3.25 4.00	255 255	2013 2014
1998 Referendum:	34,305	12,510	15-Apr-03	--	1,250	--	--	--	1,250	3.25 4.00	625 625	2013 2014
		10,350	8-Jun-04	--	1,560	--	--	--	1,560	5.00 5.25	520 520	2013 thru 2014 2015
		11,445	9-Nov-04	--	1,717	--	--	--	1,717	5.00 5.00	573 571	2013 thru 2014 2015
1998 Referendum Total	34,305	34,305		--	4,527	--	--	--	4,527			
2002 Referendum:	86,700	3,000	15-Apr-03	--	300	--	--	--	300	3.25 4.00	150 150	2013 2014
		10,000	8-Jun-04	--	1,500	--	--	--	1,500	5.00 5.25	500 500	2013 thru 2014 2015
		26,555	9-Nov-04	--	3,993	--	--	--	3,993	5.00 5.00	1,332 1,329	2013 thru 2014 2015
		22,085	12-Jun-07	--	4,424	--	--	--	4,424	4.25 5.00	1,106 1,106	2013 2014 thru 2016
		15,755	6-Aug-08	--	5,517	--	--	--	5,517	5.00 3.38 3.50 3.75 4.00	788 788 789 788 788	2013 2014 2015 2016 thru 2017 2018 thru 2019
		4,955	29-Jul-10	--	4,404	--	--	--	4,404	4.00 1.20 3.00 4.00 3.00 5.00 3.00	551 551 551 551 550 550 550	2013 2014 2015 2016 2017 thru 2018 2019 2020
2002 Referendum Total	86,700	82,350		--	20,138	--	--	--	20,138			
2006 Referendum:	369,550	10,370	12-Jun-07	--	2,076	--	--	--	2,076	4.25 5.00	519 519	2013 2014 thru 2016
		31,175	6-Aug-08	--	9,393	--	1,540	--	10,933	5.00 3.38 3.50 3.75 4.00	1,561 1,562 1,562 1,562 1,562	2013 2014 2015 2016 thru 2017 2018 thru 2019
		3,775	29-Jul-10	--	3,356	--	--	--	3,356	4.00 1.20 3.00 4.00 3.00 5.00 3.00	419 419 419 419 420 420 420	2013 2014 2015 2016 2017 thru 2018 2019 2020
Taxable - Local Build America Bonds		10,670	29-Jul-10	--	10,670	--	--	--	10,670	3.68 4.28 4.28 5.31	1,000 960 965 970	2021 2022 2023 thru 2026 2027 thru 2031
2006 Referendum Total	369,550	55,990		--	25,495	--	1,540	--	27,035			

## GOVERNMENTAL FUNDS

## Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt

As of June 30, 2012

(amounts expressed in thousands)

				Total Outstanding at June 30, 2012								
Description	Authorized	Issued	Date Issued	General		Adult	Park	School	Total	Interest Rate (%)	Maturing Annually	
				County	Road	Detention	Authority	Board	Outstanding		Amount	Fiscal Year
				Related Debt	Related Debt	Center Related Debt	Related Debt	Related Debt	(Not Matured) at June 30, 2012			
General Obligation and Revenue Bonds (cont'd):												
School Bonds	7,100	7,100	29-Apr-93	--	--	--	--	225	225	5.50	225	2013
	13,150	13,150	5-May-94	--	--	--	--	1,350	1,350	6.23 6.30	675 675	2013 2014
	25,760	25,760	1-May-95	--	--	--	--	5,140	5,140	5.90 5.98	1,285 1,285	2013 thru 2014 2015 thru 2016
	19,900	19,900	1-Apr-97	--	--	--	--	5,970	5,970	5.60	995	2013 thru 2018
	9,850	9,850	30-Apr-99	--	--	--	--	3,430	3,430	5.23 4.98 5.10	490 490 490	2013 2014 thru 2015 2016 thru 2019
	11,930	11,930	13-May-99	--	--	--	--	4,760	4,760	4.60 4.73 5.10 5.23	595 595 595 595	2013 2014 thru 2015 2016 thru 2018 2019 thru 2020
	33,650	33,650	18-May-00	--	--	--	--	15,120	15,120	5.60	1,680	2013 thru 2021
	48,175	48,175	17-May-01	--	--	--	--	24,075	24,075	4.85 5.10 5.10	2,410 2,410 2,405	2013 2014 thru 2017 2018 thru 2022
	52,660	52,660	16-May-02	--	--	--	--	28,945	28,945	5.60 5.10 5.10	2,635 2,635 2,630	2013 2014 thru 2015 2016 thru 2023
	80,675	80,675	15-May-03	--	--	--	--	48,395	48,395	5.10 4.10 5.10 5.10 4.60	4,035 4,035 4,035 4,030 4,030	2013 thru 2016 2017 2018 thru 2019 2020 thru 2021 2022 thru 2024
	48,795	48,795	13-May-04	--	--	--	--	31,715	31,715	5.10 5.10	2,440 2,435	2013 thru 2024 2025
	62,320	62,320	12-May-05	--	--	--	--	43,610	43,610	5.10 4.10 5.10 4.35	3,115 3,115 3,115 3,115	2013 thru 2019 2020 2021 thru 2025 2026
	61,605	61,605	11-May-06	--	--	--	--	46,200	46,200	5.10 4.48 4.60 5.10	3,080 3,080 3,080 3,080	2013 thru 2021 2022 2023 thru 2026 2027
	64,975	64,975	10-May-07	--	--	--	--	51,975	51,975	5.10 4.10 5.10 4.48 4.50 5.10	3,250 3,250 3,250 3,245 3,245 3,245	2013 thru 2020 2021 2022 thru 2023 2024 2025 thru 2026 2027 thru 2028
	45,890	45,890	15-May-08	--	--	--	--	39,005	39,005	5.10 5.10 4.60	2,295 2,290 2,290	2013 thru 2027 2028 2029
	51,020	51,020	15-May-09	--	--	--	--	45,910	45,910	4.05 5.05 5.05 4.05 5.05 4.05 5.05 4.30 5.05 4.25	2,555 2,555 2,550 2,550 2,550 2,550 2,550 2,550 2,550 2,550	2013 2014 2015 thru 2019 2020 2021 thru 2025 2026 2027 2028 2029 2030

## GOVERNMENTAL FUNDS

## Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt

As of June 30, 2012

(amounts expressed in thousands)

Total Outstanding at June 30, 2012												
Description	Authorized	Issued	Date Issued	General	Adult	Park	School	Total	Interest	Maturing Annually		
				County	Detention	Authority	Board	Outstanding		Rate	Amount	Fiscal Year
				Related Debt	Center Related Debt	Related Debt	Related Debt	(Not Matured) at June 30, 2012	(%)			
General Obligation and Revenue Bonds (cont'd):												
School Bonds (cont'd)	23,935	23,935	13-May-10	--	--	--	--	19,950	19,950	4.05	3,990	2013
										5.05	3,990	2014 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 <sup>A</sup>	9,800	9,685	8-Jul-10	--	--	--	--	8,550	8,550	-	570	2013 thru 2027
	51,200	46,445	4-Aug-11	--	--	--	--	46,445	46,445	5.00	2,325	2013
										3.00	2,325	2014
										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
Total School Bonds	783,155	773,965		--	--	--	--	527,215	527,215			
Refunding Bonds	67,165	67,165	15-Apr-03	1,365	8,425	--	--	530	10,320	3.25	3,520	2013
										4.00	3,455	2014
	47,175	47,175	1-Sep-04	2,585	--	--	--	13,150	15,735	4.00	3,345	2015
										5.00	3,685	2013 thru 2014
										5.00	3,690	2015
										5.00	3,685	2016
										4.13	990	2021
	50,000	48,260	29-Jul-10	--	38,680	--	2,910	5,000	46,590	4.00	560	2013
										1.20	550	2014
										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



## GOVERNMENTAL FUNDS

## Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt

As of June 30, 2012

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2012					Total Outstanding (Not Matured) at June 30, 2012	Interest Rate (%)	Maturing Annually	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Authority Related Debt	School Board Related Debt			Amount	Fiscal Year
Refunding Bonds (cont'd)												
Taxable Bonds	26,000	16,035	29-Feb-12	--	4,432	--	751	10,852	16,035	0.27	385	2014
										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	--	--	--	--	2,750	2,750	4.00	250	2013 thru 2023
IDA Lease Revenue Bond - Refunding												
American Type Culture Collection (ATCC) Building	10,690	10,690	10-May-05	6,260	--	--	--	--	6,260	4.00	935	2013
										3.75	970	2014
										5.00	1,010	2015
										5.25	1,055	2016
										5.25	1,115	2017
										5.25	1,175	2018
<b>Total General Obligation and Revenue Bonds</b>	<b>1,543,820</b>	<b>1,181,565</b>		<b>10,210</b>	<b>135,832</b>	<b>--</b>	<b>7,126</b>	<b>559,497</b>	<b>712,665</b>			
<b>Capital Lease Obligations:</b>												
2004 VRA - Nokesville Fire Station	6,345	6,345	4-Dec-03	1,590	--	--	--	--	1,590	4.27	320	2013
										4.65	320	2014
										3.73	95	2015
										3.85	95	2016
										5.10	95	2017
										4.10	95	2018
										5.10	95	2019 thru 2024
2005 VRA - Spicer Fire Station	3,300	3,300	8-Jun-05	1,535	--	--	--	--	1,535	3.58	250	2013
										3.62	110	2014
										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
2006 VRA - Transportation	21,240	21,240	7-Dec-05	--	14,840	--	--	--	14,840	4.79	1,060	2013 thru 2016
										4.83	1,060	2017 thru 2018
										4.87	1,060	2019 thru 2020
										4.91	1,060	2021
										4.94	1,060	2022 thru 2026
2005 LPC - Phase III Facility, Land Acquisition & PW Golf Course expansion	38,645	38,645	21-Sep-05	24,676	--	--	429	--	25,105	4.00	1,935	2013 thru 2014
										5.00	1,935	2015
										5.00	1,930	2016 thru 2022
										4.13	1,930	2023
										4.25	1,930	2024 thru 2025
2006 VRA - River Oaks Fire Station	5,000	5,000	29-Nov-06	3,750	--	--	--	--	3,750	4.65	250	2013
										4.66	250	2014 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
2006 Bull Run Mountain Lease	1,300	1,300	20-Jul-06	--	109	--	--	--	109	5.98	109	2013
2006A COP - Adult Detention Center	34,505	34,505	1-Aug-06	--	--	25,875	--	--	25,875	4.25	1,725	2013 thru 2015
										4.00	1,725	2016
										4.50	1,725	2017
										5.00	1,725	2018 thru 2025
										4.50	1,725	2026 thru 2027

## GOVERNMENTAL FUNDS

## Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt

As of June 30, 2012

(amounts expressed in thousands)

				Total Outstanding at June 30, 2012																		
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Authority Related Debt	School Board Related Debt	Total Outstanding (Not Matured) at June 30, 2012	Interest Rate (%)	Maturing Annually											
Description	Authorized	Issued	Date Issued								Amount	Fiscal Year										
Capital Lease Obligations (cont'd):																						
2007 VRA - Roads	14,795	14,795	7-Jun-07	--	11,080	--	--	--	11,080	4.62	745	2013										
										4.72	745	2014										
										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	3,935	--	--	--	--	3,935	4.79	270	2013 thru 2014										
										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	--	5,310	--	--	--	5,310	3.80	315	2013
3.10	315	2014																				
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																				
2008 VRA - Birchdale Fire Station	4,455	4,455	19-Jun-08	3,780	--	--	--	--	3,780	3.79	225	2013										
										3.10	225	2014										
										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																				
2008 VRA - Birchdale Fire Station	4,455	4,455	19-Jun-08	3,780	--	--	--	--	3,780	4.88	220	2025 thru 2026										
										4.92	220	2027 thru 2029										
										2009 VRA - Roads	37,945	37,945	19-Jun-08	--	34,145	--	--	--	34,145	4.83	1,900	2013
																				4.78	1,900	2014
																				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	6,795	--	--	--	--	6,795	3.70	925	2013										
										3.80	940	2014										
										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										

## GOVERNMENTAL FUNDS

## Schedule of Bonds, Capital Lease Obligations and Other Long-Term Debt

As of June 30, 2012

(amounts expressed in thousands)

Total Outstanding at June 30, 2012																						
Description	Authorized	Issued	Date Issued	General	Road	Adult	Park	School	Total Outstanding (Not Matured) at June 30, 2012	Interest Rate (%)	Maturing Annually											
				County Related Debt	Related Debt	Detention Center Related Debt	Authority Related Debt	Board Related Debt			Amount	Fiscal Year										
Capital Lease Obligations (cont'd):																						
Refunding LPC - Judicial Center	18,500	16,025	6-Oct-10	16,025	--	--	--	--	16,025	3.00	1,580	2013										
										3.00	1,550	2014										
										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 Yorkshire Fire Station	3,000	2,780	2-Nov-10	2,780	--	--	--	--	2,780	3.10	205	2013										
										4.81	210	2014										
										3.42	220	2015										
										3.43	230	2016										
										4.39	240	2017										
										5.10	250	2018										
										3.11	260	2019										
										5.10	270	2020										
										5.10	285	2021										
Refunding VRA Western District Police	16,000	13,165	2-Nov-10	13,165	--	--	--	--	13,165	3.10	965	2013										
										4.80	1,010	2014										
										3.43	1,050	2015										
										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										
Refunding VRA Nokesville Fire Station	3,000	2,180	2-Nov-10	2,180	--	--	--	--	2,180	4.10	225	2015										
										5.10	225	2016										
										4.10	225	2017										
										5.10	215	2018 thru 2024										
										Fire Engine Lease Gainesville Fire Station	656	656	2-Nov-08	398	--	--	--	--	398	5.26	92	2013
																				5.26	97	2014
																				5.26	102	2015
																				5.26	107	2016
Total Capital Lease Obligations	235,766	229,416		80,609	65,484	25,875	429	--	172,397													
Total General Obligation, Capital Leases and Other Long-Term Debt	1,779,586	1,410,981		90,819	201,316	25,875	7,555	559,497	885,062													

A - Qualified School Construction Bonds (QSCB) are authorized by the federal government through the American Recovery and Reinvestment Act (ARRA) of 2009. The bonds provide reimbursement of interest paid by a credit from the US Treasury via VPSA.



