



County of Prince William, Virginia

Comprehensive Annual Financial Report

for the Fiscal Year Ended June 30, 2011

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COUNTY OF PRINCE WILLIAM

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BOARD OF COUNTY SUPERVISORS

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W.S. Wally Covington, III
John D. Jenkins
Michael C. May
Martin E. Nohe
Frank J. Principi
John T. Stirrup

Melissa S. Peacor
County Executive

Steven A. Solomon
Director of Finance

November 30, 2011

**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, 2011. 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, 2011, 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, 2011, 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 4,901 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 6, 2007 and the current board members took office in January 2008 and will serve until December 31, 2011.

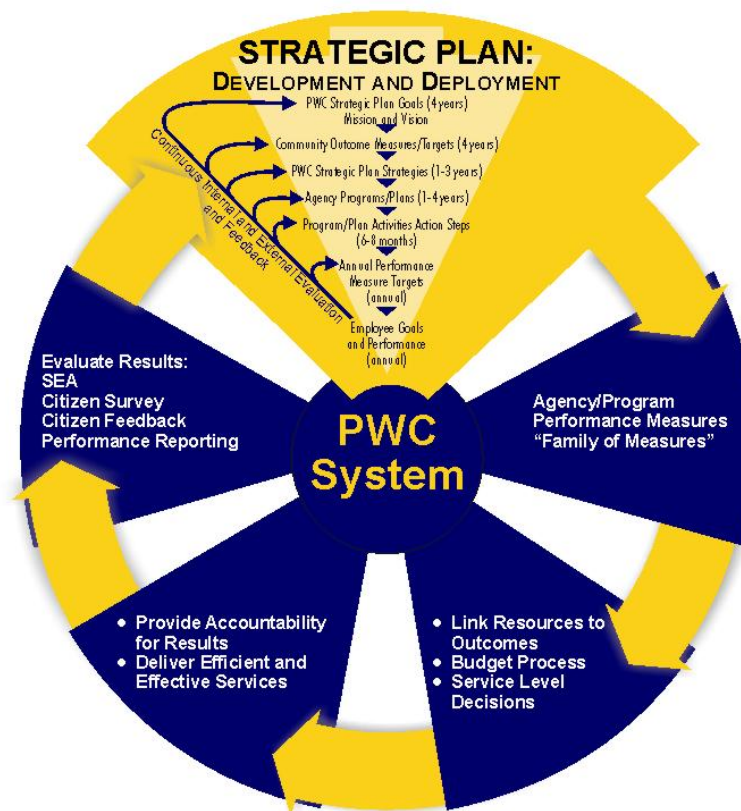
The County provides a full range of local government services including police, fire and rescue, court services, education, development administration, libraries, parks and recreational services, health and social services, public improvements, planning and general administration. The County's School 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, though certain aspects of the local economy, notably commercial real estate and unemployment rates, continue to underperform normal levels. Job growth in Prince William County outpaced Northern Virginia and the Commonwealth over the last year. After several years of double-digit annual increases in home values during the first six years of the last decade, the local residential real estate market experienced a serious correction, in which home values declined on average by more than 55 percent by February 2009. In addition, the nation-wide crisis in sub-prime credit markets was reflected locally in the form of increased delinquent and defaulted homes. In calendar year 2006, for example, less than 300 homes were reported in foreclosure. This increased nearly tenfold in 2007 to more than 2,800 foreclosed properties. The number more than doubled the following year, with more than 6,500 homes in foreclosure in 2008. In 2009, a total of 3,490 foreclosures were recorded, still a high number by historic standards, but a 46 percent decrease from the previous year. In

2010, a total of 2,115 foreclosures were recorded – a drop of 39 percent from the previous year. In 2011 (through August), a total of 969 foreclosures were recorded, which would project to a total of 1,454 for the year. This projected number would be the lowest annual total since 2007.

The housing market stabilized in 2010 and, through September, 2011, experienced modest but uneven growth. Fiscal year 2012 residential home values grew by 5.2 percent, the largest increase since 2006. The average sold price for a home in Prince William County was \$281,244 in September 2011, a year-over-year increase of 1.5 percent and an increase of \$76,000 (37.6 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 2011 from one year earlier, with declining vacancy rates, but far less new product being built. And, vacancy rates are still elevated by historic standards – particularly in flex space. As the year progressed, however, more office, industrial and retail space was absorbed even as less new product came online. According to Costar Realty Group, a multiple listing service for commercial property, in the 3rd quarter 2011, a total of 45,109,996 square feet of commercial space (including retail) in 1,833 buildings was reported—an increase in commercial space of 0.4 percent year-over-year. The commercial inventory includes a total of 6.70 million square feet of office space, 5.00 million square feet of flex space, 12.08 million square feet of industrial space and 21.34 million square feet of retail space. A total of 4,246,553 square feet (9.4 percent) of vacant commercial space (including retail) was reported during the 3rd quarter—a decrease of 9.3 percent year-over-year. This includes 979,064 square feet of vacant office space (14.6 percent, down from 15.2 percent one year ago), 999,234 square feet of vacant flex space (20.0 percent, compared to 14.4 percent one year ago), 915,637 square feet of vacant industrial space (7.6 percent, down from 9.0 percent one year ago) and 1,352,618 square feet of vacant retail space (6.3 percent, compare to 8.8 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 410,729 (as of September 15, 2011). 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 2010 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. The region's median household income of \$84,523 is 69 percent above the national median of \$50,046 and 39 percent above the state-wide median of \$60,674. Prince William County had the 9th highest median household income in the United States at \$92,655 – 10 percent higher than the region, 53 percent higher than the state and 85 percent higher than the nation. 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 1st quarter 2002 to 1st 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 1st Quarter 2001 to 7,194 in the 1st 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 (107,661 in the 1st Quarter 2011) increased by 7.8 percent year-over-year and 6.1 percent since 2006. By comparison, Northern Virginia employment grew by 2.8 percent in the last year and 2.3 percent since 2006. Employment in the Commonwealth increased by 1.5 percent in the last year but declined by 1.9 percent since 2006. The impact of the housing downturn continues to severely impact those industries related to housing, as new residential construction has, to date, lagged. Construction employment, for example, declined in Prince William County by over 6,000 net jobs (-41 percent) between September 2005 and March 2011. Likewise, jobs in finance, insurance and real estate experienced a net loss of 591 jobs (-15.6 percent) since their respective peak months of the real estate boom. Those industries have not yet recovered as new residential construction continues to lag. Prince William County's unemployment rate was 5.4 percent in August 2011, well below the statewide rate of 6.5 percent and the national rate of 9.1 percent in August 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. In 2008 the decline continued, as a total of 1,909 permits were issued, including 984 single family and 260 townhouses. In 2009, a total of 1,946 permits were issued, including 1,163 single family, 381 townhouses and 402 condominiums. In 2010, a total of 2,244 permits have been issued, including 1,057 single family, 484 townhouses and 703 condominiums. In 2011 (January-September), a total of 1,183 permits have been issued, including 603 single family, 290 townhouses and 290 multi-family units.

Recent increases in home building activity are indicative of a recovering housing market, though to date new home construction continues to lag. Home sale prices have steadily improved during 2010 and 2011, giving rise to optimism that the worst of the real estate crisis may be over. While it is too early to make this statement definitively, 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 September 2011, however, the average price of a sold home in Prince William County had climbed to \$281,244 – a 1.5 percent increase year-over-year and a 37.6 percent increase since February 2009. The total units sold in September 2011 was 410 and the average days on the market in September 2011 was 49 days for all homes sold in Prince William County.

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 is \$1.204 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, 363 new and expanding companies have announced their intention to invest more than \$3.47 billion and add more than 14,500 jobs to the Prince William County economy. Of these announcements, 274 (75 percent) were targeted industry businesses accounting for \$2.75 billion (79 percent) of the total investment and 10,946 (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. Currently there are 16 life science companies that have announced their intent to invest \$201.6 million and add more than 650 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, 81 government contractors or federal agencies have announced their intent to invest \$319 million and add 3,212 new jobs to 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 ten companies that have announced their intent to invest \$1.86 billion and add 336 jobs in Prince William County.

Areas of particular interest in Prince William County include: Innovation Technology Park, and the Potomac Communities. These two areas are home to nearly 25 percent of the total investment announcements within the County since 1997.

Innovation Technology Park is anchored by George Mason Universities 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. Currently, there are 44 companies that have announced their intent to invest over \$658 million and add 2,373 new jobs in Innovation.

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.

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, nineteen 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 2012, 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. Expectations 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 *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 the recent AAA 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 2011 for fiscal year 2012 to fiscal year 2016. 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 21st 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.

Each year, the County also 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, economic development and public safety needs, all of which are key areas in the County's *Strategic Plan*, and which combined, total 91 percent of the CIP. In addition, the 2011-2017 Capital Improvement Program provides \$27 million for two new libraries which will increase the capacity of the library system to meet the growing community needs. 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 87.2 percent satisfaction rating achieved in the County's most recent Citizen Survey, conducted in 2010. The school system's Five-Year Budget Plan continues to focus resources on the most critical school needs, including accommodating a student membership increase of 10,132 over the five-year period, maintaining competitive salaries, construction of three elementary schools, one middle school and one high school, replacement of two schools, additions/expansions at 21 current schools; repair and renewals of older facilities, and funding for infrastructure for voice, data and video communications.

During fiscal year 2011, construction continued on the new eleventh high school, Patriot High School, and two new elementary schools, T. Clay Wood and Piney Branch Elementary Schools. All three schools opened in September 2011 for the 2011-2012 school year. Construction also commenced on the new 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. Both buildings are scheduled to be completed in the fall of 2012. In addition, renewals were completed on Rippon and Godwin Middle Schools and a major renovation to Pennington Traditional School was started with completion scheduled over a two-year period. Additionally, for two years running, the school division has achieved its designation as a "Virginia Green School" – an accomplishment driven by School Board policies that promote the conservation of energy, including electrical power, fossil fuels, water or other resources, reducing the overall collective carbon footprint and operating costs for the school system.

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, for the last five years running, *Newsweek Magazine* ranked Prince William County high schools among the top 6 percent of schools in the nation. 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 and 2011 as well as the Governor's Award for Educational Excellence for the past three years. And, for the second 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.

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. During fiscal year 2011 construction was completed on the new River Oaks Fire & Rescue Station located at the intersection of River Ridge Boulevard and Route 1. This approximately 25,000 square foot station is equipped with a pumper, tanker, rescue squad and a basic and advanced life support ambulance. Construction was also completed on Phase I of the Adult Detention Center Expansion. This expansion provides 200 additional inmate beds and enlarges the inmate services area. Construction continued on the final component of the Adult Detention Center – Phase II, renovation of the common areas. The CIP for fiscal years 2012-2017 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 replacement of the County's 800 MHz radio communication system and the Computer Aided Dispatch (CAD) system.

Eleven years ago, Prince William became the first county in the Commonwealth to earn the “Certified Crime Prevention Community” designation under a state program that publicly recognizes and certifies localities that have implemented a defined set of community safety strategies. This prestigious designation was formally reaffirmed by the state in 2011 and is evidenced by the County’s 15-year low overall crime rate. Consistent with the goal of maintaining a safe community, the 2012 Fiscal Plan includes funding for the retention of six sworn police officers, originally planned for elimination, and the addition of eleven new sworn police officer positions.