## 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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	156
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	166
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.	
<b>Debt Capacity</b>	174
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.	
<b>Demographic and Economic Information</b>	181
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
<b>Operating Information</b>	183
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.	
<b>Other Statistical Tables</b>	186
These schedules present other information useful to certain readers of the County's financial statements.	

**COUNTY OF PRINCE WILLIAM, VIRGINIA**
**TABLE 1 - Net Assets by Component**

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2003	2004	2005	2006	2007
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 129,691	\$ 157,675	\$ 157,297	\$ 181,314	\$ 176,505
Restricted	31,218	63,091	97,948	80,709	127,372
Unrestricted	<u>(369,091)</u>	<u>(416,662)</u>	<u>(448,851)</u>	<u>(456,650)</u>	<u>(557,515)</u>
Total governmental activities net assets	<u>\$ (208,182)</u>	<u>\$ (195,896)</u>	<u>\$ (193,606)</u>	<u>\$ (194,627)</u>	<u>\$ (253,638)</u>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	\$ 13,665	\$ 15,597	\$ 16,580	\$ 19,534	\$ 20,316
Restricted	--	--	--	--	--
Unrestricted	<u>13,187</u>	<u>10,709</u>	<u>10,879</u>	<u>5,246</u>	<u>1,784</u>
Total business-type activities net assets	<u>\$ 26,852</u>	<u>\$ 26,306</u>	<u>\$ 27,459</u>	<u>\$ 24,780</u>	<u>\$ 22,100</u>
<b>Primary government:</b>					
Invested in capital assets, net of related debt	\$ 143,356	\$ 173,272	\$ 173,877	\$ 200,848	\$ 196,821
Restricted	31,218	63,091	97,948	80,709	127,372
Unrestricted	<u>(355,904)</u>	<u>(405,953)</u>	<u>(437,972)</u>	<u>(451,404)</u>	<u>(555,731)</u>
Total primary government net assets	<u>\$ (181,330)</u>	<u>\$ (169,590)</u>	<u>\$ (166,147)</u>	<u>\$ (169,847)</u>	<u>\$ (231,538)</u>
<b>Component units:<sup>a</sup></b>					
Invested in capital assets, net of related debt	\$ 508,244	\$ 600,839	\$ 673,971	\$ 760,726	\$ 849,253
Restricted	110,929	99,225	91,563	93,803	150,427
Unrestricted	<u>44,598</u>	<u>34,938</u>	<u>68,448</u>	<u>85,543</u>	<u>105,568</u>
Total component units net assets	<u>\$ 663,771</u>	<u>\$ 735,002</u>	<u>\$ 833,982</u>	<u>\$ 940,072</u>	<u>\$ 1,105,248</u>
<b>Total reporting entity:</b>					
Invested in capital assets, net of related debt <sup>b</sup>	\$ 367,027	\$ 460,590	\$ 492,349	\$ 573,997	\$ 611,788
Restricted <sup>b</sup>	43,471	65,261	100,132	82,914	130,976
Unrestricted	<u>71,943</u>	<u>39,561</u>	<u>75,354</u>	<u>113,314</u>	<u>130,946</u>
Total reporting entity net assets	<u>\$ 482,441</u>	<u>\$ 565,412</u>	<u>\$ 667,835</u>	<u>\$ 770,225</u>	<u>\$ 873,710</u>

<sup>a</sup> Component unit net assets represent a significant portion of net assets for the total reporting entity, and therefore, are presented.

<sup>b</sup> The sum of the rows does not equal the amount reported for the total reporting entity because certain debt related to the School Board, Park Authority, and the Adult Detention Center component units is reflected in the primary government's general governmental activities. See Exhibit 1 for further details.

<sup>c</sup> The restatement of net assets resulting from the implementation of GASB Statement No. 51 was carried back to 2008. Net asset values prior to 2008 do not reflect the capitalization of intangible assets.

2008 <sup>c</sup>	2009	2010	2011	2012	
\$ 228,235	\$ 252,588	\$ 308,128	\$ 309,109	\$ 332,231	Governmental activities:
97,828	126,792	79,067	102,590	103,323	Invested in capital assets, net of related debt
(572,351)	(637,188)	(586,903)	(540,498)	(528,544)	Restricted
					Unrestricted
<u>\$ (246,288)</u>	<u>\$ (257,808)</u>	<u>\$ (199,708)</u>	<u>\$ (128,799)</u>	<u>\$ (92,990)</u>	Total governmental activities net assets
\$ 21,238	\$ 22,020	\$ 23,790	\$ 28,333	\$ 28,301	Business-type activities:
--	--	--	--	--	Invested in capital assets, net of related debt
6,345	7,411	12,253	9,506	10,796	Restricted
					Unrestricted
<u>\$ 27,583</u>	<u>\$ 29,431</u>	<u>\$ 36,043</u>	<u>\$ 37,839</u>	<u>\$ 39,097</u>	Total business-type activities net assets
\$ 249,473	\$ 274,608	\$ 331,918	\$ 337,442	\$ 360,532	Primary government:
97,828	126,792	79,067	102,590	103,323	Invested in capital assets, net of related debt
(566,006)	(629,777)	(574,650)	(530,992)	(517,748)	Restricted
					Unrestricted
<u>\$ (218,705)</u>	<u>\$ (228,377)</u>	<u>\$ (163,665)</u>	<u>\$ (90,960)</u>	<u>\$ (53,893)</u>	Total primary government net assets
\$ 959,640	\$ 1,021,548	\$ 1,087,841	\$ 1,161,881	\$ 1,197,830	Component units: <sup>a</sup>
111,676	90,441	90,969	39,134	34,791	Invested in capital assets, net of related debt
85,760	126,805	146,002	139,408	123,907	Restricted
					Unrestricted
<u>\$ 1,157,076</u>	<u>\$ 1,238,794</u>	<u>\$ 1,324,812</u>	<u>\$ 1,340,423</u>	<u>\$ 1,356,528</u>	Total component units net assets
\$ 728,795	\$ 777,478	\$ 887,366	\$ 928,973	\$ 977,352	Total reporting entity:
98,566	126,792	79,067	118,527	126,197	Invested in capital assets, net of related debt <sup>b</sup>
111,010	106,147	194,714	201,963	199,086	Restricted <sup>b</sup>
					Unrestricted
<u>\$ 938,371</u>	<u>\$ 1,010,417</u>	<u>\$ 1,161,147</u>	<u>\$ 1,249,463</u>	<u>\$ 1,302,635</u>	Total reporting entity net assets

## COUNTY OF PRINCE WILLIAM, VIRGINIA

## TABLE 2 - Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Primary Government:</b>										
Expenses										
Governmental activities:										
General government administration	\$ 30,036	\$ 28,115	\$ 33,959	\$ 38,146	\$ 38,452	\$ 40,289	\$ 41,470	\$ 37,377	\$ 45,435	\$ 40,151
Judicial administration	15,064	15,518	15,661	17,130	18,097	19,260	19,004	17,471	18,157	18,222
Public safety	111,177	137,522	146,097	176,300	247,862	194,468	210,257	197,928	205,341	215,366
Public works	31,400	32,207	58,200	73,149	90,004	94,042	124,491	54,892	48,819	55,538
Health and welfare	55,111	59,249	63,111	65,580	70,062	75,112	75,163	74,268	76,664	75,217
Education	328,645	310,767	360,258	386,995	413,349	403,396	434,797	440,443	368,236	406,022
Parks, recreational and cultural	27,501	30,277	28,904	31,479	36,114	37,291	35,793	38,347	33,728	39,816
Community development	36,862	47,136	48,079	50,363	45,225	45,474	49,100	49,524	50,227	52,318
Interest on long-term debt	24,200	27,432	31,923	33,684	40,074	41,526	41,868	44,253	44,095	43,178
Total governmental activities expenses	<u>659,996</u>	<u>688,223</u>	<u>786,192</u>	<u>872,826</u>	<u>999,239</u>	<u>950,858</u>	<u>1,031,943</u>	<u>954,503</u>	<u>890,702</u>	<u>945,828</u>
Business-type activities:										
Landfill	11,259	11,683	13,919	13,885	14,461	14,955	12,181	10,724	15,804	16,734
Sanitary/Service Districts	112	--	--	--	--	--	--	--	--	--
Innovation Technology Park	946	129	877	157	949	209	242	49	48	48
Total business-type activities expenses	<u>12,317</u>	<u>11,812</u>	<u>14,796</u>	<u>14,042</u>	<u>15,410</u>	<u>15,164</u>	<u>12,423</u>	<u>10,773</u>	<u>15,852</u>	<u>16,782</u>
Total primary government expenses	<u>\$ 672,313</u>	<u>\$ 700,035</u>	<u>\$ 800,988</u>	<u>\$ 886,868</u>	<u>\$ 1,014,649</u>	<u>\$ 966,022</u>	<u>\$ 1,044,366</u>	<u>\$ 965,276</u>	<u>\$ 906,554</u>	<u>\$ 962,610</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 456	\$ 377	\$ 477	\$ 513	\$ 539	\$ 570	\$ 678	\$ 554	\$ 554	\$ 597
Judicial administration	4,887	5,628	6,558	7,213	5,577	4,796	4,695	4,234	4,160	4,548
Public safety	2,770	3,481	4,317	4,630	6,002	6,412	5,783	6,027	6,646	11,105
Public works	7,048	7,274	7,447	6,692	6,851	8,796	4,669	4,958	5,038	5,054
Health and welfare	1,281	1,473	1,666	1,619	1,751	2,000	1,850	1,429	1,287	1,381
Parks, recreational and cultural	358	441	590	575	553	517	526	520	562	578
Community development	14,980	17,374	17,527	17,216	11,121	11,624	10,457	9,564	10,461	15,234
Operating grants and contributions	62,448	67,689	68,900	69,496	74,152	76,200	86,411	90,529	88,851	78,473
Capital grants and contributions	26,950	23,364	20,346	26,259	37,673	31,514	40,183	28,271	46,890	37,016
Total governmental activities program revenues	<u>121,178</u>	<u>127,101</u>	<u>127,828</u>	<u>134,213</u>	<u>144,219</u>	<u>142,429</u>	<u>155,252</u>	<u>146,086</u>	<u>164,449</u>	<u>153,986</u>
Business-type activities:										
Charges for services:										
Landfill	11,845	12,543	13,305	13,296	14,567	14,948	15,840	16,244	17,696	17,213
Sanitary/Service Districts	4	--	--	--	--	--	--	--	--	--
Innovation Technology Park	3,454	474	3,098	1,416	7,812	2,168	1,373	7	--	990
Capital grants and contributions	--	--	--	--	--	--	27	177	66	57
Total business-type activities program revenues	<u>15,303</u>	<u>13,017</u>	<u>16,403</u>	<u>14,712</u>	<u>22,379</u>	<u>17,116</u>	<u>17,240</u>	<u>16,428</u>	<u>17,762</u>	<u>18,260</u>
Total primary government program revenues	<u>\$ 136,481</u>	<u>\$ 140,118</u>	<u>\$ 144,231</u>	<u>\$ 148,925</u>	<u>\$ 166,598</u>	<u>\$ 159,545</u>	<u>\$ 172,492</u>	<u>\$ 162,514</u>	<u>\$ 182,211</u>	<u>\$ 172,246</u>
Net (Expense)/Revenue										
Governmental activities	\$ (538,818)	\$ (561,122)	\$ (658,364)	\$ (738,613)	\$ (855,020)	\$ (808,429)	\$ (876,691)	\$ (808,417)	\$ (726,253)	\$ (791,842)
Business-type activities	2,986	1,205	1,607	670	6,969	1,952	4,817	5,655	1,910	1,478
Total primary government net (expense)/revenue	<u>\$ (535,832)</u>	<u>\$ (559,917)</u>	<u>\$ (656,757)</u>	<u>\$ (737,943)</u>	<u>\$ (848,051)</u>	<u>\$ (806,477)</u>	<u>\$ (871,874)</u>	<u>\$ (802,762)</u>	<u>\$ (724,343)</u>	<u>\$ (790,364)</u>
General Revenues and Other										
Changes in Net Assets										
Governmental activities:										
Taxes										
Real property	\$ 304,326	\$ 340,470	\$ 388,216	\$ 418,990	\$ 461,230	\$ 484,368	\$ 545,021	\$ 509,007	\$ 508,761	\$ 526,885
Personal property	44,195	51,285	52,625	62,368	75,030	77,509	80,642	67,816	72,641	78,338
Local sales	35,224	40,721	43,857	46,649	47,921	46,155	45,055	46,155	49,554	52,003
Consumers utility	20,257	22,870	25,452	26,295	18,522	12,354	12,596	12,840	13,190	13,075
Telecommunications sales and use tax	--	--	--	--	9,533	22,230	20,198	--	--	--
Cable franchise tax	2,700	3,262	3,252	3,431	2,021	--	--	--	--	--
Business, professional and occupational license	14,836	17,564	19,534	23,071	22,809	21,173	19,931	20,269	20,965	21,725
Recordation	8,572	10,713	19,491	22,741	15,143	11,528	10,669	7,813	7,562	8,014
Motor vehicle licenses	5,441	5,829	6,275	6,641	6,534	6,651	6,874	7,221	7,504	7,591
Public safety E-911	3,022	3,047	2,957	2,931	1,536	--	--	--	--	--
Transient occupancy	2,137	2,357	2,793	3,026	3,294	3,389	3,189	3,014	3,169	3,274
Short term rental, bank stock, public utility gross receipts	1,582	1,764	1,803	2,151	2,044	1,990	2,220	2,661	3,208	3,080
Grants and contributions not restricted to specific programs	52,230	57,450	59,608	67,359	62,227	62,580	62,765	82,882	82,422	81,503
Investment earnings	7,570	5,232	13,909	20,823	31,484	35,361	26,777	31,700	11,754	20,222
Insurance claims and recoveries	--	--	--	--	--	--	--	--	--	66
Gain/(loss) on disposition of capital assets	--	--	--	--	--	(170)	--	--	--	--
Miscellaneous	7,459	7,989	18,976	26,291	24,720	24,633	24,357	21,954	14,876	10,348
Transfers	696	2,831	1,736	4,825	11,961	(789)	4,877	810	1,556	1,527
Total governmental activities	<u>510,247</u>	<u>573,384</u>	<u>660,484</u>	<u>737,592</u>	<u>796,009</u>	<u>808,962</u>	<u>865,171</u>	<u>814,142</u>	<u>797,162</u>	<u>827,651</u>



## COUNTY OF PRINCE WILLIAM, VIRGINIA

## TABLE 2 - Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Business-type activities:</b>										
Taxes										
General property taxes-pledged	91	--	--	--	--	--	--	--	--	--
Grants and contributions not restricted to specific programs	--	144	--	--	--	--	1	--	--	--
Investment earnings	437	213	637	712	1,272	1,228	1,003	928	343	513
Gain/(loss) on disposition of capital assets	--	--	--	--	--	--	(141)	--	--	--
Miscellaneous	591	746	816	764	1,040	1,514	1,045	839	1,099	794
Transfers	(696)	(2,831)	(1,736)	(4,825)	(11,961)	789	(4,877)	(810)	(1,556)	(1,527)
Total business-type activities	423	(1,728)	(283)	(3,349)	(9,649)	3,531	(2,969)	957	(114)	(220)
Total primary government	\$ 510,670	\$ 571,656	\$ 660,201	\$ 734,243	\$ 786,360	\$ 812,493	\$ 862,202	\$ 815,099	\$ 797,048	\$ 827,431
<b>Change in Net Assets</b>										
Governmental activities	\$ (28,571)	\$ 12,262	\$ 2,120	\$ (1,021)	\$ (59,011)	\$ 533	\$ (11,520)	\$ 5,725	\$ 70,909	\$ 35,809
Business-type activities	3,409	(523)	1,324	(2,679)	(2,680)	5,483	1,848	6,612	1,796	1,258
Total primary government	\$ (25,162)	\$ 11,739	\$ 3,444	\$ (3,700)	\$ (61,691)	\$ 6,016	\$ (9,672)	\$ 12,337	\$ 72,705	\$ 37,067
<b>Component Units:</b>										
Expenses										
School Board	\$ 521,985	\$ 568,664	\$ 647,871	\$ 709,940	\$ 797,465	\$ 854,175	\$ 879,594	\$ 879,024	\$ 885,979	\$ 945,026
Adult Detention Center	20,410	22,150	25,259	26,265	30,075	36,428	37,479	44,635	30,816	39,719
Park Authority	23,099	24,945	26,558	27,806	29,401	31,416	30,749	29,754	29,517	31,110
Total component unit expenses	\$ 565,494	\$ 615,759	\$ 699,688	\$ 764,011	\$ 856,941	\$ 922,019	\$ 947,822	\$ 953,413	\$ 946,312	\$ 1,015,855
<b>Program Revenues</b>										
Charges for services	\$ 30,902	\$ 27,590	\$ 30,618	\$ 31,784	\$ 33,552	\$ 35,946	\$ 36,270	\$ 34,948	\$ 35,144	\$ 37,687
Operating grants and contributions	65,760	74,567	86,295	93,688	103,107	109,227	117,803	120,782	144,496	144,394
Capital grants and contributions	881	902	904	1,598	990	4,540	4,395	4,863	209	519
Total component unit program revenues	\$ 97,543	\$ 103,059	\$ 117,817	\$ 127,070	\$ 137,649	\$ 149,713	\$ 158,468	\$ 160,593	\$ 179,849	\$ 182,600
<b>General Revenues and Other</b>										
Changes in Net Assets										
Payment from primary government	\$ 388,246	\$ 375,493	\$ 435,390	\$ 476,726	\$ 575,240	\$ 505,409	\$ 538,853	\$ 544,019	\$ 469,759	\$ 519,002
Grants and contributions not restricted to specific programs	187,352	203,673	238,381	257,076	293,972	307,491	323,233	324,506	306,261	324,203
Investment earnings	2,193	1,698	2,965	5,994	10,772	9,389	6,856	5,367	4,358	3,408
Loss on disposal of capital assets	--	--	3	--	--	(17)	--	--	--	--
Miscellaneous	13,034	3,067	4,112	3,235	4,484	1,862	2,130	1,812	1,696	2,747
Total general revenues and other changes in net assets	\$ 590,825	\$ 583,931	\$ 680,851	\$ 743,031	\$ 884,468	\$ 824,134	\$ 871,072	\$ 875,704	\$ 782,074	\$ 849,360
Total component unit change in net assets	\$ 122,874	\$ 71,231	\$ 98,980	\$ 106,090	\$ 165,176	\$ 51,828	\$ 81,718	\$ 82,884	\$ 15,611	\$ 16,105

**COUNTY OF PRINCE WILLIAM, VIRGINIA****TABLE 3 - Fund Balances, Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting; amounts expressed in thousands)

	2003	2004	2005	2006	2007
<b>General Fund:</b>					
Non-spendable	\$ 343	\$ 345	\$ 725	\$ 689	\$ 381
Restricted	6,424	8,499	1,453	1,534	1,597
Committed	53,511	51,755	76,876	67,313	68,070
Assigned	--	--	5,358	5,947	8,378
Unassigned	<u>36,940</u>	<u>43,939</u>	<u>52,351</u>	<u>58,462</u>	<u>61,666</u>
Total general fund	<u><u>97,218</u></u>	<u><u>104,538</u></u>	<u><u>136,763</u></u>	<u><u>133,944</u></u>	<u><u>140,092</u></u>
<b>Capital Projects:</b>					
Non-spendable	--	--	--	--	--
Restricted	52,852	67,266	57,930	39,189	77,160
Committed	<u>21,676</u>	<u>29,786</u>	<u>50,666</u>	<u>95,576</u>	<u>87,835</u>
Total capital projects	<u><u>74,528</u></u>	<u><u>97,052</u></u>	<u><u>108,596</u></u>	<u><u>134,765</u></u>	<u><u>164,995</u></u>
<b>Non-major Special Revenue Funds:</b>					
Restricted	<u>28,292</u>	<u>30,518</u>	<u>38,359</u>	<u>38,935</u>	<u>47,502</u>
Total non-major special revenue funds	<u><u>\$ 28,292</u></u>	<u><u>\$ 30,518</u></u>	<u><u>\$ 38,359</u></u>	<u><u>\$ 38,935</u></u>	<u><u>\$ 47,502</u></u>

2008	2009	2010	2011	2012	
\$ 324	\$ 293	\$ 201	\$ 224	\$ 229	<b>General Fund:</b>
1,861	1,559	1,321	1,369	1,274	Non-spendable
59,181	95,532	99,627	113,811	90,209	Restricted
7,331	4,311	3,780	7,570	7,073	Committed
63,228	67,187	63,948	62,422	64,457	Assigned
131,925	168,882	168,877	185,396	163,242	Unassigned
					Total general fund
23	34	34	34	199	<b>Capital Projects:</b>
32,911	55,992	8,550	26,798	21,633	Non-spendable
104,452	87,102	111,574	109,413	87,301	Restricted
137,386	143,128	120,158	136,245	109,133	Committed
					Total capital projects
61,807	67,497	67,339	73,173	77,568	<b>Non-major Special Revenue Funds:</b>
\$ 61,807	\$ 67,497	\$ 67,339	\$ 73,173	\$ 77,568	Restricted
					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)

	2003	2004	2005	2006	2007
<b>REVENUES:</b>					
General property taxes	\$ 347,248	\$ 390,802	\$ 440,822	\$ 482,075	\$ 535,367
Other local taxes	91,071	104,865	126,063	136,936	129,357
Permits, privilege fees and regulatory licenses	21,552	23,480	20,418	18,793	14,596
Fines and forfeitures	1,880	2,329	2,392	2,469	2,767
From use of money and property	7,076	4,258	12,494	18,213	27,476
Charges for services	11,048	13,501	15,133	17,203	15,035
Intergovernmental revenues:					
Federal	39,251	43,909	44,354	43,677	44,802
State	83,945	86,794	88,567	102,420	99,511
Local	7,097	7,333	8,085	8,289	10,095
Donations and contributions	91	113	147	129	119
Miscellaneous	7,138	7,957	18,994	26,285	24,735
Total revenues	<u>617,397</u>	<u>685,341</u>	<u>777,469</u>	<u>856,489</u>	<u>903,860</u>
<b>EXPENDITURES:</b>					
General government administration	28,098	29,981	33,176	35,685	34,649
Judicial administration	12,709	14,679	14,589	16,180	17,599
Public safety	113,988	132,761	144,058	171,717	244,659
Public works	21,857	19,854	22,296	23,567	27,738
Health and welfare	55,020	59,572	61,534	64,880	70,596
Education	323,263	314,193	357,726	388,718	416,114
Parks, recreational and cultural	26,769	28,197	27,600	29,922	32,828
Community development	37,726	43,447	43,805	47,938	44,123
Debt service:					
Principal retirement	31,236	35,615	40,323	47,955	52,455
Interest and other debt costs	24,200	25,493	30,029	33,171	37,675
Intergovernmental - arbitrage rebate	52	(126)	71	217	1,060
Capital outlays	30,548	33,759	61,804	104,042	89,033
Total expenditures	<u>705,466</u>	<u>737,425</u>	<u>837,011</u>	<u>963,992</u>	<u>1,068,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,069)</u>	<u>(52,084)</u>	<u>(59,542)</u>	<u>(107,503)</u>	<u>(164,669)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	22,240	38,058	33,756	72,779	73,392
Transfers out	(24,660)	(35,151)	(31,785)	(67,675)	(60,932)
Sale of lease participation certificates	--	6,345	3,300	59,885	93,075
Bonds, notes and capital leases	127,918	69,233	100,320	61,605	98,730
Refunding of lease participation certificates	--	--	--	15,550	--
Refunding bonds	67,165	--	57,865	--	--
Payments to refunded lease participation certificates escrow agent	--	--	--	(15,289)	--
Payments to refunded bond escrow agent	(71,478)	--	(61,292)	--	--
Premium on sale of bonds	11,107	4,346	5,003	2,353	3,905
Premium from refunding bonds	--	--	3,841	--	--
Premium on sale of lease participation certificates	--	328	54	2,164	1,368
Premiums from refunding lease participation certificates	--	--	--	17	--
Insurance recoveries	--	35	--	--	--
State literary fund proceeds	854	--	--	--	--
Sale of surplus property	398	829	205	145	75
Total other financing sources (uses)	<u>133,544</u>	<u>84,023</u>	<u>111,267</u>	<u>131,534</u>	<u>209,613</u>
Net change in fund balances	<u>\$ 45,475</u>	<u>\$ 31,939</u>	<u>\$ 51,725</u>	<u>\$ 24,031</u>	<u>\$ 44,944</u>
Debt service as a percentage of noncapital expenditures	8.33%	8.50%	8.58%	8.93%	8.74%