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 \$281 million of the \$342 million capital investment in the County made by new businesses in fiscal year 2011 and CNN and *Money Magazine* recently ranked Prince William County as #1 in Job Growth in Virginia, #1 in Job Growth in the DC Region, and #2 in Job Growth on the East Coast of the United States and #17 in the United States in its top 25 places to create jobs.

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 2011 road improvements were completed on the intersection of Dale Boulevard and Benita Fitzgerald Drive to help alleviate congestion during peak morning and evening travel periods as well as improve safety and Glenkirk Road, from its intersection with Vint Hill Road to Broad Run. In addition, the Virginia Department of Transportation has allocated \$78.1 million for the widening of Interstate 66. This project will add one high occupancy vehicle (HOV) lane and one general purpose lane to Interstate 66 in each direction between Route 15 and Route 29 in Prince William County as well as the reconstruction of two overpasses at Catharpin Road and Old Carolina Road. These new interstate lanes will help reduce traffic congestion and improve flow to and from the residential and commercial areas of Haymarket and Gainesville, as well as the surrounding western end of the County. This project is expected to be completed in 2015.

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 2010 Citizen Survey, 64.1 percent of citizens were satisfied, marking the fifth consecutive year of improvement. The CIP for fiscal years 2012-2017 aims to further advance the transportation strategic goals by including \$159 million in funding for new lane miles for Minnieville Road from Spriggs Road to Route 234; Prince William Parkway from Hoadly Road to Old Bridge Road and Old Bridge Road to Minnieville Road; Rollins Ford Road from Vint Hill Road to Songsparrow Drive; Route 1 from Joplin Road to Bradys Hill and Neabsco Mills Road to Featherstone Drive; Route 28 from Linton Hall Road to Fitzwater Drive; University Boulevard from Prince William Parkway to Sudley Manor Drive, Wellington Rollins Ford Road, and Hornbaker Road; and other smaller projects. The County’s commitment to providing its citizens with the transportation infrastructure to get them to the places they want to go has led to an aggressive implementation of the processes provided for under Virginia’s design-build enabling legislation, the 1995 Public-Private Transportation Act (PPTA), to combat traffic congestion. Under PPTA arrangements, the County successfully delivered three significant transportation projects using design-build delivery, the most notable being the expansion and improvement of Route 15 (James Madison Highway). As a result of its efforts and success, the County’s transportation department was named the nation’s top road builder by The Design/Build Institute of America.

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 2012 Fiscal Plan includes a 1.2 percent increase over the 2011 Fiscal Plan for human services including the addition of eight term limited full-time equivalent positions to manage the growing eligibility case load in Social Services as well as increased funding for the County's participation in an interjurisdictional agreement at Birmingham Green for the care of 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, 2010. This was the 30th 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, 2010. This was the 25th 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 fifth time the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2010. This award program is designed to encourage local governments to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

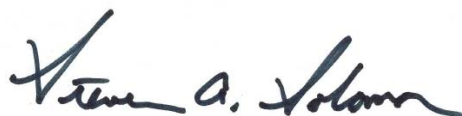
Many professional staff members in the Financial Reporting and Control Division prepared this report. Their hard work, professional dedication and continuing efforts to improve the quality of this report are a direct benefit to all that read and use it. We would also like to acknowledge the cooperation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

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

Respectfully,



Melissa S. Peacor
County Executive



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, 2010

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 2008 and will serve until December 31, 2011.

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.

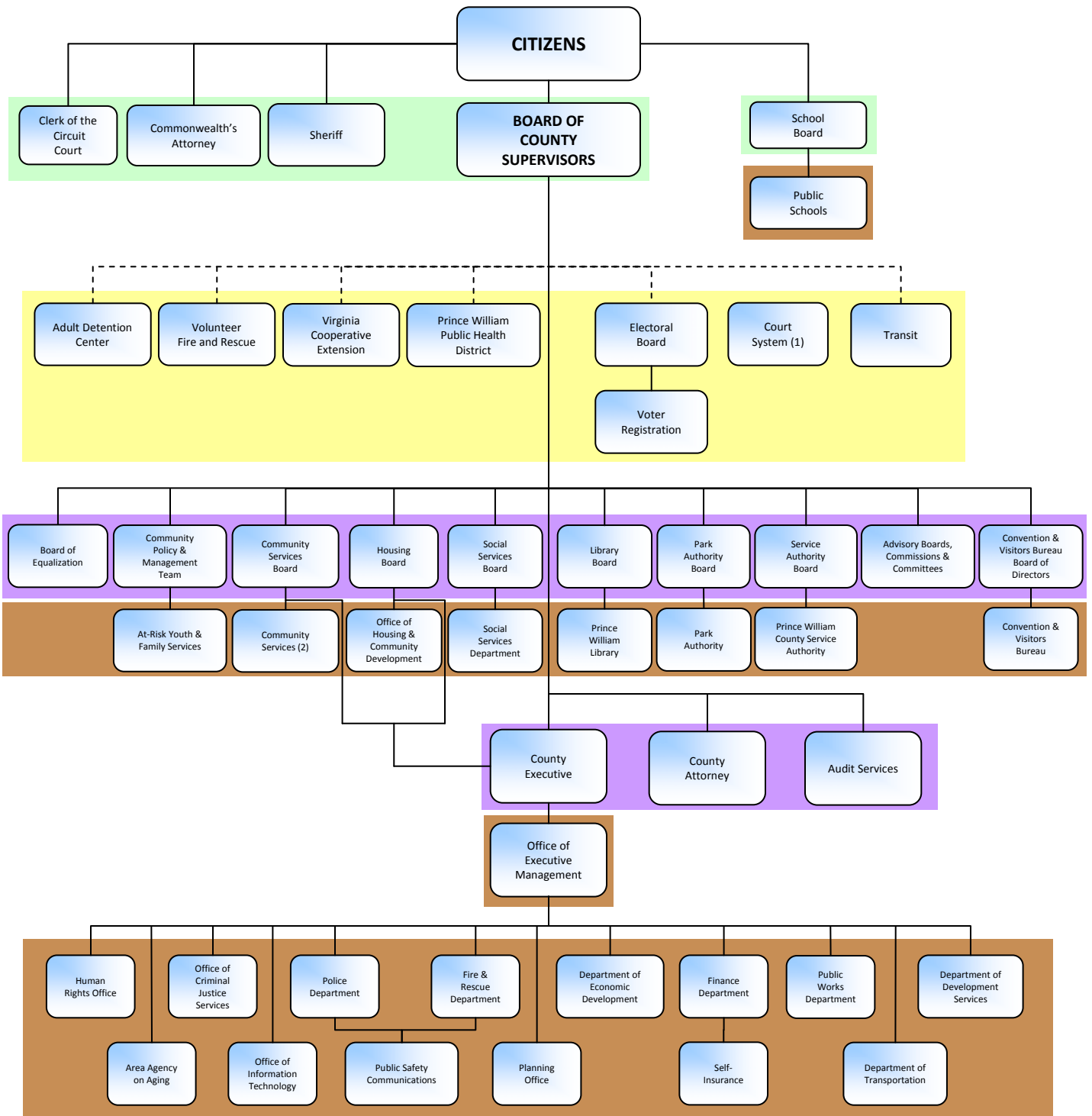
The Board also appoints the members of several separate boards and authorities to administer the operations of certain services. These services include parks and recreation, human services, and the public library system.

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 6, 2007, 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 2008.

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.

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 Auditors' 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, 2011, 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. The prior year summarized comparative information has been derived from the County's 2010 financial statements. This information was audited by other auditors and, in their report dated November 24, 2010 they expressed unqualified opinions on the respective financial statements on the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

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 the 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 of Prince William, Virginia, as of June 30, 2011, 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.

As discussed in Note 1.Q, to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board ('GASB') Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. In addition, as also discussed in Note 1.Q. to the basic financial statements, the County restated beginning net assets to correct previously reported capital assets and capital leases,

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, 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 19 through 31 and 109 through 113 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 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 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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, L.L.P.

Cherry, Bekaert & Holland, L.L.P.

Richmond, Virginia
November 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

(amounts expressed in millions)

Prince William County's (the County) 2011 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, 2011. 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:

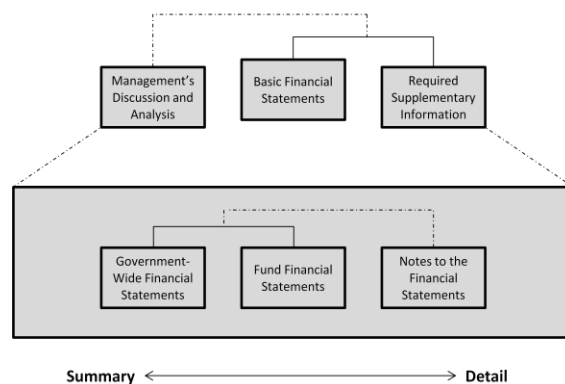
- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's *overall* financial status.

FINANCIAL HIGHLIGHTS

- The total reporting entity, which includes component units, has positive net assets of \$1,249 at June 30, 2011, which represents a 8 percent increase of \$88 from the prior year.
- The total cost of the County's programs decreased 6 percent to \$907 during fiscal year 2011, while the County's total revenues increased slightly, to \$980.
- Net assets for governmental activities increased 36 percent from the prior year due to an overall decrease in program costs of 7 percent, most notably a 17 percent decrease in education expenses, while revenues increased marginally.
- At June 30, 2011, the County has \$836 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, 2011 exceeded its assets by \$129 (net assets).
- Total net assets of the County's business-type activities increased 6 percent to \$38 due primarily to increased revenues of the Landfill enterprise fund.
- At the end of the current year, the unassigned fund balance of \$62 in the general fund was 7.5 percent of total general fund revenues. The unassigned fund balance is down 3 percent from the prior year due to the \$21 decrease in total general fund revenues.
- General fund revenues exceeded the budget by \$25; in addition, expenditure savings of \$22 under the budget helped to provide additional available resources for future years' appropriations.
- As of January 1, 2010 (the assessment date pertinent to real estate taxes supporting fiscal year 2011) the total assessed values of taxable property decreased by 2 percent compared to the prior year, with commercial values falling 15 percent. This decrease was partially mitigated by a 2 percent increase in residential values as well as an increase in the real estate tax rate of 2 percent. Real estate taxes contributed 52 percent of the total revenues for the primary government of the County during fiscal year 2011.

- 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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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.
 - During 2011, the County implemented GASB Statement No 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” which recognizes constraints imposed upon the use of the resources in governmental funds and categorizes the constraints into five classifications.
- *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 8 percent to \$1,249 (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 36 percent to (\$129). 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.