	2008	2009	2010	2011	2012	
\$	560,637	\$ 623,758	\$ 577,981	583,220	605,896	<b>REVENUES:</b>
125,470	120,732	99,973	105,152	108,762		General property taxes
13,607	11,374	10,617	11,495	13,836		Other local taxes
2,664	2,759	2,866	3,241	3,435		Permits, privilege fees and regulatory licenses
30,579	22,431	27,489	7,547	13,870		Fines and forfeitures
18,446	14,528	13,803	13,972	21,226		From use of money and property
						Charges for services
						Intergovernmental revenues:
46,133	40,735	47,201	62,154	50,986		Federal
96,842	117,091	133,976	126,233	122,949		State
10,307	9,378	8,912	8,473	6,661		Local
107	95	61	70	142		Donations and contributions
25,656	26,255	21,893	15,706	10,206		Miscellaneous
930,448	989,136	944,772	937,263	957,969		Total revenues
						<b>EXPENDITURES:</b>
35,838	35,712	33,982	35,296	38,897		General government administration
18,182	18,271	16,971	17,505	17,593		Judicial administration
191,061	207,920	202,196	198,402	210,461		Public safety
30,188	29,218	25,545	27,736	30,408		Public works
75,562	74,765	74,593	76,896	75,014		Health and welfare
403,396	434,596	437,057	361,447	416,071		Education
36,097	34,549	36,485	29,849	35,801		Parks, recreational and cultural
42,353	43,107	44,389	45,183	47,280		Community development
						Debt service:
60,162	61,753	92,223	66,811	74,760		Principal retirement
39,990	41,029	43,326	43,817	42,803		Interest and other debt costs
147	--	--	--	--		Intergovernmental - arbitrage rebate
74,601	112,121	34,063	26,914	33,283		Capital outlays
1,007,577	1,093,041	1,040,830	929,856	1,022,371		Total expenditures
						Excess (deficiency) of revenues over
(77,129)	(103,905)	(96,058)	7,407	(64,402)		(under) expenditures
						<b>OTHER FINANCING SOURCES (USES):</b>
54,079	47,880	39,033	32,677	59,039		Transfers in
(58,921)	(40,621)	(48,942)	(32,486)	(88,907)		Transfers out
10,710	37,945	--	--	--		Sale of lease participation certificates
45,890	97,950	80,380	29,085	46,445		Bonds, notes and capital leases
--	--	--	--	--		Refunding of lease participation certificates
--	--	--	82,410	51,585		Refunding bonds
--	--	--	--	--		Payments to refunded lease participation
--	--	--	--	--		certificates escrow agent
--	--	--	(91,667)	(60,921)		Payments to refunded bond escrow agent
3,343	8,976	2,205	1,069	2,236		Premium on sale of bonds
--	--	--	9,757	9,690		Premium from refunding bonds
457	--	--	--	--		Premium on sale of lease participation certificates
--	--	--	--	66		Premiums from refunding lease participation certificates
--	--	--	--	--		Insurance recoveries
--	--	--	--	--		State literary fund proceeds
135	154	250	188	298		Sale of surplus property
55,693	152,284	72,926	31,033	19,531		Total other financing sources (uses)
\$ (21,436)	\$ 48,379	\$ (23,132)	38,440	(44,871)		Net change in fund balances
10.03%	9.49%	13.20%	12.00%	11.62%		Debt service as a percentage of
						noncapital expenditures

**COUNTY OF PRINCE WILLIAM, VIRGINIA****TABLE 5 - Changes in Net Assets, Supplemental Retirement Plan**

Last Ten Fiscal Years

(amounts expressed in thousands)

	2003	2004	2005	2006	2007
<b>Additions</b>					
Member contributions	\$ 504	\$ 558	\$ 593	\$ 669	\$ 722
Employer contributions	504	558	593	669	722
Investment income (net of expenses)	<u>1,035</u>	<u>2,590</u>	<u>2,278</u>	<u>2,066</u>	<u>3,479</u>
Total additions to plan net assets	<u>2,043</u>	<u>3,706</u>	<u>3,464</u>	<u>3,404</u>	<u>4,923</u>
<b>Deductions</b>					
Benefit payments	590	853	834	1,002	1,089
Refunds	56	63	19	75	34
Administrative expenses	<u>68</u>	<u>51</u>	<u>79</u>	<u>73</u>	<u>69</u>
<b>Change in net assets</b>	<u>\$ 1,329</u>	<u>\$ 2,739</u>	<u>\$ 2,532</u>	<u>\$ 2,254</u>	<u>\$ 3,731</u>

2008	2009	2010	2011	2012	
					<b>Additions</b>
\$ 757	\$ 802	\$ 826	\$ 839	\$ 909	Member contributions
757	802	827	839	909	Employer contributions
(603)	(4,577)	2,003	4,983	(559)	Investment income (net of expenses)
911	(2,973)	3,656	6,661	1,259	Total additions to plan net assets
					<b>Deductions</b>
1,121	1,291	1,475	1,763	1,742	Benefit payments
149	37	200	86	78	Refunds
73	127	137	105	92	Administrative expenses
\$ (432)	\$ (4,428)	\$ 1,844	\$ 4,707	\$ (653)	<b>Change in net assets</b>

# COUNTY OF PRINCE WILLIAM, VIRGINIA

**TABLE 6 - General Governmental Revenues by Source<sup>a</sup>**

Last Ten Fiscal Years

(modified accrual basis of accounting; amounts expressed in thousands)

Fiscal Year	Taxes <sup>b</sup>	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property	Charges for Services
2003	\$ 438,410	\$ 21,552	\$ 1,880	\$ 9,774	\$ 29,581
2004	\$ 495,667	\$ 23,480	\$ 2,329	\$ 7,470	\$ 34,373
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
Change 2003 - 2012	63.01%	-35.80%	82.71%	83.23%	46.36%

<sup>a</sup> Includes revenues of the General Fund, Special Revenue Funds, Capital Projects Funds and the School Board and Adult Detention Center Component Units.

<sup>b</sup> Tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act.

<sup>c</sup> 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 2012 was set at the fiscal year 2008 amount, irrespective of any reimbursement rate.

**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 <sup>a</sup>	Public Service	Total General <sup>b</sup> Property Taxes	Sales Tax
2003	\$ 287,517	\$ 45,739	\$ 11,757	\$ 345,013	\$ 35,224
2004	\$ 329,073	\$ 48,368	\$ 11,679	\$ 389,120	\$ 40,721
2005	\$ 375,345	\$ 49,645	\$ 14,227	\$ 439,217	\$ 43,857
2006	\$ 410,127	\$ 59,075	\$ 12,131	\$ 481,333	\$ 46,649
2007	\$ 452,553	\$ 71,290	\$ 9,627	\$ 533,470	\$ 47,921
2008	\$ 474,398	\$ 73,311	\$ 10,682	\$ 558,391	\$ 46,155
2009	\$ 531,882	\$ 75,986	\$ 13,394	\$ 621,262	\$ 45,055
2010	\$ 496,297	\$ 63,666	\$ 15,520	\$ 575,483	\$ 46,155
2011	\$ 494,894	\$ 68,792	\$ 17,051	\$ 580,737	\$ 49,554
2012	\$ 512,197	\$ 74,567	\$ 16,632	\$ 603,396	\$ 52,003
Change 2003 - 2012	78.14%	63.03%	41.46%	74.89%	47.64%

<sup>a</sup> Personal property tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act.

<sup>b</sup> Excludes administration fees and interest related to property taxes. These revenues are included in "All Other" column.



Inter-Governmental <sup>c</sup>								
PPTRA		All Others		Miscellaneous		Total	Fiscal Year	
\$	45,426	\$	372,912	\$	16,563	\$	936,098	2003
\$	50,625	\$	403,194	\$	8,198	\$	1,025,336	2004
\$	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
								Change
19.51%		68.25%		-17.14%		59.02%		2003 - 2012

BPOL								
Utility Taxes		Tax	All Other <sup>b</sup>		Total	Fiscal Year		
\$	20,257	\$	14,836	\$	23,080	\$	438,410	2003
\$	22,870	\$	17,564	\$	25,392	\$	495,667	2004
\$	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
								Change
-35.45%		46.43%		5.97%		63.01%		2003 - 2012

**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 <sup>a</sup>	Apartments <sup>a</sup>	Commercial & Industrial <sup>a</sup>	Public Service <sup>a</sup>	Vacant Land & Other <sup>a</sup>	Total Taxable Assessed Value	Total Direct Tax Rate <sup>b</sup>	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2003	\$17,609,310	\$895,236	\$3,135,552	\$901,202	\$249,277	\$22,790,577	\$1.31	\$28,546,061	79.84%
2004	\$22,066,665	\$1,036,502	\$3,279,611	\$945,931	\$227,277	\$27,555,986	\$1.24	\$33,941,300	81.19%
2005	\$27,573,301	\$1,190,201	\$3,868,984	\$1,249,775	\$257,786	\$34,140,047	\$1.14	\$45,520,808	75.00%
2006	\$36,143,674	\$1,338,215	\$4,721,938	\$1,253,506	\$282,495	\$43,739,828	\$0.97	\$60,203,453	72.65%
2007	\$48,617,154	\$1,588,255	\$5,667,015	\$1,355,894	\$428,530	\$57,656,848	\$0.81	\$64,002,474	90.09%
2008	\$48,185,629	\$1,759,043	\$6,592,385	\$1,448,737	\$305,617	\$58,291,411	\$0.84	\$61,439,875	94.88%
2009	\$41,980,642	\$1,904,868	\$7,595,528	\$1,471,669	\$273,037	\$53,225,744	\$1.03	\$51,665,113	103.02%
2010	\$29,888,134	\$1,801,532	\$6,726,623	\$1,360,944	\$214,673	\$39,991,906	\$1.29	\$47,228,010	84.68%
2011	\$30,434,819	\$1,451,944	\$5,722,158	\$1,466,645	\$180,505	\$39,256,071	\$1.31	\$48,535,035	80.88%
2012	\$32,477,281	\$1,642,125	\$5,899,244	\$1,472,610	\$163,184	\$41,654,444	\$1.28	\$46,901,818	88.81%

<sup>a</sup> Net of tax-exempt property:

2003 - \$1,646,501	2008 - \$3,867,736
2004 - \$1,695,543	2009 - \$3,722,543
2005 - \$2,223,993	2010 - \$3,451,863
2006 - \$2,567,585	2011 - \$3,119,173
2007 - \$3,049,599	2012 - \$3,183,169

<sup>b</sup> 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		New Construction <sup>a</sup>					Bank Deposits <sup>b</sup>
	Percent of Total Taxable		Residential		Non-Residential			
	Commercial to	Commercial & Public Service to	Permits	Value	Permits	Value		
2003	13.8%	17.7%	5,141	\$ 723	200	\$ 495	\$ 1,694	
2004	11.9%	15.3%	4,938	\$ 654	217	\$ 320	\$ 2,007	
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	

<sup>a</sup> Building Development Division, Department of Public Works.

<sup>b</sup> Includes deposits in commercial banks, savings banks and credit unions at June 30 for year shown. 2003-2012, 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	2003	2004	2005	2006	2007
<b>PRINCE WILLIAM COUNTY</b>					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$1.23000	\$1.16000	\$1.07000	\$0.91000	\$0.75800
Fire and Rescue Levy (Countywide)	\$0.07280	\$0.07280	\$0.06600	\$0.05600	\$0.04660
Gypsy Moth Levy (Countywide)	\$0.00400	\$0.00400	\$0.00400	\$0.00250	\$0.00250
Total Direct Tax Rate	\$1.30680	\$1.23680	\$1.14000	\$0.96850	\$0.80710
Sanitary District Levy					
Bull Run	\$0.00001	\$0.00001	\$0.00001	\$0.00001	--
Occoquan Forest	\$0.00001	\$0.00001	\$0.00001	\$0.00001	--
Service District Levies -					
Bull Run	\$0.10000	\$0.10000	\$0.10000	\$0.10000	\$0.12000
Lake Jackson	\$0.11000	\$0.11000	\$0.11000	\$0.11000	\$0.11000
Circuit Court	--	\$0.28000	\$0.28000	\$0.23000	\$0.19000
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	\$0.23000	\$0.23000	\$0.22000	--	--
Woodbine Forest Service	\$0.07000	--	--	--	--
<b>OVERLAPPING GOVERNMENTS</b>					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$0.12420	\$0.12420	\$0.12420	\$0.13000	\$0.18000
Town of Haymarket	\$0.14000	\$0.14000	\$0.14000	\$0.14000	\$0.12000
Town of Occoquan	\$0.05000	\$0.05000	\$0.05000	\$0.05000	\$0.08500
Town of Quantico	\$0.20000	\$0.20000	\$0.20000	\$0.15000	\$0.20000

2008	2009	2010	2011	2012	Type of Tax
<b>PRINCE WILLIAM COUNTY</b>					
<i>Countywide Tax Levies:</i>					
\$0.78700	\$0.97000	\$1.21200	\$1.23600	\$1.20400	Real Estate - General Fund
\$0.04840	\$0.05970	\$0.07460	\$0.07610	\$0.07410	Fire and Rescue Levy (Countywide)
\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250	Gypsy Moth Levy (Countywide)
<u>\$0.83790</u>	<u>\$1.03220</u>	<u>\$1.28910</u>	<u>\$1.31460</u>	<u>\$1.28060</u>	Total Direct Tax Rate
					Sanitary District Levy
--	--	--	--	--	Bull Run
--	--	--	--	--	Occoquan Forest
					Service District Levies -
\$0.12000	\$0.13800	\$0.19900	\$0.20100	\$0.20100	Bull Run
\$0.11000	\$0.12300	\$0.17200	\$0.17500	\$0.17500	Lake Jackson
\$0.19000	\$0.15000	--	--	--	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
--	--	--	--	--	Woodbine Forest Service
<b>OVERLAPPING GOVERNMENTS</b>					
<i>Real Estate Tax Levy:</i>					
\$0.18000	\$0.18000	\$0.35330	\$0.33350	\$0.33330	Town of Dumfries
\$0.12800	\$0.16400	\$0.16400	\$0.16400	\$0.16400	Town of Haymarket
\$0.08500	\$0.10000	\$0.10000	\$0.10000	\$0.10000	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 Nine Years Ago

(amounts expressed in thousands)

Taxpayer	2012				2003			
	Taxable Assessed		Percentage of Total County Taxable Assessed		Taxable Assessed		Percentage of Total County Taxable Assessed	
	Value	Rank	Value <sup>a</sup>		Value	Rank	Value <sup>a</sup>	
VA Electric & Power Company	\$ 709,629	1	1.70%		\$ 369,242	1	1.62%	
Mall at Potomac Mills, LLC	425,593	2	1.02%		287,657	2	1.26%	
Northern Virginia Electric Co-op	266,130	3	0.64%		172,502	3	0.76%	
Verizon South, Inc.	159,458	4	0.38%		134,313	4	0.59%	
Washington Gas Light Company	100,513	5	0.24%		65,524	10	0.29%	
E & A Acquisition LTD Partnership	92,338	6	0.22%		-		-	
Prince William Square Investors LLC	86,227	7	0.21%		-		-	
Kir Smoketown Station LP	85,044	8	0.20%		-		-	
Stellar Chatsworth LLC	80,880	9	0.19%		-		-	
Manassas Owner LLC	78,984	10	0.19%		-		-	
Dominion Country Club, LP	-		-		97,900	5	0.43%	
AOL LLC	-		-		94,493	6	0.41%	
Manassas Mall LLC	-		-		81,461	7	0.36%	
US Home Corporation	-		-		75,222	8	0.33%	
WNH Limited Partnership	-		-		66,748	9	0.29%	
	<u>\$ 2,084,796</u>		<u>5.00%</u>		<u>\$ 1,445,062</u>		<u>6.34%</u>	

<sup>a</sup> 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)

Collected within the Fiscal Year of the Levy					Total Collections to Date <sup>b</sup>				
Fiscal Year	Total Adjusted Tax Levy <sup>a</sup>	Amount	Percentage of Levy	Collections in Subsequent Years	Percentage of Levy Collected	Penalties on Taxes Collected	Amount	Percentage of Levy	
2003	\$ 298,674	\$ 296,421	99.2%	\$ 1,849	99.9%	\$ 1,050	\$ 299,320	100.2%	
2004	\$ 340,760	\$ 338,870	99.4%	\$ 1,746	100.0%	\$ 1,221	\$ 341,837	100.3%	
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%	\$ 1,417	99.9%	\$ 1,376	\$ 511,947	100.1%	
2012	\$ 527,838	\$ 525,737	99.6%	\$ --	99.6%	\$ 1,256	\$ 526,993	99.8%	

<sup>a</sup> Total tax levy includes gross real estate and public service taxes less adjustments to tax due made prior to payment.

<sup>b</sup> 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)

	2003	2004	2005	2006	2007
<b>Primary Government</b>					
<i>Governmental Activities:</i>					
General Obligation Bonds <sup>a</sup>					
General Government	\$ 96,668	\$ 108,292	\$ 140,039	\$ 128,525	\$ 149,362
School Board-Related	367,341	395,333	432,562	467,363	502,453
Park Authority-Related	9,699	9,531	7,000	6,267	5,537
IDA Lease Revenue Bonds	12,875	12,315	11,970	11,140	10,430
Literary Fund Loans	6,209	5,713	5,316	4,918	4,520
Real Property Capital Leases					
General Government	78,590	80,645	79,025	132,825	150,189
Adult Detention Center	--	--	--	--	68,005
Park Authority	--	--	--	--	594
Commuter Rail Capital Leases**	3,301	2,977	2,629	2,258	1,863
Equipment Capital Leases	562	527	381	228	68
Installment Notes Payable	1,045	924	795	657	509
Internal Service Funds Leases and Notes	12	--	--	--	--
<i>Business-Type Activities:</i>					
Solid Waste System Revenue Bonds**	\$ 18,327	\$ 17,179	\$ 13,920	\$ 12,550	\$ 11,065
Taxable Revenue Notes	250	250	250	3,250	3,250
Total Primary Government	<u>\$ 594,879</u>	<u>\$ 633,686</u>	<u>\$ 693,887</u>	<u>\$ 769,981</u>	<u>\$ 907,845</u>
Percentage of Personal Income <sup>b</sup>	4.80%	4.62%	4.62%	4.79%	5.28%
Per Capita <sup>b</sup>	1,908	1,960	2,056	2,196	2,528
<b>Component Units</b>					
Park Authority Component Unit <sup>c</sup> :					
Series 1999 Revenue Bonds**	20,425	19,112	18,795	18,459	18,101
Equipment Capital Leases**	2,003	1,833	1,353	2,249	1,710
Installment Notes Payable** / <sup>d</sup>	1,718	1,023	904	780	651
Total Component Units	<u>24,146</u>	<u>21,968</u>	<u>21,052</u>	<u>21,488</u>	<u>20,462</u>
Total Reporting Entity Outstanding Debt	619,025	655,654	714,939	791,469	928,307
Less: Self-Supporting Revenue and Other Bonds	<u>45,774</u>	<u>42,124</u>	<u>37,601</u>	<u>36,296</u>	<u>33,390</u>
Net Tax-Supported Debt	<u>\$ 573,251</u>	<u>\$ 613,530</u>	<u>\$ 677,338</u>	<u>\$ 755,173</u>	<u>\$ 894,917</u>

\* Not available

\*\* Self-supporting from non-general tax revenue source.

<sup>a</sup> Includes general obligation bonds associated with School Board-Related Debt and Park Authority- Related Debt; See Exhibit 1.

<sup>b</sup> See Table 16 for personal income and population data.

<sup>c</sup> 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.

<sup>d</sup> Restated in fiscal year 2003.



2008	2009	2010	2011	2012	
					<b>Primary Government</b>
					<i>Governmental Activities:</i>
					General Obligation Bonds <sup>a</sup>
					General Government
					School Board-Related
					Park Authority-Related
					IDA Lease Revenue Bonds
					Literary Fund Loans
					Real Property Capital Leases
					General Government
					Adult Detention Center
					Park Authority
					Commuter Rail Capital Leases**
					Equipment Capital Leases
					Installment Notes Payable
					Internal Service Funds Leases and Notes
					<i>Business-Type Activities:</i>
					Solid Waste System Revenue Bonds**
					Taxable Revenue Notes
\$ 136,200	\$ 165,649	\$ 151,352	\$ 156,520	\$ 139,782	
515,486	531,815	576,826	549,775	556,747	
4,810	8,477	7,842	7,210	7,126	
9,680	8,870	8,030	7,160	6,260	
4,124	3,749	3,374	3,000	2,750	
151,039	179,298	169,012	156,854	145,695	
66,275	64,550	34,825	33,100	25,875	
561	528	495	462	429	
1,442	992	511	--	--	
--	--	--	485	398	
351	182	--	--	--	
--	--	--	--	--	
\$ 9,535	\$ 7,945	\$ 6,295	4,595	3,125	
--	--	--	--	--	
\$ 899,503	\$ 972,055	\$ 958,562	919,161	888,187	Total Primary Government
4.96%	5.24%	4.82%	4.33%	*	Percentage of Personal Income <sup>b</sup>
2,444	2,594	2,464	2,262	2,120	Per Capita <sup>b</sup>
					<b>Component Units</b>
					Park Authority Component Unit <sup>c</sup> :
					Series 1999 Revenue Bonds**
					Equipment Capital Leases**
					Installment Notes Payable** / <sup>d</sup>
17,725	17,323	12,481	12,008	11,528	
3,116	2,800	2,254	1,689	2,793	
517	376	230	78	--	
21,358	20,499	14,965	13,775	14,321	Total Component Units
920,861	992,554	973,527	932,936	902,508	Total Reporting Entity Outstanding Debt
32,335	29,436	21,771	18,370	17,446	Less: Self-Supporting Revenue and Other Bonds
\$ 888,526	\$ 963,118	\$ 951,756	\$ 914,566	\$ 885,062	Net Tax-Supported Debt

**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 <sup>a</sup>	IDA Lease Revenue Bonds	Solid Waste System Revenue Bonds	Total	Percentage of Estimated Actual Taxable Value of Property <sup>b</sup>	Per Capita <sup>c</sup>
2003	\$ 473,708	12,875	18,327	504,910	1.77%	1,620
2004	\$ 513,156	12,315	17,179	542,650	1.60%	1,678
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%	1,929
2011	\$ 713,505	7,160	4,595	725,260	1.49%	1,785
2012	\$ 703,655	6,260	3,125	713,040	1.52%	1,702

<sup>a</sup> Includes general obligation bonds associated with School Board-Related and Park Authority-Related Debt; see Table 11.

<sup>b</sup> See Table 7 for property value data.

<sup>c</sup> See Table 16 for population data.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 13 - Direct and Overlapping Governmental Activities Debt**

As of June 30, 2012

(amounts expressed in thousands)

	Outstanding on June 30, 2012	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value <sup>b</sup>
<b>Direct:</b>				
Net Tax Supported Debt <sup>a</sup>	\$ 885,062	100.00%	\$ 885,062	2.1248%
<b>Overlapping:</b>				
Town of Dumfries	4,778	100.00%	4,778	0.0115%
Town of Quantico	217	100.00%	217	0.0005%
Town of Haymarket	2,143	100.00%	2,143	0.0051%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 B	1,612	100.00%	1,612	0.0039%
Virginia Gateway Community Development Authority Special Assessment Bond Series 1999 and 2003 B	11,809	100.00%	11,809	0.0283%
Northern Virginia Transportation Commission - Virginia Railway Express <sup>c</sup>	101,166	36.75%	37,176	0.0892%
Northern Virginia Criminal Justice Training Academy (NVCJTA) <sup>c</sup>	14,660	27.66%	4,055	0.0097%
Upper Occoquan Sewage Authority (UOSA) <sup>c</sup>	276,632	1.39%	3,843	0.0092%
<b>Total Overlapping Governmental Activities Debt</b>	<b>\$ 413,017</b>	<b>15.89%</b>	<b>\$ 65,633</b>	<b>0.1576%</b>
<b>Total Direct and Overlapping Governmental Activities Debt</b>	<b>\$ 1,298,079</b>	<b>73.24%</b>	<b>\$ 950,695</b>	<b>2.2823%</b>

<sup>a</sup> From Table 11.

<sup>b</sup> Assessed value of taxable property is from Table 7.

<sup>c</sup> 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 \$327,100 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2012. 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 shown below.

	2003	2004	2005	2006	2007
General Government <sup>a</sup>					
Principal	30,929	35,165	39,975	47,584	52,060
Interest <sup>b</sup>	23,959	25,247	29,849	32,995	37,524
Internal Service Fund Debt Service <sup>c</sup>	12	12	--	--	--
Debt Service on Net Tax-Supported Debt	54,900	60,424	69,824	80,579	89,584
Total Government Expenditures <sup>d</sup>	845,342	925,866	1,033,382	1,125,453	1,310,566
Ratio of Debt Service to Expenditures	6.5%	6.5%	6.8%	7.2%	6.8%
Total Revenues <sup>e</sup>	820,465	956,529	1,089,605	1,188,320	1,360,579
Ratio of Debt Service to Revenues	6.7%	6.3%	6.4%	6.8%	6.6%
Net Tax-Supported Debt <sup>f</sup>	573,251	613,530	677,338	755,173	894,917
Assessed Value of Taxable Property <sup>g</sup>	25,551,796	30,498,825	37,138,437	47,160,546	61,267,297
Ratio of Net Tax-Supported Debt to Assessed Value	2.2%	2.0%	1.8%	1.6%	1.5%

**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%.

<sup>a</sup> 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.

<sup>b</sup> Excludes bond issuance and other costs.

<sup>c</sup> 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.

<sup>d</sup> Total Expenditures excluding capital projects from Table 22.

<sup>e</sup> Includes revenues of the General Fund, Special Revenue Funds and the School Board and Adult Detention Center Component Units.

<sup>f</sup> From Table 11.

<sup>g</sup> From Table 7 and Table 21.

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2008	2009	2010	2011	2012	
59,741	61,303	91,742	66,299	74,760	General Government <sup>a</sup>
39,865	41,032	43,272	43,783	42,803	Principal
--	--	--	--	--	Interest <sup>b</sup>
99,606	102,335	135,014	110,082	117,563	Internal Service Fund Debt Service <sup>c</sup>
1,325,488	1,331,692	1,386,901	1,337,189	1,427,543	Debt Service on Net Tax-Supported Debt
7.5%	7.7%	9.7%	8.2%	8.2%	Total Government Expenditures <sup>d</sup>
1,364,972	1,441,690	1,392,237	1,439,786	1,460,245	Ratio of Debt Service to Expenditures
7.3%	7.1%	9.7%	7.6%	8.1%	Total Revenues <sup>e</sup>
888,526	963,118	951,756	914,566	885,062	Ratio of Debt Service to Revenues
62,011,351	56,999,051	43,359,775	42,750,432	45,148,805	Net Tax-Supported Debt <sup>f</sup>
1.4%	1.7%	2.2%	2.1%	2.0%	Assessed Value of Taxable Property <sup>g</sup>
					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 <sup>a</sup>	Operating Expenses and Transfers <sup>b</sup>	Closure Payment <sup>c</sup>	Net Revenue Available for Debt Service	Debt Service Payments <sup>d</sup>		Total	Coverage <sup>f</sup>
					Principal <sup>e</sup>	Interest		
2003	\$ 12,724	\$ 8,027	\$ 1,244	\$ 3,453	\$ 1,793	\$ 1,187	\$ 2,980	1.16
2004	\$ 13,606	\$ 7,013	\$ 1,798	\$ 4,795	\$ 1,148	\$ 1,162	\$ 2,310	2.08
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

<sup>a</sup> Includes "Total Operating Revenues" (exclusive of fees collected on behalf of the Park Authority), "Grants from the Commonwealth," and "Interest and Miscellaneous Income" from the Statement of Revenues, Expenses and Changes in Fund Net Assets.

<sup>b</sup> Includes "Total Operating Expenses" (exclusive of "Depreciation" and "Closure Expense"), and "Operating Transfers", from the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

<sup>c</sup> 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.

<sup>d</sup> Principal, accreted value of and interest (including other debt costs) paid during the fiscal year on bonded indebtedness of the Solid Waste System.