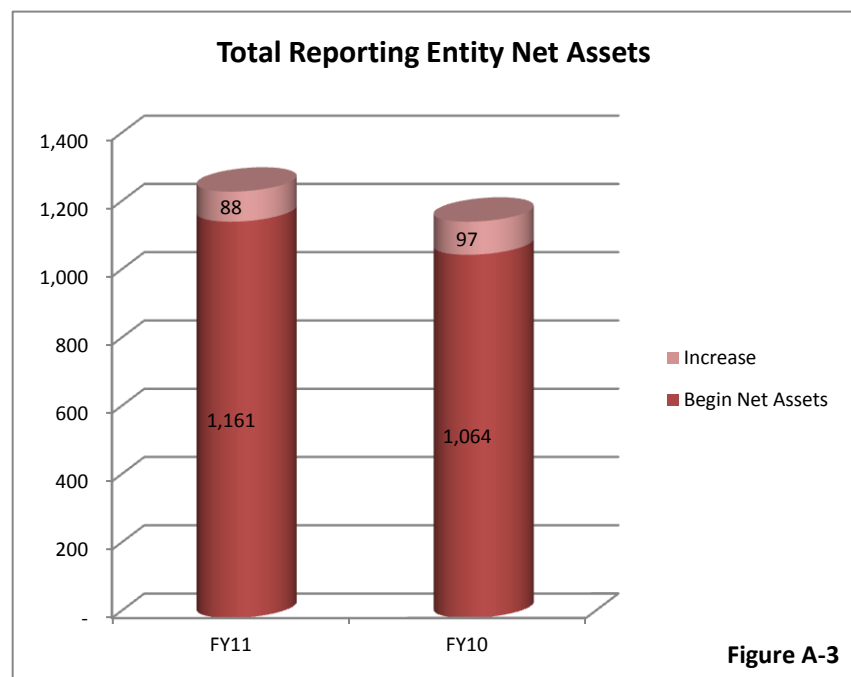


Figure A-3

As of June 30, 2011, the County has \$836 of outstanding debt (compared with \$869 as of June 30, 2010) related to assets donated to other entities as follows:

- \$553, Prince William County School Board;
- \$218, Commonwealth of Virginia;
- \$33, Prince William County Adult Detention Center;
- \$17, Volunteer Fire & Rescue companies (various);
- \$7, 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 \$29 of debt for transportation and school construction projects and \$67 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 were nearly identical to those of the prior year, expenses were significantly lower; during fiscal year 2010, the County issued \$83 of debt (including premiums) to support school construction projects. However, during fiscal year 2011, just \$10 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 sharp reduction in debt issuances in the current year resulted in a \$73 decrease in Education expense for the current year.

Business-Type Activities

Net assets of the County's business-type activities increased \$2 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 \$5 during the current fiscal year, while Innovation Technology Park experienced a slight operating loss.

The \$38 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)	
	2011	2010 (restated)	2011	2010	2011	2010 (restated)	2011	2010 (restated)
Current assets and other	\$ 806	755	30	33	836	788	1,173	1,169
Capital assets	389	385	33	30	422	415	1,597	1,517
Total assets	1,195	1,140	63	63	1,258	1,203	2,770	2,686
Other liabilities	317	304	7	6	324	310	440	413
Long-term liabilities	1,007	1,036	18	21	1,025	1,057	1,081	1,112
Total liabilities	1,324	1,340	25	27	1,349	1,367	1,521	1,525
Net assets:								
Invested in capital assets, net of related debt	309	308	28	24	337	332	929	887
Restricted	104	79	--	--	104	79	104	79
Unrestricted	(542)	(587)	10	12	(532)	(575)	216	195
Total net assets	\$ (129)	(200)	38	36	(91)	(164)	1,249	1,161

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 45 percent between fiscal years 2011 and 2010. The assets of the primary government are less than the liabilities by \$91.

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 \$1,340 during 2011, principally resulting from the issuance of debt which was used to increase investments in capital assets. The net assets of the primary government of (\$91) combined with the net assets of the component units of \$1,340 resulted in total net assets for the total reporting entity of \$1,249.

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Reporting Entity (including component units)	
	2011	2010 (restated)	2011	2010	2011	2010 (restated)	2011	2010 (restated)
Revenues:								
Program revenues:								
Charges for services	\$ 29	27	18	16	47	43	83	79
Operating grants and contributions	89	91	--	--	89	91	233	215
Capital grants and contributions	47	28	--	--	47	28	47	33
General revenues:								
Taxes:								
Real property	509	509	--	--	509	509	509	509
Personal property	73	68	--	--	73	68	73	68
Other taxes	105	100	--	--	105	100	105	100
Payment from primary government	--	--	--	--	--	--	470	544
Grants and contributions not restricted to specific programs	82	83	--	--	82	83	389	408
Unrestricted investment earnings	11	31	1	1	12	32	16	37
Miscellaneous	15	22	1	1	16	23	17	25
Total revenues	960	959	20	18	980	977	1,942	2,018
Expenses:								
General government administration	46	38	--	--	46	38	46	38
Judicial administration	18	18	--	--	18	18	18	18
Public safety	205	198	--	--	205	198	205	198
Public works	49	55	--	--	49	55	49	55
Health and welfare	77	74	--	--	77	74	77	74
Education	368	441	--	--	368	441	368	441
Parks, recreational and cultural	34	38	--	--	34	38	34	38
Community development	50	50	--	--	50	50	50	50
Interest on long-term debt	44	44	--	--	44	44	44	44
Enterprise	--	--	16	11	16	11	16	11
Component Units	--	--	--	--	--	--	947	954
Total expenses	891	956	16	11	907	967	1,854	1,921
Increase (Decrease) in net assets before transfers	69	3	4	7	73	10	88	97
Transfers	2	1	(2)	(1)	--	--	--	--
Increase (Decrease) in Net assets	71	4	2	6	73	10	88	97
Net assets – beginning (restated)	(200)	(204)	36	30	(164)	(174)	1,161	1,064
Net assets – ending	\$ (129)	(200)	38	36	(91)	(164)	1,249	1,161

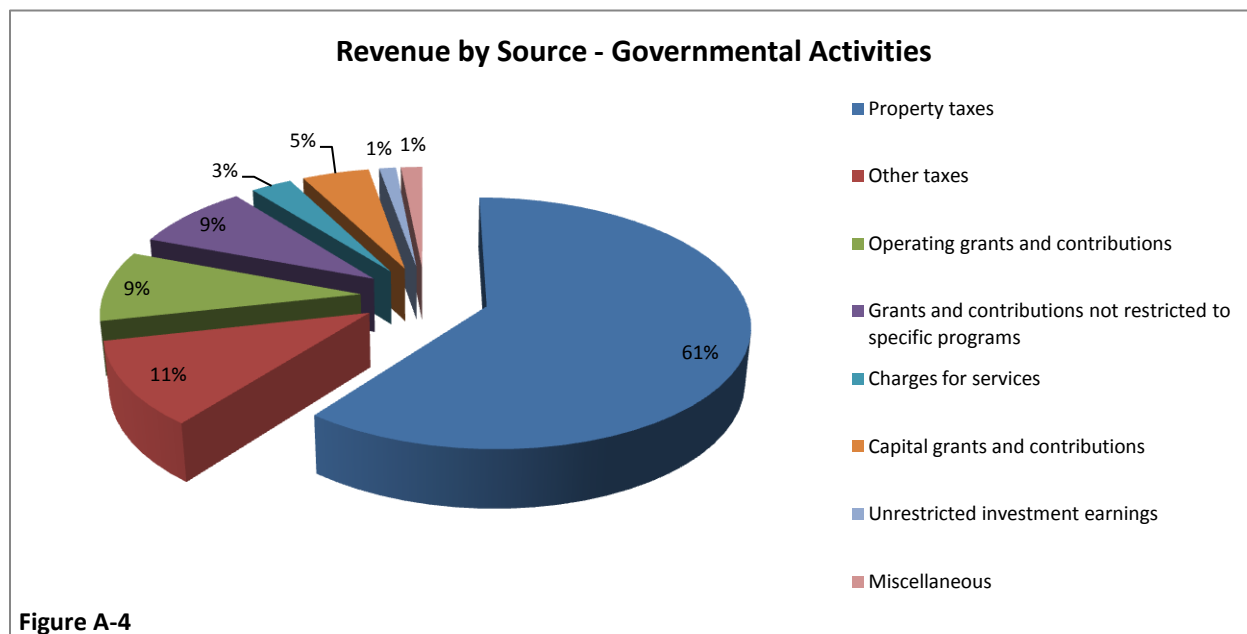
The total reporting entity net assets increased by \$88 in fiscal year 2011 as total revenues of \$1,942, 4 percent lower than fiscal year 2010, exceeded total expenses of \$1,854 which were 3 percent lower than fiscal year 2010.

The County's (Primary Government) total revenues increased marginally to \$980 (see Table A-2). Nearly 60 percent of the County's revenue comes from property taxes, and approximately 70 percent of every dollar raised comes from some type of tax. Another 22 percent comes from local, state and federal aid. Charges for services are 5 percent and the remaining 3 percent is from investment earnings at 1 percent and from other sources at 2 percent.

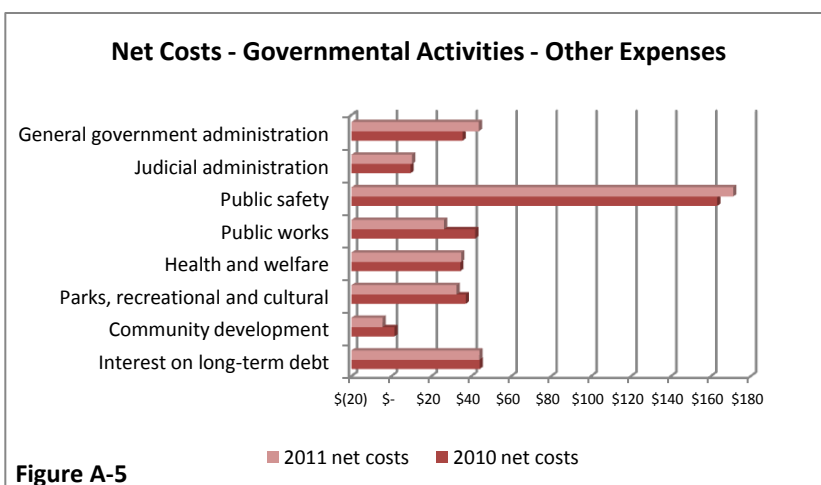
The total cost of all County programs and services decreased by \$60 or 6 percent to \$907. The County's expenses cover a range of services, with 63 percent related to public safety and education (see Table A-2). Education and public safety are significant goal areas in the Strategic Plan.

Governmental Activities

Revenues for the County's governmental activities increased marginally to \$960, while total expenses decreased 7 percent to \$891, which after considering the effect of transfers, resulted in a \$71 increase in net assets during the current year, compared to a \$4 increase in the prior year. 72 percent of revenues related to governmental activities are derived from taxes (see Figure A-4). Property tax revenues increased by \$5 or 1 percent, due mainly to an increase in personal property tax revenues from \$68 in fiscal year 2010 to \$73 in fiscal year 2011. A 2 percent increase in the total direct tax rate helped to keep real estate tax revenues stable, and offset the aforementioned decrease in total assessed values; these revenue outcomes mitigated the impact of potential revenue reductions tied to falling values on the County's ability to provide vital services.