<sup>e</sup> 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.

<sup>f</sup> Required coverage is 1.15.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**  
**TABLE 16 - Demographic and Economic Statistics**  
 Last Ten Years

Year	Population <sup>a</sup>	Personal Income <sup>b</sup> (in thousands)	Per Capita Income <sup>b</sup>	Fall School Enrollment <sup>c</sup>	Average Civilian Labor Force <sup>d</sup>	Average Unemployment Rate <sup>d</sup>
2003	311,749	\$12,399,884	\$33,424	59,835	174,911	3.9%
2004	323,377	\$13,723,915	\$35,556	63,404	183,258	3.1%
2005	337,439	\$15,012,664	\$37,577	66,298	192,173	3.0%
2006	350,612	\$16,088,936	\$39,502	68,458	198,763	2.6%
2007	359,174	\$17,200,916	\$41,382	70,948	200,678	2.6%
2008	368,016	\$18,145,470	\$42,960	72,988	206,210	3.4%
2009	374,776	\$18,561,645	\$42,254	73,917	214,777	5.9%
2010	389,001	\$19,899,449	\$43,346	76,861	227,364	5.7%
2011	406,395	\$21,216,947	\$43,076	79,358	231,371	5.3%
2012	419,006	*	*	81,937	235,988	4.9%

\* Not available

<sup>a</sup> US Census Bureau, Population Estimates Program (data as of July 1, 2011).

<sup>b</sup> Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of April, 2010).

2011 data estimated based upon ten-year growth rates on BEA data from 2001 through 2010.

<sup>c</sup> [Fall Membership by Division, by Grade](#) for Prince William County Schools, Virginia Department of Education

<sup>d</sup> 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
<b>Population<sup>a</sup>:</b>					
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%
<b>Education<sup>b</sup>:</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%
<b>Income<sup>b</sup>:</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%
<b>Housing:</b>					
Number Persons / Household <sup>a</sup>	2.9	3.1	2.1	2.5	2.6
Percent Owner Occupied <sup>b</sup>	71.0%	73.2%	42.0%	67.2%	65.1%
Owner Occupied Median Value <sup>b</sup>	\$149,600	\$316,600	\$376,200	\$249,100	\$179,900

<sup>a</sup> U.S. Bureau of the Census Bureau, 2000 and 2010 Census Data.

<sup>b</sup> 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 Nine Years Ago

Employer <sup>a</sup>	2012			2003		
	Ownership	Rank	Number of Employees <sup>b</sup>	Ownership	Rank	Number of Employees <sup>b</sup>
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	6	500 to 999
Morale Welfare and Recreation	Federal Government	5	1000 and over	Federal Government	10	500 to 999
Sentara Healthcare/Potomac Hospital Corporation	Private	6	1000 and over	Private	5	1000 and over
Minnieland Private Day School	Private	7	500 to 999			
Wegmans Store #07	Private	8	500 to 999			
Target Corp	Private	9	500 to 999			
Northern Virginia Community College	State Government	10	500 to 999	State Government	9	500 to 999
Temporary Solutions				Private	4	1000 and over
S.W. Rogers Corporation				Private	7	500 to 999
Giant Food				Private	8	500 to 999

<sup>a</sup> All data provided by the Virginia Employment Commission (1st Quarter, 2012 & 2003).

<sup>b</sup> 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>										
Board of Supervisors	12.12	12.12	12.12	17.00	17.00	17.00	17.00	19.00	18.00	22.00
County Attorney	24.00	26.00	26.00	27.00	29.00	27.00	27.00	25.00	24.00	25.00
Audit Services	--	--	--	--	--	--	--	--	7.00	7.00
Office of Executive Management <sup>b</sup>	54.90	57.40	59.40	61.40	62.38	59.98	61.98	54.95	49.95	24.00
Office of Management & Budget <sup>b</sup>	--	--	--	--	--	--	--	--	--	11.00
Human Resources <sup>b</sup>	--	--	--	--	--	--	--	--	--	18.50
Technology and Support Services	89.53	90.53	92.53	97.53	97.53	85.53	85.53	77.53	77.53	77.00
Finance	132.33	133.80	134.80	139.55	142.80	139.80	144.80	145.00	147.00	149.00
Human Rights	5.80	7.00	6.00	6.00	6.00	6.00	6.00	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	11.00
<b>Judicial Administration</b>										
Commonwealth Attorney	39.00	39.00	39.00	41.00	41.00	41.00	41.00	41.00	41.00	42.00
Sheriff	73.00	74.00	79.00	82.00	87.00	87.00	89.00	87.00	89.00	91.50
Juvenile and Domestic Relations Court	5.00	7.00	8.00	8.00	8.00	8.00	9.00	9.00	8.00	8.00
Clerk of Court/Judges Chambers	58.70	60.70	61.00	61.00	62.00	62.00	60.00	57.00	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
<b>Public Safety</b>										
Police	604.07	628.07	655.40	673.40	701.40	725.40	758.40	750.20	747.20	751.00
Criminal Justice Services	23.86	25.58	25.95	31.00	32.50	35.50	37.90	37.60	37.60	37.60
Public Safety Communications	88.00	89.00	92.00	95.00	95.00	98.00	98.00	98.00	98.00	103.00
Fire Service	299.00	328.00	357.00	374.00	415.50	445.50	493.50	484.50	514.50	529.50
<b>Public Works</b>										
Public Works	240.48	272.34	292.63	340.07	364.54	332.69	320.68	219.29	225.61	227.79
Transportation	39.24	41.24	42.24	44.26	62.00	53.00	56.80	53.80	53.80	52.80
Solid Waste	47.71	49.05	51.05	55.38	57.38	57.38	57.39	57.39	57.71	58.72
Fleet Management	30.08	31.08	31.08	33.12	33.12	33.12	34.12	34.15	34.15	35.15
Small Project Construction	23.79	23.79	22.36	23.36	24.20	23.75	23.75	25.11	19.80	18.86
<b>Health &amp; Welfare</b>										
Social Services	323.45	307.95	314.22	315.69	319.31	309.81	313.31	298.36	307.99	309.39
Public Health	9.96	9.96	9.96	9.96	9.96	9.96	9.96	6.60	3.60	3.60
Community Services Board	234.86	223.36	232.53	240.77	248.11	260.11	265.11	265.38	264.88	266.88
At-Risk Youth and Family Services	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	4.60
Office on Aging	42.52	42.09	44.26	44.62	44.56	43.53	35.13	28.21	30.07	31.40
Office on Youth	2.80	3.00	3.00	7.00	7.00	7.00	8.00	--	--	--
School Age Child Care	5.00	5.00	4.00	--	--	--	--	--	--	--
<b>Parks, Recreational and Cultural</b>										
Library	191.25	189.68	188.68	188.65	187.74	185.94	184.94	168.39	164.33	163.33
<b>Planning/Community Development</b>										
Development Services	--	--	--	--	--	--	--	87.50	86.50	85.50
Office of Planning	51.00	55.00	56.00	61.50	63.50	58.50	58.50	33.05	32.05	32.50
Economic and Community Development	12.00	12.00	12.50	12.50	13.00	13.00	13.00	13.00	13.00	13.00
Housing & Community Development	31.80	33.80	33.80	34.00	35.00	29.00	29.00	29.00	29.00	28.00
Extension and Continuing Education	9.08	9.65	9.65	9.65	9.94	9.92	9.92	7.02	7.69	7.81
<b>Total Primary Government</b>	<b>2,818.33</b>	<b>2,901.19</b>	<b>3,010.16</b>	<b>3,148.41</b>	<b>3,290.47</b>	<b>3,278.42</b>	<b>3,363.72</b>	<b>3,232.03</b>	<b>3,263.96</b>	<b>3,308.43</b>
<b>Component Units</b>										
<b>Education</b>										
School Board	7,439.00	8,490.00	8,632.00	9,511.00	9,443.00	9,720.00	9,801.25	9,656.00	9,641.00	10,070.80
<b>Public Safety</b>										
Adult Detention Center	225.00	230.00	232.00	244.80	261.80	308.00	337.00	337.00	337.00	337.00
<b>Parks, Recreational and Cultural</b>										
Park Authority <sup>a</sup>	396.00	389.00	380.00	388.00	384.00	389.00	390.00	369.00	372.00	344.00
<b>Total Reporting Entity</b>	<b>10,878.33</b>	<b>12,010.19</b>	<b>12,254.16</b>	<b>13,292.21</b>	<b>13,379.27</b>	<b>13,695.42</b>	<b>13,891.97</b>	<b>13,594.03</b>	<b>13,613.96</b>	<b>14,060.23</b>

Sources: Primary Government and ADC data taken from the PWC Annual Budget Book; School Board and Park Authority data is obtained directly from each organization.

<sup>a</sup>Park Authority figures for years prior to 2004 are as of December 31.

<sup>b</sup>For fiscal year 2012, the Human Resources and Office of Management & Budget portions were split out into separate agencies.

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 19 - Operating Indicators by Function**

Last Ten Fiscal Years

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Judicial Administration</b>										
Land Records Instruments Recorded	178,717	199,588	188,985	186,802	131,269	93,435	88,932	79,665	78,794	84,067
Civil Cases Concluded	4,089	3,828	3,666	3,649	3,701	3,721	4,269	3,521	4,335	3,762
Criminal Cases Concluded	3,265	3,338	3,317	3,278	4,112	4,509	4,347	4,606	4,159	4,377
<b>Public Safety</b>										
<u><b>Fire &amp; Rescue:</b></u>										
Fire Incidents	6,083	6,405	5,766	6,810	6,180	5,761	5,440	5,293	5,639	*
EMS Incidents	22,238	23,509	23,881	25,173	25,568	24,439	24,707	25,479	26,201	*
<u><b>Police:</b></u>										
Criminal Arrests	12,304	12,579	12,761	13,374	13,979	14,405	14,307	13,973	14,289	*
Calls for Service Handled	196,352	200,389	208,668	222,818	228,785	238,651	238,376	236,426	231,557	*
<u><b>Jail:</b></u>										
Inmate Population	658	684	698	719	734	737	840	905	850	870
<b>Public Works</b>										
Facilities Constructed	1	1	--	1	3	--	2	--	2	2
<b>Health &amp; Welfare</b>										
Total CSB Clients Served	7,490	7,009	6,781	7,234	7,767	7,438	7,904	6,829	7,661	8,295
At-Risk Youth & Family Service										
Residential Placements	151	151	140	118	147	151	143	131	130	132
<b>Parks, Recreational and Cultural</b>										
Participant Visits	*	*	3,341	3,502	3,702	3,657	3,621	3,693	3,798	3,622
Library Patrons (Library Card Holders)	189,930	205,591	232,448	256,496	263,371	277,077	298,829	264,930	288,752	310,343
<b>Planning/Community Development</b>										
Non-residential Permits	3,673	4,122	4,862	2,871	2,364	1,616	1,340	1,074	1,034	1,200
Residential Permits	16,679	17,807	15,860	10,584	7,375	5,142	4,771	5,325	4,547	4,464

Sources: Various county departments.

Note: Indicators are not available for the general government function.

<sup>a</sup> Data is compiled on a calendar year basis, therefore the most recent data will be shown in the prior year column.

\* Not available

# COUNTY OF PRINCE WILLIAM, VIRGINIA

**TABLE 20 - Capital Asset Statistics by Function**

Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>										
Administrative Buildings	3	3	3	3	4	4	4	4	4	4
<b>Judicial Administration</b>										
Courthouse Complex	1	1	1	1	1	1	1	1	1	1
<b>Public Safety</b>										
Police Stations	2	2	2	2	3	3	3	3	3	3
Fire Stations	18	18	19	19	19	19	19	19	20	21
<b>Public Works</b>										
Fleet/Fuel Facilities	2	3	3	3	3	3	3	3	3	3
<b>Health &amp; Welfare</b>										
Senior Centers	2	2	2	2	2	2	2	2	2	2
Group Homes/Clinics	3	3	3	3	4	4	5	5	5	5
Housing/Shelters	4	4	4	4	4	4	4	4	4	6
<b>Parks, Recreational and Cultural</b>										
Athletic Fields <sup>a</sup>	304	304	304	304	274	304	282	291	298	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	10	10	17	15	16	29	29	33
Indoor Gymnasiums <sup>a</sup>	59	59	59	59	59	59	58	68	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	3	3	4	5	5	8
Outdoor Basketball Courts	23	23	25	25	27	27	27	27	27	27
Outdoor Swimming Pools	6	6	6	6	6	4	4	4	4	4
Outdoor Volleyball Courts	11	11	11	11	9	9	9	9	9	9
Picnic Shelters	63	63	63	63	62	63	63	63	63	63
Playgrounds	29	29	30	30	32	31	33	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	2	2	3
Tennis & Racquetball Courts	51	51	53	53	33	47	33	32	30	28
Waterparks	*	*	*	*	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.

<sup>a</sup> Includes Prince William County Public School facilities programmed by the Park Authority.

\* Not available

**COUNTY OF PRINCE WILLIAM, VIRGINIA**

**TABLE 21 - Personal Property Tax Rates and Assessments<sup>a</sup>**

Last Ten Fiscal Years

(tax rates per \$100 of assessed value; amounts expressed in thousands)

	2003	2004	2005	2006	2007
<b>Personal Property Tax Rates</b>					
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	\$ 1.23000	\$ 1.16000	\$ 1.07000	\$ 0.91000	\$ 0.76700
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	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Owned by Certain Elderly and Handicapped Persons	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
<b>Personal Property Assessments<sup>c</sup></b>					
Locally Assessed Value	\$ 2,758,620	\$ 2,939,510	\$ 2,997,032	\$ 3,419,461	\$ 3,608,756
Public Service Value <sup>b</sup>	\$ 2,599	\$ 3,329	\$ 1,358	\$ 1,257	\$ 1,693
Total Personal Property Assessments	<u>\$ 2,761,219</u>	<u>\$ 2,942,839</u>	<u>\$ 2,998,390</u>	<u>\$ 3,420,718</u>	<u>\$ 3,610,449</u>

<sup>a</sup> 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).