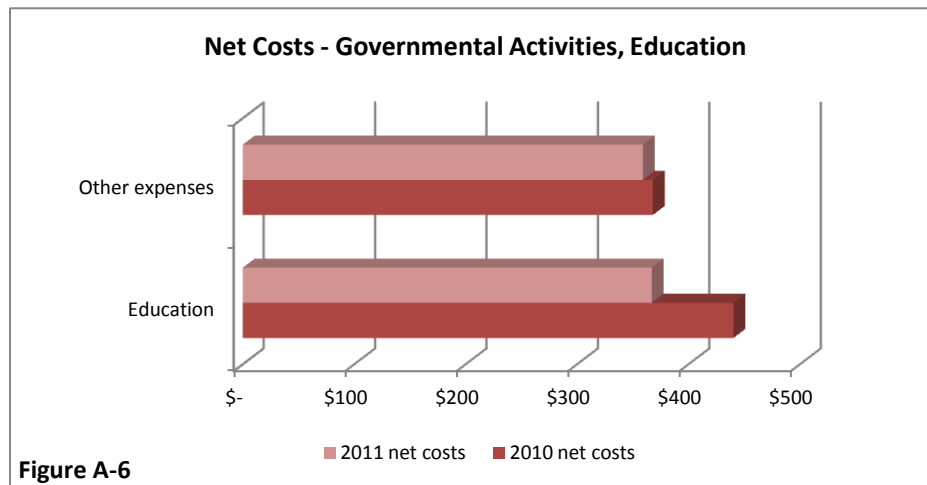


While property tax revenues and recordation tax revenues, which are largely tied to the performance of the real estate market, experienced zero-to-moderate growth during the year, local sales tax revenues produced a 9 percent increase from \$46 in fiscal year 2010 to \$50 in fiscal year 2011. These outcomes are attributable to a more stabilized real estate market than the County has seen over the past few fiscal years, with residential real estate values showing a modest increase of 2 percent. In addition, certain other revenue categories experienced some growth during the current fiscal year as compared to the prior year. For example, capital grants and contributions increased from \$28 in fiscal year 2010 to \$47 in fiscal year 2011, largely the result of an increase in revenue received from the federal government in connection with the American Recovery and Reinvestment Act (ARRA).



The most substantial decrease in expenses was in the area of education, due to the \$73 reduction in debt proceeds conveyed to Prince William County School Board, from \$83 in fiscal year 2010 to \$10 in fiscal year 2011. Public works expenses and parks, recreational and cultural expenses collectively decreased by \$10, 11 percent lower than in fiscal year 2010. The

net operating transfer to the School Board fell \$8, or 2 percent, which is a function of the overall decline in general county revenues and the County-School Revenue Sharing agreement funding formula.



Additionally, aside from these large variances, other functions and programs experienced minimal decreases, and in some cases increases from prior year levels due to concerted efforts to trim the County's budget in response to recent economic difficulties. Public safety expenses grew slightly from the prior year, increasing \$7, or 4 percent. The interest

that the County paid on its long-term debt obligations remained unchanged from the prior year at \$44.

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 \$13 in fiscal year 2011.

The cost of all *governmental* activities this year was \$891; however, the amount that our taxpayers paid for these activities through County general revenues was only \$618. Some of the costs were paid by:

- Those who directly benefited from the programs by paying charges for services of \$29;
- Other governments and organizations that subsidized certain programs with grants and contributions of \$136; and
- The \$108 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 increased \$2 or 11 percent from the prior year, while expenses increased 45 percent to \$16 (refer to Table A-2). Factors contributing to these results include:

- Charges for services increased \$2 from the prior year due solely to increased use of the County landfill.
- Expenses of the landfill increased \$4, or 40 percent from 2010 due primarily to an increase in depreciation expense, as capacity of the Landfill was further utilized.
- Net assets increased from \$36 to \$38 as a result of revenues exceeding expenses by \$4 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 \$395, an increase of \$39 or 11 percent from the prior year. General Fund revenues declined at a rate of 2 percent to \$832, but were still sufficient to cover General Fund expenditures which decreased to \$823, \$23 or 3 percent less than the prior year. After considering the net effect of transfers in and out of other funds and other transactions, the General Fund increased \$17. The Capital Projects fund balance increased \$16 during the current year, due partly to Federal support for certain County transportation projects of \$8, and the issuance of \$19 of debt for other County transportation projects

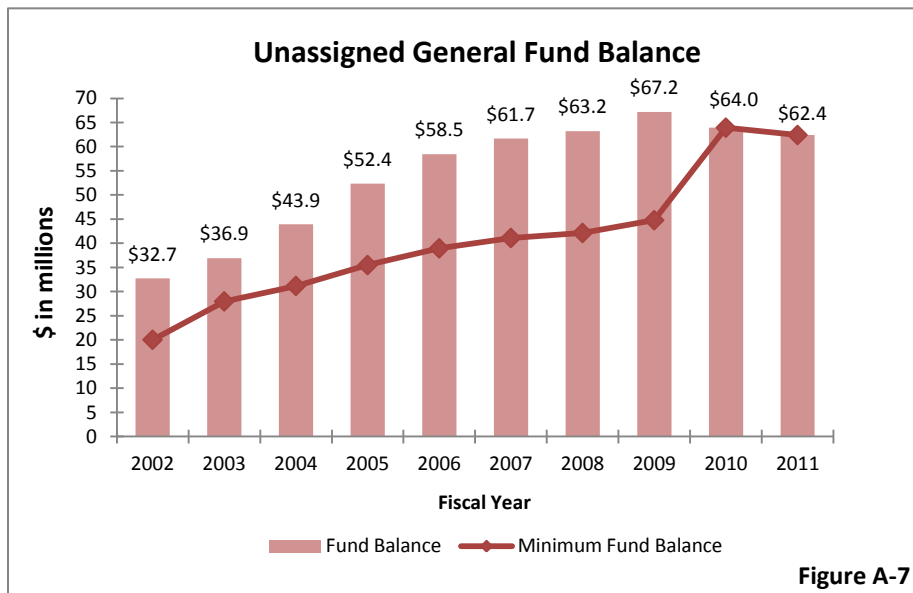


Figure A-7

which were not spent in their entirety by the end of the fiscal year. Fund balances for Other Governmental Funds increased \$6 from the prior year. 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 increased \$17, in part as the result of favorable budget variances for General Fund revenues of \$25, as well as expenditure budget savings of \$22. Actual revenues exceeded the final budget primarily due to higher than anticipated personal property tax revenues, which experienced significant declines in fiscal year 2010, and began to rebound during fiscal year 2011. Though much-improved

during fiscal year 2011, personal property tax revenues are still well below their 2009 level, the highest on record. Over \$22 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.
 - Despite the \$4 reduction in the current year, public safety expenditures continue to represent over 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 \$23 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 decreased by \$8 during 2011. This decrease was primarily the result of decreased general County revenues, which decreased the amount of support due to the County School Board per the Revenue-Sharing Agreement. Additionally, support for school construction projects decreased from the prior year, as the County issued less debt during the fiscal year 2011, and therefore, conveyed far less funding related to capital projects.
- Bond proceeds of \$10 for fiscal year 2011 were conveyed to the Prince William County School Board and are budgeted to be spent on certain energy improvements and renovations, including renewable energy projects. The \$83 in bond proceeds (including premiums) for fiscal year 2010 were budgeted to be spent on two elementary schools for \$29, one middle school for \$14, one high school for \$37, as well as additions and maintenance to various schools for \$3.

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 \$7 for Innovation Technology Park. Unrestricted net assets of the Landfill decreased from fiscal year 2010 as the County invested more resources in capital assets of the Landfill, while Innovation Technology Park's unrestricted net assets remained relatively unchanged from 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, actual expenditures were \$22 below final budget amounts while revenues exceeded the final budget by \$25. These two factors, combined with the effect of transfers to other funds, resulted in an increase in the budgetary fund balance of the General Fund of \$21 during the fiscal year. The most significant revenue variances were related to personal property taxes (\$7 higher than the final budget), local sales taxes (\$4 higher than the final budget), categorical aid for public safety (\$4 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 \$1 due to the lower than expected returns on investments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011, the total reporting entity had invested \$1,597 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 \$80 or 5 percent, over fiscal year 2010. The County had invested \$422 in capital assets, net of accumulated depreciation, which represented a net increase of \$7 or 2 percent, over fiscal year 2010. 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	
	2011	2010 (restated)	2011	2010 (restated)
Land & Construction in Progress	\$123	128	\$279	319
Buildings and other capital assets, net of depreciation	299	287	1,318	1,198
Total	\$422	415	\$1,597	1,517

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

- Nearly \$6 was spent on the County's capital project related to the Phase II liner at the County Landfill during 2011. The construction in progress balance as of the end of the current fiscal year was \$6.
- The total reporting entity capital assets increased by \$80; \$73 of this increase relates to component units, \$67 of which represents the growth of the School Board component unit's assets, and included completed construction of Patriot High School. 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 \$1,025 of which bonded debt outstanding represented \$729. Of this amount, \$717 comprises debt backed by the full faith and credit of the government. The remainder of the County's bonded debt of \$12 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total debt and obligations decreased to \$1,025 during the current fiscal year. The key components of the current year activities were the issuance of \$10 of debt on behalf of the School Board and \$29 of debt related to transportation projects. Additionally, principal payments on existing debt totaled \$67 during 2011. 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.

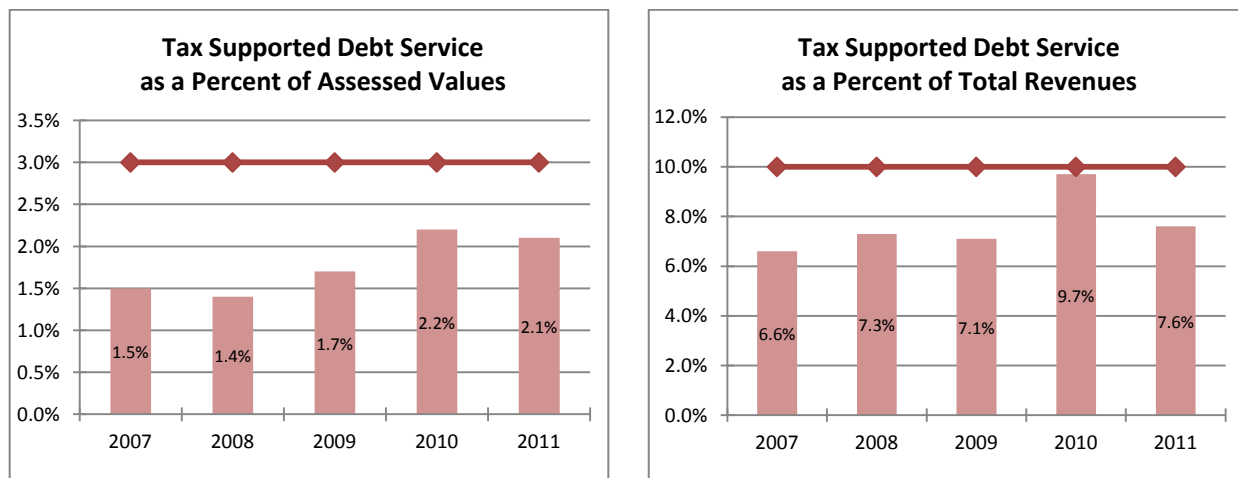
Table A-4
Prince William County's Long-term Debt and Other Obligations

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 714	736	--	--	714	736
Revenue bonds	7	8	5	6	12	14
State literary fund loans	3	3	--	--	3	3
Total bonded debt	724	747	5	6	729	753
Capital lease obligations	191	205	--	--	191	205
Unpaid losses and related liabilities	16	15	--	--	16	15
Compensated absences	25	26	--	--	25	26
Surplus distribution payable	2	2	--	--	2	2
Unamortized premiums	49	41	--	--	49	41
Accrued closure liability	--	--	13	15	13	15
Total long-term debt and other obligations	\$1,007	1,036	18	21	1,025	1,057

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, 2011, the amount of tax-supported debt outstanding represented 2.1 percent of the total assessed valuation of taxable real and personal property of \$43 billion at January 1, 2010, which is the valuation date to determine fiscal year 2011 revenues. Debt service payments represented 7.6 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 decreased the real estate tax rate 3.2 cents, or 2.6 percent for fiscal year 2012 to \$1.204 dollars per \$100 dollars assessed value.
- The real estate tax base has increased from \$39.3 billion supporting fiscal year 2011 to \$41.7 billion for fiscal year 2012, which is a 6.1 percent increase.
- The fiscal year 2012 General Fund budget is \$890.2, which is a 5.5 percent increase from fiscal year 2011.
- The ratio of employees per 1,000 residents for the Primary Government of the County has decreased over the last 10 years, from 9.07 in fiscal year 2002 to 8.04 per 1,000 residents in fiscal year 2011.
- The population in the County has grown at an average annual rate of 3.5 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 108 thousand during the first quarter of 2011.
- 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 5.3 percent and a civilian labor force of 217 thousand as of June 2011, according to the Virginia Employment Commission. This represents a decrease in the unemployment rate from 5.8 in June 2010 and an increase in civilian labor force from 215 thousand in June 2010.
- The Census Bureau's 2010 American Community Survey indicates that the County's Median Household Income rose from \$66 thousand in 2000 to \$93 thousand in 2010.

The aforementioned factors were considered in preparing the County's budget for the 2012 fiscal year. Amounts available for appropriation in the General Fund budget are \$890, a 5.5 percent increase from the adopted 2011 budget. Real estate tax rates are lower as the Board attempts to offset the impact of rising 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 2012 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, 2011

With Comparative Totals for June 30, 2010

(amounts expressed in thousands)

Exhibit 1

Page 1 of 2

	Primary Government			
	Governmental	Business-Type	Total	
	Activities	Activities	2011	2010 (restated)
ASSETS				
Equity in pooled cash and investments	\$ 667,856	11,735	679,591	659,858
Investments	20,835	-	20,835	12,396
Property taxes receivable, net	3,977	-	3,977	5,795
Investment in direct financing leases	26,980	-	26,980	36,113
Accounts receivable, net	11,685	219	11,904	7,195
Due from other governmental units	26,127	93	26,220	23,991
Internal balances	1,261	(1,261)	-	-
Due from primary government	-	-	-	-
Due from component units	-	-	-	13
Inventory	478	4,000	4,478	5,237
Deferred charges	16,872	-	16,872	8,193
Prepaid items	697	37	734	513
Deposits	-	-	-	-
Net Pension Asset	124	-	124	201
Restricted assets:				
Temporarily restricted:				
Restricted cash and temporary investments	28,364	14,386	42,750	26,967
Restricted investments	1,250	625	1,875	1,882
Capital assets:				
Land and construction in progress	100,562	21,863	122,425	127,563
Buildings and other capital assets, net of depreciation	288,168	10,853	299,021	286,921
Total assets	\$ 1,195,236	62,550	1,257,786	1,202,838
LIABILITIES				
Accounts payable	\$ 17,721	1,695	19,416	20,550
Wages and benefits payable	12,893	157	13,050	11,887
Deposits and escrows	36,324	35	36,359	36,098
Retainages	398	380	778	384
Accrued interest	16,030	48	16,078	16,419
Due to other governmental units	914	-	914	2,106
Due to component units	10,389	-	10,389	3,587
Unearned revenue	222,362	4,437	226,799	218,350
Noncurrent liabilities:				
Due within one year	78,831	8,373	87,204	78,430
Due in more than one year	928,173	9,586	937,759	978,692
Total liabilities	1,324,035	24,711	1,348,746	1,366,503
NET ASSETS/(DEFICIT)				
Invested in Capital Assets, net of related debt	309,109	28,333	337,442	331,918
Restricted for:				
Capital projects	27,974	-	27,974	8,550
Special levy districts	64,716	-	64,716	58,822
Other purposes	11,076	-	11,076	11,695
Unrestricted	(541,674)	9,506	(532,168)	(574,650)
Total net assets/(deficit)	\$ (128,799)	37,839	(90,960)	(163,665)

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

Component Units		Total Reporting Entity		
2011	2010 (restated)	2011	2010 (restated)	
262,642	252,906	942,233	912,764	ASSETS
-	-	20,835	12,396	Equity in pooled cash and investments
-	-	3,977	5,795	Investments
-	-	26,980	36,113	Property taxes receivable, net
2,168	4,443	14,072	11,638	Investment in direct financing leases
31,518	22,456	57,738	46,447	Accounts receivable, net
-	-	-	-	Due from other governmental units
10,389	3,587	10,389	3,587	Internal balances
-	-	-	13	Due from primary government
3,087	2,813	7,565	8,050	Due from component units
244	258	17,116	8,451	Inventory
2,727	2,748	3,461	3,261	Deferred charges
660	500	660	500	Prepaid items
-	-	124	201	Deposits
				Net Pension Asset
				Restricted assets:
				Temporarily restricted:
23,197	90,969	65,947	117,936	Restricted cash and temporary investments
-	-	1,875	1,882	Restricted investments
				Capital assets:
156,837	191,961	279,262	319,524	Land and construction in progress
1,018,820	910,844	1,317,841	1,197,765	Buildings and other capital assets, net of depreciation
1,512,289	1,483,485	2,770,075	2,686,323	Total assets
19,503	8,619	38,919	29,169	LIABILITIES
82,407	81,322	95,457	93,209	Accounts payable
-	16	36,359	36,114	Wages and benefits payable
4,961	4,106	5,739	4,490	Deposits and escrows
125	136	16,203	16,555	Retainages
264	1,395	1,178	3,501	Accrued interest
-	-	10,389	3,587	Due to other governmental units
8,444	7,768	235,243	226,118	Due to component units
				Unearned revenue
18,514	17,104	105,718	95,534	Noncurrent liabilities:
37,648	38,207	975,407	1,016,899	Due within one year
171,866	158,673	1,520,612	1,525,176	Due in more than one year
				Total liabilities
1,161,881	1,087,841	928,973 ^A	887,366	NET ASSETS/(DEFICIT)
				Invested in Capital Assets, net of related debt
23,197	90,969	27,974 ^A	8,550	Restricted for:
-	-	64,716	58,822	Capital projects
-	-	11,076	11,695	Special levy districts
155,345	146,002	216,724 ^A	194,714	Other purposes
1,340,423	1,324,812	1,249,463	1,161,147	Unrestricted
				Total net assets/(deficit)

^A The sum of the columns does not equal the Total Reporting Entity column by a difference of \$593,547 because the debt related to the School Board Component Unit (\$552,775), the Park Authority Component Unit (\$7,672) and the ADC Component Unit (\$33,100) 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 \$23,197 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, 2011
With Comparative Totals for the Year Ended June 30, 2010
(amounts expressed in thousands)

Exhibit 2
Page 1 of 2

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and	
		Charges for	Operating	Capital	Governmental	Primary Business-Type
		Services	Grants and	Grants and	Activities	Activities
			Contributions	Contributions		
Primary Government:						
Governmental activities:						
General government administration	\$ 45,435	554	689	345	(43,847)	-
Judicial administration	18,157	4,160	3,616	-	(10,381)	-
Public safety	205,341	6,646	10,281	17,201	(171,213)	-
Public works	48,819	5,038	1,699	15,700	(26,382)	-
Health and welfare	76,664	1,287	40,398	-	(34,979)	-
Education	368,236	-	-	1,121	(367,115)	-
Parks, recreational and cultural	33,728	562	515	-	(32,651)	-
Community development	50,227	10,461	31,653	12,523	4,410	-
Interest on long-term debt	44,095	-	-	-	(44,095)	-
Total governmental activities	890,702	28,708	88,851	46,890	(726,253)	-
Business-type activities:						
Landfill	15,804	17,696	-	66	-	1,958
Innovation Technology Park	48	-	-	-	-	(48)
Total business-type activities	15,852	17,696	-	66	-	1,910
Total primary government	\$ 906,554	46,404	88,851	46,956	(726,253)	1,910
Component Units:						
School Board	\$ 885,979	21,885	134,367	95	-	-
Adult Detention Center	30,816	520	10,129	-	-	-
Park Authority	29,517	12,739	-	114	-	-
Total component units	\$ 946,312	35,144	144,496	209	-	-
General revenues:						
Taxes:						
Real property					\$ 508,761	-
Personal Property					72,641	-
Local sales					49,554	-
Consumers Utility					13,190	-
Business, professional and occupational license (BPOL)					20,965	-
Recordation					7,562	-
Motor vehicle licenses					7,504	-
Transient occupancy					3,169	-
Short term rental, bank stock, public utility gross receipts					3,208	-
Payment from primary government					-	-
Grants and contributions not restricted to specific programs:						
Federal revenue					54	-
State revenue					75,418	-
Local revenue					6,950	-
Investment earnings					11,754	343
Miscellaneous					14,876	1,099
Transfers					1,556	(1,556)
Total general revenues and transfers					797,162	(114)
Change in net assets/(deficit)					70,909	1,796
Net assets/(deficit) - beginning, as restated, (Note 1.Q)					(199,708)	36,043
Net assets/(deficit) - ending					\$ (128,799)	37,839

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

Changes in Net Assets

Government		Component		Total	
Total		Units		Reporting Entity	
2011	2010 (restated)	2011	2010 (restated)	2011	2010 (restated)
(43,847)	(35,583)	-	-	(43,847)	(35,583)
(10,381)	(9,597)	-	-	(10,381)	(9,597)
(171,213)	(163,314)	-	-	(171,213)	(163,314)
(26,382)	(42,032)	-	-	(26,382)	(42,032)
(34,979)	(34,481)	-	-	(34,979)	(34,481)
(367,115)	(440,443)	-	-	(367,115)	(440,443)
(32,651)	(37,258)	-	-	(32,651)	(37,258)
4,410	(2,325)	-	-	4,410	(2,325)
(44,095)	(44,253)	-	-	(44,095)	(44,253)
(726,253)	(809,286)	-	-	(726,253)	(809,286)
1,958	5,697	-	-	1,958	5,697
(48)	(42)	-	-	(48)	(42)
1,910	5,655	-	-	1,910	5,655
(724,343)	(803,631)	-	-	(724,343)	(803,631)
-	-	(729,632)	(744,679)	(729,632)	(744,679)
-	-	(20,167)	(32,797)	(20,167)	(32,797)
-	-	(16,664)	(12,210)	(16,664)	(12,210)
-	-	(766,463)	(789,686)	(766,463)	(789,686)
508,761	509,007	-	-	508,761	509,007
72,641	67,816	-	-	72,641	67,816
49,554	46,155	-	-	49,554	46,155
13,190	12,840	-	-	13,190	12,840
20,965	20,269	-	-	20,965	20,269
7,562	7,813	-	-	7,562	7,813
7,504	7,221	-	-	7,504	7,221
3,169	3,014	-	-	3,169	3,014
3,208	2,661	-	-	3,208	2,661
-	-	469,759	544,019	469,759	544,019
54	105	10,818	39,305	10,872	39,410
75,418	75,452	289,862	282,247	365,280	357,699
6,950	7,325	5,581	2,954	12,531	10,279
12,097	31,992	4,358	5,367	16,455	37,359
15,975	22,793	1,696	1,812	17,671	24,605
-	-	-	-	-	-
797,048	814,463	782,074	875,704	1,579,122	1,690,167
72,705	10,832	15,611	86,018	88,316	96,850
(163,665)	(174,497)	1,324,812	1,238,794	1,161,147	1,064,297
(90,960)	(163,665)	1,340,423	1,324,812	1,249,463	1,161,147