<sup>b</sup> Public Service property is valued by the State Corporation Commission and the Department of Taxation at prevailing assessment ratios.

<sup>c</sup> The estimated market value of personal property is assumed to equal 100% of the assessed value.

2008	2009	2010	2011	2012	
					<b>Personal Property Tax Rates</b>
					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
\$ 0.78700	\$ 0.97000	\$ 1.21200	\$ 1.23600	\$ 1.20400	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
\$ 3,717,730	\$ 3,769,937	\$ 3,365,319	\$ 3,492,204	\$ 3,754,050	Locally Assessed Value
\$ 2,210	\$ 3,370	\$ 2,550	\$ 2,157	\$ 5,243	Public Service Value <sup>b</sup>
<u>\$ 3,719,940</u>	<u>\$ 3,773,307</u>	<u>\$ 3,367,869</u>	<u>\$ 3,494,361</u>	<u>\$ 3,759,293</u>	Total Personal Property Assessments

# COUNTY OF PRINCE WILLIAM, VIRGINIA

**TABLE 22 - General Governmental Expenditures by Function<sup>a</sup>**

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Health & Welfare	Education
2003	\$ 28,098	\$ 12,709	\$ 122,480	\$ 21,968	\$ 55,020	\$ 485,084
2004	\$ 29,981	\$ 14,679	\$ 142,827	\$ 19,854	\$ 59,572	\$ 526,327
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

<sup>a</sup> Includes expenditures of the General Fund, Special Revenue Funds, Capital Projects Funds and the School Board and Adult Detention Component Units excluding inter-entity expenditures between primary government and component units.

<sup>b</sup> Includes principal retirement, interest and other debt costs, and intergovernmental rebate.

**TABLE 22A - Capital Projects Expenditures by Function<sup>a</sup>**

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Health & Welfare	Education
2003	\$ 3,292	\$ 8,316	\$ 8,499	\$ 9,143	\$ 22	\$ 69,244
2004	\$ 524	\$ 4,916	\$ 12,003	\$ 14,321	\$ --	\$ 84,974
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

<sup>a</sup> Includes expenditures for capital projects in the Capital Projects Funds of the Primary Government and the School Board and Adult Detention Center Component Units.

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Parks, Recreation & Culture <sup>b</sup>	Community Development	Capital Projects	Debt Service <sup>c</sup>	Total	Fiscal Year
\$ 26,769	\$ 37,726	\$ 100,188	\$ 55,488	\$ 945,530	2003
\$ 28,197	\$ 43,447	\$ 121,045	\$ 60,982	\$ 1,046,911	2004
\$ 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

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Parks, Recreation & Culture	Community Development	Total	Fiscal Year
\$ 451	\$ 1,221	\$ 100,188	2003
\$ 1,489	\$ 2,818	\$ 121,045	2004
\$ 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

**COUNTY OF PRINCE WILLIAM, VIRGINIA****TABLE 23 - Miscellaneous Statistical Data**

June 30, 2012

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<b>Date of County Organization:</b>	March 25, 1731
<b>Form of Government:</b>	County Executive (as provided for by the Code of Virginia)
<b>Area:</b>	348 Square Miles
<b>Services of Primary Government:</b>	
Fire protection:	
Number of career employees	550
Number of volunteers	1,112
Police protection:	
Number of police officers	569
Public Safety Communications:	
Number of employees	103
<b>Services not included in the Primary Government:</b>	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	79
Number of public high schools	11
Fall Membership, fiscal year 2012	81,937
Number of personnel (full-time equivalent)	10,071
Recreation (Park Authority Component Unit):	
Acres developed or reserved for County parks	4,248
Correctional Operations (ADC Component Unit)	
Capacity of main jail and modular jail	402
Capacity of central jail	200
Capacity of work-release center	65
Number of personnel (full-time equivalent)	337
<b>Other statistical data:</b>	
Elections:	
Registered voters at last general election	233,140
Number of votes cast in last general election	60,033
Percent voting in last general election	26%
Water and Wastewater Treatment	
<i>(provided by Prince William County Service Authority):</i>	
Miles of water mains	1,165
Miles of sanitary sewer mains	1,085

*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, 2012

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**Travelers Casualty & Surety Company**

Crime/Faithful Performance of Duty Blanket Bond	\$1,000,000
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*(Insured: Prince William County, Prince William County Park Authority, Prince William County - Manassas Regional Adult Detention Center)*

Honesty Blanket Bond	\$1,000,000
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*(Insured: Same as Above)*

Public Official Bond - Steven A. Solomon, Director of Finance	\$4,000,000
---	-------------

Public Official Bond - Janine Sewell, Director of Social Services	\$100,000
---	-----------

Public Official Bond - Melissa S. Peacor, County Executive	\$25,000
--	----------

**Travelers Casualty & Surety Company** *(Provided by the Commonwealth of Virginia for Constitutional Officers)*

Surety Bond - Steven A. Solomon, Director of Finance	\$1,000,000
--	-------------

Surety Bond - Michèle McQuigg, Clerk of the Court	\$103,000
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Surety Bond - Glendell Hill, Sheriff	\$30,000
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Surety Bond - Peter Meletis, Jail Superintendent	\$30,000
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COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the year ended June 30, 2012  
 (amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY:</b>			
* Pass-Through Payments from University of Maryland: High Intensity Drug Trafficking Area (HIDTA) Project	07.000	not available	\$ 585
Total Office of National Drug Control Policy			<u>\$ 585</u>
<b>DEPARTMENT OF AGRICULTURE:</b>			
* Direct Payments: Child & Adult Care Food Program	10.558	not applicable	\$ 21
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Agriculture:			
Food Donation - Commodities	10.550	not available	3
Fresh Fruit and Vegetable Program	10.582	17901-40599	472
Team Nutrition Grant	10.574	not applicable	28
* Department of Social Services:			
State Administrative Matching Grant for Food Stamp Program	10.561	45213-90303 45213-90304 46003-90103 46003-90104 46003-90212 46003-90213 46003-90403 46003-90404 46006-90223 46006-90224 46006-90703 46006-90704	2,835
Child Nutrition Cluster <sup>1</sup>			
* Department of Agriculture & Consumer Services:			
National School Lunch Program - Commodities	10.555 <sup>2</sup>	not available	1,461
* Department of Education:			
School Breakfast Program	10.553 <sup>3</sup>	17901-40591	3,465
National School Lunch Program	10.555 <sup>2</sup>	17901-40623	13,887
* Department of Juvenile Justice:			
School Breakfast Program	10.553 <sup>3</sup>	36001-00000	26
National School Lunch Program	10.555 <sup>2</sup>	36001-00000 36003-00000	53
Total Department of Agriculture			<u>\$ 22,251</u>
<b>DEPARTMENT OF COMMERCE:</b>			
* Pass-Through Payments from George Mason University: Chesapeake Bay Studies	11.457	not available	\$ 40
Total Department of Commerce			<u>\$ 40</u>

<sup>1</sup> Child Nutrition Cluster Total \$18,892

<sup>2</sup> CFDA 10.555 Total \$15,401

<sup>3</sup> CFDA 10.553 Total \$3,491

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the year ended June 30, 2012  
 (amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF DEFENSE:</b>			
* Direct Payments:			
Junior ROTC Program	12.000	not applicable	697
* Pass-Through Payments from Commonwealth of Virginia:			
Juvenile Justice and Delinquency Prevention Allocation to States	12.112	17901-43850	9
Total Department of Defense			<u>\$ 706</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
* Direct Payments:			
Housing Counseling Assistance Program	14.169	not applicable	\$ 147
Community Development Block Grants / Entitlement Grants	14.218 <sup>4</sup>	not applicable	1,680
Supportive Housing Program	14.235	not applicable	650
HOME Investment Partnerships Program	14.239	not applicable	125
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	not applicable	101
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous	14.251	not applicable	73
Section 8 Housing Choice Vouchers	14.871	not applicable	25,646
Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253 <sup>4</sup>	not applicable	428
Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	14.257	not applicable	52
* Pass-Through Payments from Northern Virginia Planning District Commission:			
Housing Opportunities for Persons with AIDS	14.241	not available	234
Total Department of Housing and Urban Development			<u>\$ 29,136</u>
<b>DEPARTMENT OF THE INTERIOR:</b>			
* Direct Payments:			
Payments in Lieu of Taxes - Public Law # 97-258	15.226	not applicable	\$ 66
Service Training and Technical Assistance	15.649	not applicable	\$ 30
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Historic Resources:			
American Battlefield Protection	15.926	not available	22
Total Department of the Interior			<u>\$ 118</u>
<b>DEPARTMENT OF JUSTICE:</b>			
* Direct Payments:			
Criminal Forfeitures	16.000	not applicable	\$ 19
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Un Of Local Government	16.804 <sup>5</sup>	not applicable	79
Crime Victim Assistance	16.575	not applicable	133
Missing Children's Assistance	16.543	not applicable	10
Public Safety Partnership and Community Policing Grants	16.710	not applicable	110
Edward Byrne Memorial Justice Assistance Grant Program	16.738 <sup>5</sup>	not applicable	171
Equitable Sharing Program	16.922	not applicable	312
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	39001-46500 39001-67700	77
* Pass-Through Payments from City of Manassas Park:			
Congressionally Recommended Awards	16.753	not available	15
Total Department of Justice			<u>\$ 926</u>

<sup>4</sup> CFDA 14.218 & 14.253 Total \$2,108

<sup>5</sup> CFDA 16.738 & 16.804 Total \$250

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, 2012  
 (amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF LABOR:</b>			
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
WIA Dislocated Worker Formula Grant	17.278	18101-86712	\$ 61
Total Department of Labor			<u>\$ 61</u>
<b>DEPARTMENT OF TRANSPORTATION:</b>			
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	60507-50330	\$ 198
Highway Planning and Construction	20.205 <sup>6</sup>	not available	2,288
Highway Planning and Construction - Recovery Act	20.205 <sup>6</sup>	not available	1,996
State & Community Highway Safety (Section 402)	20.600	not applicable	40
* Pass-Through Payments from The Metropolitan Washington Council of Governments New Freedom Program	20.521	not applicable	93
Total Department of Transportation			<u>\$ 4,615</u>
<b>DEPARTMENT OF THE TREASURY:</b>			
* Direct Payments:			
Equitable Sharing Agreement	21.000	not applicable	\$ 54
Total Department of the Treasury			<u>\$ 54</u>
<b>DEPARTMENT OF VETERANS AFFAIRS:</b>			
* Direct Payments:			
Veterans Medical Care Benefits	64.009	not applicable	\$ 149
Total Department of Veterans Affairs			<u>\$ 149</u>
<b>DEPARTMENT OF ENERGY:</b>			
* Direct Payments:			
Energy Efficiency and Conservation Block Grant Program (EECBG) - Recovery Act	81.128	not applicable	\$ 1,917
Total Department of Energy			<u>\$ 1,917</u>

<sup>6</sup> CFDA 20.205 Total \$4,284

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the year ended June 30, 2012  
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF EDUCATION:</b>			
* Direct Payments:			
Impact Aid	84.041	not applicable	\$ 1,151
Fund for the Improvement of Education	84.215	not applicable	248
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
Adult Education - State Grant Program	84.002	17901-42801 17901-61380	381
Title I Grants to Local Educational Agencies	84.010 <sup>7</sup>	17901-42892 17901-42901 17901-42935	8,519
Title I Program for Neglected & Delinquent Children	84.013 <sup>7</sup>	17901-42948 18102-865930	4
Vocational Education - Basic Grants to States	84.048	17901-61095	608
Safe and Drug-Free Schools and Communities National Programs	84.184	18204 18204-86680	228
Safe & Drug-Free Schools & Communities - State Grants	84.186	17901-60511	10
Education for Homeless Children and Youth	84.196	not available	25
Twenty-First Century Community Learning Centers	84.287	17901-60565	597
Education Technology State Grants	84.318 <sup>8</sup>	17901-61600	70
English Language Acquisition Grants	84.365	17901-60512	1,451
Title II Part A Improving Teacher Quality State Grants	84.367	17901-61480	1,201
School Improvement Grants	84.377	17901-43040	13
Teacher Incentive Fund - Recovery Act	84.385	not available	788
Education Technology State Grants - Recovery Act	84.386 <sup>8</sup>	17901-60897	14
Title I Grants to Local Educational Agencies - Recovery Act	84.389 <sup>7</sup>	17901-42913 17901-42934	205
Education Jobs Fund - ARRA	84.410	17901-62700	264
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Special Education - Grants for Infants & Families with Disabilities	84.181 <sup>9</sup>	44507-43074 44507-43075	387
Special Education - Grants for Infants and Families ARRA	84.393 <sup>9</sup>	44507-43173	90
* State Council of Higher Education for Virginia			
Gaining Early Awareness and Readiness for Undergrad Program	84.334	17117	23
Special Education Cluster <sup>10</sup>			
* Department of Education:			
Special Education - Grants to States	84.027	17901-43071	17,980
Special Education - Preschool Grants	84.173	17901-62521	339
Special Education Grants to State - Recovery Act	84.391	17901-61245	5,794
* Pass-Through Payments from Ohio State University to Leslie University			
USED Investing in Innovation Grant Project	84.396	not available	78
Total Department of Education			<u>\$ 40,468</u>