Functions / Programs

Primary Government:

Governmental activities:

General government administration
Judicial administration
Public safety
Public works
Health and welfare
Education
Parks, recreational and cultural
Community development
Interest on long-term debt

Total governmental activities

Business-type activities:

Landfill
Innovation Technology Park

Total business-type activities

Total primary government

Component Units:

School Board
Adult Detention Center
Park Authority

Total component units

General revenues:

Taxes:

Real property
Personal Property
Local sales
Consumers Utility
Business, professional and occupational license (BPOL)
Recordation
Motor vehicle licenses
Transient occupancy
Short term rental, bank stock, public utility gross receipts
Payment from primary government
Grants and contributions not restricted to specific programs:
Federal revenue
State revenue
Local revenue
Investment earnings
Miscellaneous

Transfers

Total general revenues and transfers
Change in net assets/(deficit)

Net assets/(deficit) - beginning, as restated, (Note 1.Q)

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, 2011

With Comparative Totals for June 30, 2010

(amounts expressed in thousands)

	Capital Projects					Other Governmental Funds	2011	2010
	General	Streets and Roads	Other Capital Projects	Education				
ASSETS								
Equity in pooled cash and investments	\$ 425,004	31,875	75,372	-	76,412	608,663	584,629	
Restricted cash and temporary investments	1,176	24,658	2,530	-	-	28,364	11,415	
Property taxes receivable, net	3,977	-	-	-	-	3,977	5,795	
Accounts receivable, net	4,910	740	2,619	-	689	8,958	6,788	
Due from other funds	1,261	-	-	-	-	1,261	2,139	
Due from other governmental units	23,545	2,079	-	-	72	25,696	20,087	
Investment in direct financing leases	26,980	-	-	-	-	26,980	36,113	
Inventory	224	-	-	-	-	224	201	
Prepaid items	-	23	11	-	-	34	34	
Total assets	<u>\$ 487,077</u>	<u>59,375</u>	<u>80,532</u>	<u>-</u>	<u>77,173</u>	<u>704,157</u>	<u>667,201</u>	
LIABILITIES AND FUND BALANCE								
LIABILITIES:								
Accounts payable	\$ 11,202	2,678	529	-	1,623	16,032	18,573	
Wages and benefits payable	11,811	-	-	-	731	12,542	11,415	
Deposits and escrows	36,299	-	19	-	6	36,324	35,988	
Due to other funds	5	-	-	-	-	5	18	
Due to other governmental units	876	-	38	-	-	914	1,383	
Retainages	-	389	9	-	-	398	340	
Deferred revenue	23,219	-	-	-	-	23,219	31,349	
Unearned revenue	218,269	-	-	-	1,640	219,909	211,761	
Total liabilities	<u>301,681</u>	<u>3,067</u>	<u>595</u>	<u>-</u>	<u>4,000</u>	<u>309,343</u>	<u>310,827</u>	
FUND BALANCES:								
Non-spendable	224	23	11	-	-	258	235	
Restricted	1,369	24,450	2,348	-	73,173	101,340	77,210	
Committed	113,811	31,835	77,578	-	-	223,224	211,201	
Assigned	7,570	-	-	-	-	7,570	3,780	
Unassigned	62,422	-	-	-	-	62,422	63,948	
Total fund balances	<u>185,396</u>	<u>56,308</u>	<u>79,937</u>	<u>-</u>	<u>73,173</u>	<u>394,814</u>	<u>356,374</u>	
Total liabilities and fund balances	<u>\$ 487,077</u>	<u>59,375</u>	<u>80,532</u>	<u>-</u>	<u>77,173</u>	<u>704,157</u>	<u>667,201</u>	

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, 2011

(amounts expressed in thousands)

Fund balances--total governmental funds (Exhibit 3)	\$	394,814
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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 \$7,328 related to Internal Service Fund assets, which is included in Internal Service Fund net assets below.)	381,402
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Other long-term assets are not available to pay for current-period expenditures:

Deferred revenues	23,219
Pension benefit asset	124

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.	69,093
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Interest on long-term debt is not accrued in governmental funds, but rather, is recognized as an expenditure when due.	(16,030)
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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	170,890
School bonds payable	549,775
Literary loans payable	3,000
Capital lease obligations	190,901
Compensated absences (excludes \$927 for Internal Service Fund)	24,573
Operating settlement - Schools	10,376
Deferred charge - underwriters' discount on bonds	(3,725)
Deferred charge on refunding	(13,147)
Premium on bonds issued	48,778
Total long-term liabilities	<u>(981,421)</u>

Net assets/(deficit) of governmental activities	<u>\$ (128,799)</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, 2011

With Comparative Totals for the Year Ended June 30, 2010

(amounts expressed in thousands)

	Capital Projects						Total	
		Streets	Other		Other		Governmental Funds	
	General	and Roads	Capital	Education	Governmental		2011	2010
			Projects		Funds			
REVENUES:								
General property taxes	\$ 549,973	-	-	-	33,247	583,220	577,981	
Other local taxes	105,152	-	-	-	-	105,152	99,973	
Permits, privilege fees and regulatory licenses	1,669	-	-	-	9,826	11,495	10,617	
Fines and forfeitures	3,241	-	-	-	-	3,241	2,866	
From use of money and property	4,765	7	1,591	-	1,184	7,547	27,489	
Charges for services	8,326	-	-	-	5,646	13,972	13,803	
Intergovernmental revenues:								
Federal	22,955	8,091	9	-	31,099	62,154	47,201	
State	120,343	5,848	-	-	42	126,233	133,976	
Local	8,466	-	-	-	7	8,473	8,912	
Donations and contributions	-	27	43	-	-	70	61	
Miscellaneous	7,408	865	2,143	5,018	272	15,706	21,893	
Total revenues	832,298	14,838	3,786	5,018	81,323	937,263	944,772	
EXPENDITURES:								
Current:								
General government administration	35,296	-	-	-	-	35,296	33,982	
Judicial administration	17,505	-	-	-	-	17,505	16,971	
Public safety	173,786	-	-	-	24,616	198,402	202,196	
Public works	27,635	-	-	-	101	27,736	25,545	
Health and welfare	76,896	-	-	-	-	76,896	74,593	
Education	346,314	-	430	14,703	-	361,447	437,057	
Parks, recreational and cultural	28,571	687	591	-	-	29,849	36,485	
Community development	6,502	-	-	-	38,681	45,183	44,389	
Debt service:								
Principal retirement	66,811	-	-	-	-	66,811	92,223	
Interest and other debt costs	43,298	519	-	-	-	43,817	43,326	
Capital outlays	-	21,346	5,568	-	-	26,914	34,063	
Total expenditures	822,614	22,552	6,589	14,703	63,398	929,856	1,040,830	
Excess (deficiency) of revenues over (under) expenditures	9,684	(7,714)	(2,803)	(9,685)	17,925	7,407	(96,058)	
OTHER FINANCING SOURCES (USES):								
Transfers in	18,327	5,138	6,511	-	2,701	32,677	39,033	
Transfers out	(12,180)	(3)	(5,511)	-	(14,792)	(32,486)	(48,942)	
Bonds, notes and capital leases	-	19,400	-	9,685	-	29,085	80,380	
Proceeds from refunding bonds	82,410	-	-	-	-	82,410	-	
Premium on sale of bonds	-	1,069	-	-	-	1,069	2,205	
Premium on refunding of bonds	9,757	-	-	-	-	9,757	-	
Payment to refunded bond escrow agent	(91,667)	-	-	-	-	(91,667)	-	
Sale of surplus property	188	-	-	-	-	188	250	
Total other financing sources (uses)	6,835	25,604	1,000	9,685	(12,091)	31,033	72,926	
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	16,519	17,890	(1,803)	-	5,834	38,440	(23,132)	
FUND BALANCE, beginning of year	168,877	38,418	81,740	-	67,339	356,374	379,506	
FUND BALANCE, end of year	\$ 185,396	56,308	79,937	-	73,173	394,814	356,374	

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

**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, 2011

(amounts expressed in thousands)

Net change in fund balances--total governmental funds (Exhibit 5)	\$	38,440
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	8,025	
Add receipt of donated land and infrastructure assets	12,523	
Add donated equipment for Public Safety	8,199	
Subtract depreciation (excludes \$1,971 related to Internal Service Fund assets included in Internal Service Fund net assets below)	<u>(15,483)</u>	13,264
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.		(9,562)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Add amortized premium		3,253
Add current year's deferred revenue related to financing activities and uncollectible tax billings (Note 4)	23,219	
Subtract prior year's deferred revenue related to financing activities and uncollectible tax billings	<u>(31,349)</u>	(8,130)
Add current year's pension benefit asset	124	
Subtract prior year's pension benefit asset	<u>(201)</u>	(77)
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	66,811	
Add payment to escrow agent for refunding	91,667	
Subtract debt proceeds	(111,495)	
Subtract premium on debt	(10,826)	
Add underwriter's discount-deferred charge	<u>430</u>	36,587
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		(1,033)
Add prior year operating settlement - School Board	3,587	
Subtract current year operating settlement - School Board	<u>(10,376)</u>	(6,789)
Add prior year's compensated absences liability (excludes \$902 for Internal Service Fund)	24,412	
Subtract current year's compensated absences liability (excludes \$927 for Internal Service Fund)	<u>(24,573)</u>	(161)
Add prior year's accrued interest liability	16,355	
Subtract current year's accrued interest liability	<u>(16,030)</u>	325
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		<u>4,792</u>
Change in net assets of governmental activities	\$	<u>70,909</u>

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, 2011

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Innovation Technology			
	Landfill	Park	Totals	
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 9,190	2,545	11,735	59,193
Restricted cash and temporary investments	14,386	-	14,386	-
Investments	-	-	-	20,835
Accounts receivable, net	210	9	219	2,727
Due from other governmental units	93	-	93	431
Due from other funds	-	-	-	5
Inventory	11	3,989	4,000	254
Prepays	37	-	37	663
Total current assets	23,927	6,543	30,470	84,108
Non-current assets:				
Restricted investments	625	-	625	1,250
Capital assets:				
Land and construction in progress	20,779	1,084	21,863	1,399
Buildings and other capital assets, net of depreciation	10,853	-	10,853	5,929
Total non-current assets	32,257	1,084	33,341	8,578
Total assets	56,184	7,627	63,811	92,686
LIABILITIES				
Current liabilities:				
Accounts payable	1,693	2	1,695	1,689
Wages and benefits payable	157	-	157	351
Deposits and escrows	-	35	35	-
Retainages	380	-	380	-
Accrued interest	48	-	48	-
Unpaid losses, related liabilities and IBNR	-	-	-	4,664
Due to other funds	1,261	-	1,261	-
Due to component units	-	-	-	13
Unearned revenue	4,437	-	4,437	2,453
Current portion of surplus distribution payable	-	-	-	631
Current portion of bonds payable	1,356	-	1,356	-
Current accrued closure liability	7,002	-	7,002	-
Compensated absences	15	-	15	37
Total current liabilities	16,349	37	16,386	9,838
Non-current liabilities:				
Accrued closure liability	6,208	-	6,208	-
Unpaid losses, related liabilities and IBNR	-	-	-	11,585
Surplus distribution payable	-	-	-	1,280
Bonds payable, net of current portion	3,027	-	3,027	-
Compensated absences	351	-	351	890
Total non-current liabilities	9,586	-	9,586	13,755
Total liabilities	25,935	37	25,972	23,593
NET ASSETS				
Invested in capital assets, net of related debt	27,249	1,084	28,333	7,328
Restricted for self-insurance funds	-	-	-	1,250
Unrestricted	3,000	6,506	9,506	60,515
Total net assets	\$ 30,249	7,590	37,839	69,093

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, 2011

(amounts expressed in thousands)

	Landfill	Innovation Technology Park	Totals	Governmental Activities - Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 17,696	-	17,696	64,613
Intergovernmental revenues:				
Federal	9	-	9	487
State	57	-	57	7
Miscellaneous	1,099	-	1,099	2,630
Total operating revenues	18,861	-	18,861	67,737
OPERATING EXPENSES:				
Personal services	3,972	-	3,972	8,216
Contractual services	3,145	4	3,149	10,817
Materials/supplies	2,997	9	3,006	5,260
Depreciation	2,877	-	2,877	1,971
Closure expense	749	-	749	-
Other	24	35	59	960
Claims and premiums	-	-	-	29,440
OPEB cost	-	-	-	4,918
Losses and loss adjustment expenses	-	-	-	3,457
Total operating expenses	13,764	48	13,812	65,039
Operating income/(loss)	5,097	(48)	5,049	2,698
NON-OPERATING REVENUES/(EXPENSES):				
Interest income	309	34	343	954
Interest and other debt costs	(427)	-	(427)	-
Gain/(loss) on sale of capital assets	(1,410)	-	(1,410)	94
Declaration of surplus distribution	-	-	-	(900)
Total non-operating revenues/(expenses)	(1,528)	34	(1,494)	148
Income/(loss) before transfers and capital contributions	3,569	(14)	3,555	2,846
TRANSFERS:				
Transfers in:				
General fund	-	-	-	1,368
Capital projects funds	-	2,137	2,137	167
Transfers out:				
General fund	(1,556)	-	(1,556)	(165)
Capital projects funds	-	(2,137)	(2,137)	(5)
Total transfers	(1,556)	-	(1,556)	1,365
Capital contributions	(203)	-	(203)	581
Change in net assets	1,810	(14)	1,796	4,792
NET ASSETS, beginning	28,439	7,604	36,043	64,301
NET ASSETS, ending	\$ 30,249	7,590	37,839	69,093

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, 2011

(amounts expressed in thousands)

Exhibit 9

Page 1 of 2

	Innovation Technology			Governmental Activities - Internal Service Funds
	Landfill	Park	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 18,894	-	18,894	-
Cash received from County agencies	14	-	14	50,109
Cash received from employees	-	-	-	10,331
Cash received from other entities	57	-	57	3,741
Payments for claims and premiums	-	-	-	(34,528)
Payments to suppliers for goods and services	(4,764)	(47)	(4,811)	(16,714)
Payments to employees for services	(3,980)	-	(3,980)	(8,169)
Payments of closure expenses	(2,692)	-	(2,692)	-
Net cash provided (used) by operating activities	7,529	(47)	7,482	4,770
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Surplus distributions paid	-	-	-	(72)
Transfers in	-	2,137	2,137	1,535
Transfers out	(1,556)	(2,137)	(3,693)	(170)
Net cash provided (used) by non-capital financing activities	(1,556)	-	(1,556)	1,293
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(6,883)	-	(6,883)	(1,635)
Proceeds from the sale of capital assets	69	35	104	36
Principal paid on bonds, leases, and other debt	(1,700)	-	(1,700)	-
Interest paid on bonds, leases, and other debt	(295)	-	(295)	-
Net cash provided (used) by capital and related financing activities	(8,809)	35	(8,774)	(1,599)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from maturities of investments	-	-	-	24,398
Purchases of investments	7	-	7	(32,818)
Interest and dividends received on investments	383	33	416	914
Net cash provided (used) by investing activities	390	33	423	(7,506)
Net increase (decrease) in cash and cash equivalents	(2,446)	21	(2,425)	(3,042)
CASH AND CASH EQUIVALENTS, beginning of year	26,022	2,524	28,546	62,235
CASH AND CASH EQUIVALENTS, end of year	\$ 23,576	2,545	26,121	59,193

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, 2011

(amounts expressed in thousands)

Exhibit 9

Page 2 of 2

	Landfill	Innovation Technology Park	Totals	Governmental Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income	\$ 5,097	(48)	5,049	2,698
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,877	-	2,877	1,971
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable, net of accrued interest	(45)	-	(45)	(625)
Due from other governmental units	462	-	462	(431)
Due from other funds	-	-	-	46
Inventory	(3)	-	(3)	(27)
Prepaid items	-	-	-	(263)
Increase (decrease) in:				
Accounts payable and accrued liabilities, net of accrued interest	1,323	1	1,324	104
Retainages	336	-	336	-
Unpaid losses and related expenses	-	-	-	1,171
Accrued closure liability	(1,944)	-	(1,944)	-
Due to other governmental units	(723)	-	(723)	-
Unearned revenue	149	-	149	152
Due to related parties	-	-	-	(26)
Total adjustments	2,432	1	2,433	2,072
Net cash provided (used) by operating activities	\$ 7,529	(47)	7,482	4,770
NON-CASH CAPITAL AND FINANCING ACTIVITIES:				
Capital contributions	\$ (203)	-	(203)	581
Change in fair value of investments	-	-	-	18
Total non-cash capital and financing activities	\$ (203)	-	(203)	599

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
FIDUCIARY FUNDS

Exhibit 10

Statement of Fiduciary Net Assets

As of June 30, 2011

(amounts expressed in thousands)

	Pension Trust Fund Supplemental Retirement	Other Post- Employment Benefits (OPEB) Master Trust Fund	Private Purpose Trust Funds			Agency Funds
			Innovation Owners' Association	Historic Preservation Foundation	Library Donations	
ASSETS						
Equity in pooled cash and investments	\$ -	-	752	47	366	692
Restricted cash	137	3	-	-	-	-
Restricted Investments	27,003	24,825	-	-	-	-
Accounts receivable, net	-	-	34	-	1	-
Total assets	27,140	24,828	786	47	367	692
LIABILITIES						
Accounts payable	-	2,349	-	-	1	-
Deposits and escrows	-	-	-	-	-	692
Total liabilities	-	2,349	-	-	1	692
NET ASSETS						
Held in trust for pension benefits	27,140	-	-	-	-	-
Held in trust for OPEB benefits	-	22,479	-	-	-	-
Held in trust for other purposes	-	-	786	47	366	-
Total net assets	\$ 27,140	22,479	786	47	366	-

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

COUNTY OF PRINCE WILLIAM, VIRGINIA
Exhibit 11
FIDUCIARY FUNDS
Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2011

(amounts expressed in thousands)

	Pension Trust Fund Supplemental Retirement	Other Post- Employment Benefits (OPEB) Master Trust Fund	Private Purpose Trust Funds		
			Innovation Owners' Association	Historic Preservation Foundation	Library Donations
ADDITIONS					
Contributions:					
Member	\$ 839	9,424	85	-	-
Employer	839	-	-	-	-
Total contributions	1,678	9,424	85	-	-
Donations	-	-	-	2	111
Charges for services	-	-	-	4	-
Investment income:					
Interest and dividends	609	40	10	1	5
Net appreciation in fair value of investments	4,392	-	-	-	-
Total investment income	5,001	40	10	1	5
Less investment expense	18	-	-	-	-
Net investment income	4,983	40	10	1	5
Total additions	6,661	9,464	95	7	116
DEDUCTIONS					
Pension/post-employment benefit payments	1,763	2,349	-	-	-
Refund of members' contributions	86	-	-	-	-
Administrative expenses	105	-	93	-	135
Total deductions	1,954	2,349	93	-	135
Change in net assets	4,707	7,115	2	7	(19)
NET ASSETS, beginning of year	22,433	15,364	784	40	385
NET ASSETS, end of year	\$ 27,140	22,479	786	47	366

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, 2011

With Comparative Totals for June 30, 2010

(amounts expressed in thousands)

	School Board	Adult Detention Center	Park Authority	2011	2010 (restated)
ASSETS					
Equity in pooled cash and investments	\$ 230,468	19,481	12,693	262,642	252,906
Accounts receivable, net	1,632	413	123	2,168	4,443
Due from other governmental units	28,798	2,720	-	31,518	22,456
Due from primary government	10,376	13	-	10,389	3,587
Inventory	3,042	-	45	3,087	2,813
Deferred charge	-	-	244	244	258
Prepays	2,677	-	50	2,727	2,748
Deposits	660	-	-	660	500
Restricted assets:					
Restricted cash and temporary investments	23,128	69	-	23,197	90,969
Capital assets:					
Land and construction in progress	133,333	31	23,473	156,837	191,961
Buildings and other capital assets, net of depreciation	906,903	74,435	37,482	1,018,820	910,844
Total assets	1,341,017	97,162	74,110	1,512,289	1,483,485
LIABILITIES					
Accounts payable	16,566	789	2,148	19,503	8,619
Wages and benefits payable	80,149	1,104	1,154	82,407	81,322
Deposits and escrows	-	-	-	-	16
Retainages	4,961	-	-	4,961	4,106
Accrued interest	-	-	125	125	136
Due to other governmental units	264	-	-	264	1,395
Unearned revenue	7,473	-	971	8,444	7,768
Noncurrent liabilities:					
Due within one year	17,139	108	1,267	18,514	17,104
Due in more than one year	21,375	2,819	13,454	37,648	38,207
Total liabilities	147,927	4,820	19,119	171,866	158,673
NET ASSETS					
Invested in capital assets, net of related debt	1,040,236	74,466	47,179	1,161,881	1,087,841
Restricted for capital projects and other purposes	23,128	69	-	23,197	90,969
Unrestricted	129,726	17,807	7,812	155,345	146,002
Total net assets	\$ 1,193,090	92,342	54,991	1,340,423	1,324,812

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, 2011
With Comparative Totals for the Year Ended June 30, 2010
(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	\$ 591,305	2,748	115,501	95	(472,961)
Support Services	294,340	18,479	18,563	-	(257,298)
School Age Child Care	334	658	303	-	627
Adult Detention Center	30,816	520	10,129	-	-
Park Authority	29,517	12,739	-	114	-
Total component units	\$ 946,312	35,144	144,496	209	(729,632)
General revenues:					
Payment from primary government				\$ 432,745	
Federal revenue				10,818	
State revenue				289,862	
Local revenue				-	
Investment earnings				3,565	
Miscellaneous				1,595	
Total general revenues				<u>738,585</u>	
Change in net assets					8,953
Net assets - beginning, as restated					<u>1,184,137</u>
Net assets - ending					<u>\$ 1,193,090</u>

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

Revenue and Changes in Net Assets				
Adult Detention Center	Park Authority	Totals		Functions / Programs
		2011	2010 (restated)	
-	-	(472,961)	(490,309)	School Board
-	-	(257,298)	(254,671)	Instruction
-	-	627	301	Support Services
(20,167)	-	(20,167)	(32,797)	School Age Child Care
-	(16,664)	(16,664)	(12,210)	Adult Detention Center
				Park Authority
(20,167)	(16,664)	(766,463)	(789,686)	Total component units
20,967	16,047	469,759	544,019	General revenues:
-	-	10,818	39,305	Payment from primary government
-	-	289,862	282,247	Federal revenue
5,581	-	5,581	2,954	State revenue
323	470	4,358	5,367	Local revenue
101	-	1,696	1,812	Investment earnings
26,972	16,517	782,074	875,704	Miscellaneous
				Total general revenues
6,805	(147)	15,611	86,018	Change in net assets
85,537	55,138	1,324,812	1,238,794	Net assets - beginning, as restated
92,342	54,991	1,340,423	1,324,812	Net assets - ending

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



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(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, 2011.