<sup>7</sup> Title I Part A Cluster Total \$8,728

<sup>8</sup> Education Technology Cluster Total \$84

<sup>9</sup> Early Intervention Services (IDEA) Cluster Total \$477

<sup>10</sup> Special Education Cluster Total \$24,113

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the year ended June 30, 2012  
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
* Direct Payments:			
Head Start Cluster <sup>11</sup>			
Head Start	93.600	not applicable	\$ 2,965
ARRA - Head Start	93.708	not applicable	187
ERRP - Early Retiree Reinsurance Program	93.546	not applicable	839
* 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	45506-44401 45506-44402	6
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	45504-45001 45504-45002	2
Special Programs for the Aging Title IV and Title II Discretionary	93.048	45504-51150	24
National Family Caregiver Support, Title III, Part E	93.052	45504-46001	21
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	44506-50933 44506-50934	84
Block Grants for Community Mental Health Services	93.958	44506-50120 44501-50161	180
Block Grants for the Prevention & Treatment of Substance Abuse	93.959	44501-50161	1,032
Promoting Safe & Stable Families	93.556	46006-90247 46006-90249 46901-90359 46901-90360 46901-90361	946
* Department of Social Services:			
Temporary Assistance for Needy Families	93.558	45201-90601 45201-90603 45212-90365 45212-90366 45212-90377 46003-90109 46003-90110 46003-90111 46003-90112 46003-90127 46003-90409 46003-90410 46003-90411 46003-90412 46006-90229 46006-90230 46006-90231 46006-90232	905
Refugee & Entrant Assistance - State Administered Programs	93.566	46003-90113 46003-90413 46006-90233 46006-90713 49102-90623	46

<sup>11</sup> Head Start Cluster Total \$3,152

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the year ended June 30, 2012  
 (amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Low-Income Home Energy Assistance	93.568	46003-90114 46003-90115 46006-90234 46006-90235	71
Chafee Education and Training Vouchers Program (ETV)	93.599	46901-90353	4
Child Welfare Services State Grants	93.645	46006-90251	5
Foster Care - Title IV-E	93.658	46003-90105 46003-90106 46003-90147 46003-90209 46003-90405 46003-90406 46003-90407 46003-90447 46006-90225 46006-90226 46006-90227 46006-90258 46006-90267 46006-90268 46006-90705 46006-90706 46006-90707 46006-90738 46006-90747 46006-90748 46901-90047 46901-90636 46901-90637 46901-90639 46901-90657 46901-90658	1,251
Adoption Assistance	93.659	46003-90214 46003-90408 46006-90228 46006-90708 46903-90606 46903-90607 46903-90627	532

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, 2012  
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Social Services Block Grant	93.667	46003-90123 46003-90124 46006-90240 46006-90242 46006-90243 46006-90244 46006-90245 46006-90246 46006-90262 46802-90339 46802-90340 46802-90379 46901-90351 46901-90358 46903-90648	988
Chafee Foster Care Independence Program	93.674	46006-90253 46006-90254 46006-90733 46901-90356	34
Children's Health Insurance Program	93.767	46003-90102 46003-90402 46006-90222 46006-90702	72
Medical Assistance Program	93.778	45504-67100 46003-90101 46003-90146 46003-90213 46003-90401 46003-90446 46003-90447 46006-90221 46006-90266 46006-90701 46006-90746	1,714
Aging Cluster <sup>12</sup>			
* Department of Aging:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	45504-44111 45504-44112 45504-60001 45504-62004	201
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	45701-40571 45701-40572 45701-44120 45701-44121 45701-44122 45703-44130 45703-44132	200

<sup>12</sup> Aging Cluster Total \$401

COUNTY OF PRINCE WILLIAM, VIRGINIA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2012  
(amounts expressed in thousands)

<b>Federal Granting Agency/Recipient Pass-Through Agency/Grant Program</b>	<b>CFDA Number</b>	<b>Pass-Through Agency Identifying Number</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):</b>			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
Child Care Cluster <sup>13</sup>			
* Department of Social Services:			
Child Care & Development Block Grant	93.575	45215-90544 45215-90545 46006-90238	514
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	45214-90517 45214-90529 45214-90540 45214-90541 45215-90378 45215-90521 45215-90527 46003-90116 46003-90117 46003-90118 46003-90119 46006-90236 46006-90237 46006-90239 95214-90541	899
Total Department of Health and Human Services			<u>\$ 13,722</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
* Direct Payments:			
Learn and Serve America School and Community Based Programs	94.004	not applicable	\$ 26
Total Corporation for National and Community Service			<u>\$ 26</u>
<b>DEPARTMENT OF HOMELAND SECURITY:</b>			
* Direct Payments:			
Homeland Security Grant Program	97.067 <sup>14</sup>	not applicable	521
State Homeland Security Program (SHSP)	97.073 <sup>15</sup>	not applicable	70
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	77602-146/148	119
State Homeland Security Program (SHSP)	97.073 <sup>15</sup>	77501-52708	1
* Pass-Through Payments from Arlington County:			
Homeland Security Grant Program	97.067 <sup>14</sup>	not applicable	340
* Pass-Through Payments from Fairfax County:			
Homeland Security Grant Program	97.067 <sup>14</sup>	not applicable	210
* Pass-Through Payments from Montgomery County:			
Homeland Security Grant Program	97.067 <sup>14</sup>	not applicable	154
Total Department of Homeland Security			<u>\$ 1,415</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 116,189</u>

<sup>13</sup> Child Care Cluster Total \$1,413

<sup>14</sup> Homeland Security Grant Program Total \$1,225

<sup>15</sup> State Homeland Security Program (SHSP) Total \$71

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2012**  
(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 69% of total expenditures of federal awards.

Illustration 1-1 Major Federal Programs	
10.561 – Food Stamp Program	\$ 2,835
10.553 & 10.555 – Child Nutrition Cluster	18,892
14.871 – Section 8 Housing Choice Vouchers	25,646
20.205 – Highway Planning and Construction	4,284
81.128 – Energy Efficiency and Conservation Block Grant	1,917
84.027, 84.173 & 84.391 – Special Education Cluster	24,113
84.181 & 84.393 – Early Intervention Cluster	477
93.600 & 93.708 – Head Start Cluster	3,151
Total	<u>\$ 81,315</u>

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.pwccgov.org](http://www.pwccgov.org). School Board's CAFR may be obtained through the School's website at [www.pwcs.edu](http://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	\$ 52,030
School's Total Federal Revenue per Exhibit 5	64,299
Items expended from Restricted Fund Balance	
Criminal Forfeitures (Treasury)	32
Criminal Forfeitures (Justice)	210
Section 8 Housing Choice Vouchers	2,213
Items not subject to Single Audit:	
U. S. Marshals/I.N.S. purchase of service agreement	(768)
Other purchase of services agreements	<u>(1,827)</u>
Total Federal Expenditures per SEFA	<u>\$ 116,189</u>

**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 2012. 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 2012 was \$3. The value of equipment received by the County during fiscal year 2012 was \$364 and the value of software received by the County during fiscal year 2012 was \$340. These amounts have been included in the Schedule of Expenditures of Federal Awards and in the County's basic financial statements.

During fiscal year 2012, the County received and expended \$1,461 in surplus food commodities from the federal government. At year end, \$570 of food commodities received from the federal government have been included in inventories and recorded as deferred revenue.

***NOTE (5) – SUBRECIPIENTS***

The amount of federal awards provided to sub-recipients during fiscal year 2011 totaled \$1,805 of which \$1,680 related to Catalog of Federal Domestic Assistance (CFDA) No. 14.218 and \$125 related to CFDA No. 14.239.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the individual and 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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 29, 2012. 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*, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

**Internal Control Over Financial Reporting**

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

*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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Prince William's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County of Prince William, in a separate letter dated November 29, 2012

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

**CHERRY BEKAERT & HOLLAND, LLP.**

*Cherry, Bekaert & Holland, LLP*

Tysons Corner, Virginia  
November 29, 2012



**Independent Auditor's Report On Compliance With Requirements  
That Could Have a Direct and Material Effect On Each Major Program and  
On Internal Control Over Compliance In Accordance With OMB Circular A-133**

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

**Compliance**

We have audited the County of Prince William, Virginia's 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 of Prince William, Virginia's major federal programs for the year ended June 30, 2012. The County of Prince William's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Prince William's management. Our responsibility is to express an opinion on the County of Prince William's compliance based on our audit.

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

In our opinion, the County of Prince William, complied, in all material respects, with the 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, 2012.

**Internal Control over Compliance**

Management of the County of Prince William is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Prince William's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 of Prince William'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

**CHERRY BEKAERT & HOLLAND, LLP.**

*Cherry, Bekaert & Holland, LLP*

Tysons Corner, Virginia  
November 29, 2012



COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012

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Section I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X _____	None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____	No

Federal Awards

Internal control over major federal programs:			
Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X _____	No

Type of auditor's report issued on compliance for major federal programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) OMB Circular A-133?

\_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
Food Stamp Program	10.561
Child Nutrition Cluster	10.553 & 10.555
Section 8 Housing Choice Vouchers	14.871
Highway Planning and Construction	20.205
Energy Efficiency and Conservation Block Grant	81.128
Special Education Cluster	84.027, 84.173 & 84.391
Early Intervention Cluster	84.181 & 84.393
Head Start Cluster	93.600 & 93.708

Dollar threshold used to distinguish between type A and type B programs (*in thousands*):

\_\_\_\_\_ \$ 3,000 \_\_\_\_\_

Auditee qualified as low-risk auditee

\_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2012

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**Section II - Financial Statement Findings**

There were no findings to the financial statements that were required to be reported in accordance with generally accepted government auditing standards for the year ended June 30, 2012.

**Section III – Findings and Questioned Costs for Federal Awards**

There were no findings or questioned costs related to Federal awards that were required to be reported in accordance with OMB Circular A-133, section 510 (a).

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2012

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**Financial Statement Findings**

**Finding 11-1: INTERNAL CONTROL OVER FINANCIAL REPORTING – PRINCE WILLIAM COUNTY SCHOOLS**

Summary of Finding: At June 30, 2010, federal reimbursements due to Prince William County Schools for the fiscal year ended June 30, 2010 in the amount of \$3.1 million were instead recorded as federal revenue for the current year ended June 30, 2011. This cutoff error resulted in an understatement of amounts due from other governments and grant revenues for fiscal year 2010, and an understatement of beginning fund balance and beginning net assets for the year ended June 30, 2011.

Corrective Action Taken: Current policies and control procedures over year end closing entries and financial reporting have been strengthened to include a review by additional finance staff to ensure revenue is recognized in the correct fiscal year.

**Finding 11-2: MATERIAL WEAKNESS IN INTERNAL CONTROL – CAPITAL ASSETS: LAND AND INFRASTRUCTURE**

Summary of Finding: The Finance Department identified \$49,655 of land which was not recorded in the County's financial accounting records. This land was owned by the County, and should have been recorded at the time of acquisition. It was also noted that \$3,317 was recorded as land that had been previously been disposed. In addition, pre-emption devices worth \$2,748 were capitalized as a result of the Board of County Supervisors' resolution to adopt a revised Fire and Rescue Protection Code Chapter 9.1. The identification of these adjustments was discovered as part of the Finance Department's ongoing effort to reconcile the capital asset data base to external records. The finding is considered systemic in nature.

Corrective Action Taken: The classes of capital assets will be reconciled and adjusted and a solicitation for a more thorough independent appraisal and reconciliation process will be issued. Training will be developed and targeted to the various departmental staff responsible for the capital assets of their particular department/business units. The County has a new capital asset disposal policy that was presented to the County's Policy Committee and senior management staff during FY12.

COUNTY OF PRINCE WILLIAM, VIRGINIA

**SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended June 30, 2012

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**Federal Award Findings**

**Finding 11-3: Department of Agriculture**  
**Program Name: Child Nutrition Cluster**  
**CFDA#: 10.553 & 10.555**

Summary of Finding: At June 30, 2010, federal reimbursements due to Prince William County Schools for the fiscal year ended June 30, 2010 in the amount of \$3.1 million were instead recorded as federal revenue for the current year ended June 30, 2011. This cutoff error resulted in an understatement of amounts due from other governments and grant revenues for fiscal year 2010, and an understatement of beginning fund balance and beginning net assets for the year ended June 30, 2011.

Corrective Action Taken: Current policies and control procedures over year end closing entries and financial reporting have been strengthened to include a review by additional finance staff to ensure revenue is recognized in the correct fiscal year.

**Finding 11-4: Department of Energy**  
**Program Name: Energy Efficiency and Conservation**  
**CFDA#: 81.128**

Summary of Finding: Pay rates do not agree with Department of Labor (DOL) Requirements. As part of the Energy Efficiency and Conservation Block Grant, construction contracts have been awarded. As part of the construction contracts, contractors agree to pay rates in accordance with Department of Labor requirements and certify those payments to the County. Review of the certifications indicated that some contractors were not paying rates for Prince William County. We reviewed the wage rates for 37 individuals, finding that 16 of those did not agree to the prevailing wage rate for the correct construction type for the locality of the project.

Corrective Action Taken: The contractor has been notified of the Department of Labor (DOL) wage standards for Prince William County where the work is performed. The contractor has updated their billing system and is submitting for reimbursement accordingly to include correction of prior incorrect billing. The County will also review contracts for proper DOL wage standards for Prince William County.