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
Adult Detention Center (ADC)	Authorized by the <i>Code of Virginia</i> . Establish policy for operation of regional adult detention center, providing care and confinement for all 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
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

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

Potential Component Unit	Description of Activities and Relationship to the County	Inclusion Criteria	Reporting Method
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, 2011.

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 can not 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 \$160 million in infrastructure capitalized at June 30, 2011, approximately \$111 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, 2011 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, 2010, from which the summarized information was derived.

Q. Prior Period Adjustments

In the financial statements for the year ended June 30, 2011, there were three adjustments necessary to restate beginning balances. All three adjustments were related to Governmental Activities of the Primary Government.

- **GASB 54 adjustment** – As part of the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, County staff determined that the Historic Preservation Foundation fund and the Library Donations fund no longer met the definition of a special revenue fund. Therefore, they were reclassified as Private Purpose Trust Funds, which are not reflected as part of the Primary Government. The beginning balances for the year ended June 30, 2011 were restated to eliminate the account balances contained within those funds.

Total Governmental Funds:

Illustration 1-3 Summary of Prior Period Adjustment – Total Governmental Funds			
Total Primary Government	Beginning balances, as previously reported, July 1, 2010	GASB 54 adjustment	Beginning balances, as restated, July 1, 2010
Assets:			
Equity in pooled cash and investments	\$ 585,057	(428)	584,629
Accounts receivable, net	6,789	(1)	6,788
Liabilities:			
Accounts payable	18,577	(4)	18,573
Fund Balance:	356,799	(425)	356,374

- **Asset inventory adjustment** – A physical inventory and review of capital asset records revealed several items that were not recorded in the County's asset system, as well as some items included in the system that should have been deleted. The corrections were made and are reflected in the beginning balances as restated.
- **Capital lease adjustment** – During the current fiscal year, County staff discovered that a transaction originally recorded as an operating lease during the year ended June 30, 2005 qualified for treatment as a capital lease. The operating lease was converted to a capital lease and the beginning balances of all affected accounts were restated.

Government-Wide Financial Statements:

Illustration 1-4
Summary of Restatement of Beginning Balances – Total Primary Government

Total Primary Government	Beginning balances, as previously reported, July 1, 2010	Asset inventory adjustment	Capital lease adjustment	GASB 54 adjustment	Beginning balances, as restated, July 1, 2010
Assets:					
Equity in pooled cash and investments	\$ 660,286	--	--	(428)	659,858
Investment in direct financing leases	31,234	--	4,879	--	36,113
Accounts receivable, net	7,196	--	--	(1)	7,195
Land and construction in progress	82,026	46,338	(801)	--	127,563
Buildings and other capital assets, net of depreciation	284,173	2,748	--	--	286,921
Liabilities:					
Accounts payable	20,554	--	--	(4)	20,550
Unearned revenue	217,561	--	789	--	218,350
Net Assets/(Deficit):					
Invested in capital assets, net of related debt	282,832	49,086	--	--	331,918
Restricted for other purposes	11,735	--	--	(40)	11,695
Unrestricted	(577,554)	--	3,289	(385)	(574,650)

R. Governmental Accounting Standards Board ("GASB") Pronouncements

The County implemented the following GASB pronouncements during the fiscal year ended June 30, 2011.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* – This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* - This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

The GASB has issued the following statements with effective implementation dates later than June 30, 2011. 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.

The GASB has issued the following statements with effective implementation dates later than June 30, 2011. 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.

S. Subsequent Events

The County has evaluated subsequent events (events occurring after June 30, 2011 through date of the Report of Independent Auditors) 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, 2011, the Self-Insurance Workers' Compensation Association had \$1,003, 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, 2011, the Casualty Pool had \$794, 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, 2011.

Illustration 2-1		
Fair Value and Weighted Average Maturity of Investments at June 30, 2011		
	Fair Value	Weighted Average Maturity (Years)
PRIMARY GOVERNMENT, SCHOOL BOARD, ADC, AND PARK AUTHORITY		
Money Markets and Money Market Mutual Funds:		
Local Government Investment Pool (LGIP)	\$ 235,874	0.003
State Non-Arbitrage Program(SNAP)	49,996	0.003
PFM Asset Management	85,212	0.003
Other Money Markets and Money Market Mutual Funds	14,283	0.003
NOW Accounts	69,778	0.003
Certificate of Deposits	15,000	0.301
U.S. Government Agency Securities	452,495	5.967
Corporate Bonds	66,600	2.732
Municipal Bonds	36,000	7.227
Total Primary Government, School Board, ADC, and Park Authority	1,025,238	3.071
PARK AUTHORITY COMPONENT UNIT:		
Money Market Mutual Funds	3,596	0.003
Local Government Investment Pool	3,509	0.003
Total Park Authority Investments	7,105	0.003
Total Reporting Entity Investments	\$ 1,032,343	3.049

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. The illustration also presents the fair value of the Park Authority Component Unit's investments at June 30, 2011.

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, Corporate Bonds, Municipal Bonds, and Treasury Securities. The County's investment ratings as of June 30, 2011 are presented in Illustration 2-2.

Illustration 2-2
County, School Board, ADC, and Park Authority Investment Credit Risk at June 30, 2011

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	23.00%
State Non-Arbitrage Program (SNAP)	AAA	4.88%
PFM Asset management	AAA	8.31%
Other Money Markets and Money Market Mutual Funds	AAA	1.40%
NOW Accounts	Not applicable	6.80%
Certificate of Deposits	Not applicable	1.46%
U.S. Government Agency Securities:		
FNMA, FHLB, FFCB and FHLMC Agency Notes	AAA	44.14%
Corporate Bonds:	AA or Higher	6.50%
Municipal Bonds:	AA or Higher	3.51%
		<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) 5.37%, Federal Home Loan Bank (FHLB) 16.06%, Federal Home Loan Mortgage Corporation (FHLMC) 9.16%, and Federal National Mortgage Association (FNMA) 14.00%.

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, 2011. 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, 2011

	Fair Value	Weighted-Average Maturity(a)/ Modified Duration (b) (Years)
Supplemental Retirement Plan Pension Trust Fund:		
Money Market Mutual Funds	\$ 31	.079 (a)
Bond Mutual Funds		
PIMCO Total Return Fund	\$ 2,696	4.40 (b)
Vanguard Inflation Protection Securities Fund	1,515	8.10 (b)
Brandywine Global Bond Fund	2,769	7.50 (b)
World Asset Management Aggregate Bond Fund	1,256	4.00 (b)
Total Bond Mutual Funds	8,236	6.06 (b)
Equity Mutual Funds	18,736	Not applicable
Total Supplemental Retirement Plan Pension Trust Fund Investments	\$ 27,003	

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, 2011 is presented in Illustration 2-4.

Illustration 2-4
Supplemental Retirement Plan Credit Risk at June 30, 2011

Investment Type	Credit Quality (Rating)	Credit Exposure as a % of Total Investments
Supplemental Retirement Plan Pension Trust Fund Investments:		
Money Market Mutual Funds	AAA	0.12%
Bond Funds		
PIMCO Total Return Fund	A+	9.98%
Vanguard Inflation Protection Securities Fund	AAA	5.61%
Brandywine Global Bond Fund	AA	10.25%
World Asset Management Aggregate Bond Fund	AA+	4.65%
Equity Mutual Funds	Not applicable	69.39%
		100.00%

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 all 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, 2011, 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, 2011 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, 2011. 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.

Illustration 2-5		
Other Post Employment Benefits Fair Value and Weighted Average Maturity/Duration of Investments at June 30, 2011		
	<u>Fair Value</u>	<u>Weighted-Average Maturity</u>
Other Post Employment Benefits Master Trust Fund:		
Money Market Mutual Funds	\$ 24,825	.126
Total Other Post Employment Benefits Trust Fund Investments	\$ 24,825	

The Other Post Employment Benefits Master Trust's rating and credit exposure as of June 30, 2011 is shown in Illustration 2-6.

Illustration 2-6		
Other Post Employment Benefits Master Trust (OPEB) Credit Risk at June 30, 2011		
<u>Investment Type</u>	<u>Credit Quality (Rating)</u>	<u>Credit Exposure as a % of Total Investments</u>
Other Post Employment Benefits Master Trust Fund Investments:		
Money Market Mutual Funds	AAA	100.00%
		100.00%

Reconciliation of total cash and investments to the entity-wide financial statements at June 30, 2011 is shown in Illustration 2-7.

Illustration 2-7
Reconciliation of Cash and Investments to Entity-Wide Financial Statements at June 30, 2011

Total Primary Government and Component Units					\$ 1,032,343
Supplemental Retirement System Pension Trust Fund					27,003
Other Post Employment Benefits Master Trust					<u>24,825</u>
Total Investments					1,084,171
Add: Cash on Hand					1,403
Deposits					<u>9,003</u>
Total Cash and Investments					1,094,577
Less: Supplemental Retirement System Pension Trust Fund's cash and investments					(27,140)
Other Post Employment Benefits Master Trust (OPEB) cash and investments					(24,828)
Innovation Owners' Association Private Purpose Trust Fund's equity in pooled cash and investments					(752)
Historic Preservation Foundation Private Purpose Trust Fund's equity in pooled cash and investments					(47)
Library Donations Private Purpose Trust Fund's equity in pooled cash and investments					(366)
Agency Funds' equity in pooled cash and investments					(692)
School Board Agency Funds' cash and investments					<u>(9,862)</u>
Total Reporting Entity Cash and Investments					\$ <u>1,030,890</u>
	Governmental Activities	Business- Type Activities	Total	Component Units	Total Reporting Entity
Primary Government:					
Equity in Pooled Cash and Investments	\$ 667,856	11,735	679,591	262,642	942,233
Investments	20,835	--	20,835	--	20,835
Restricted Cash and Temporary Investments	28,364	14,386	42,750	23,197	65,947
Restricted Investments	<u>1,250</u>	<u>625</u>	<u>1,875</u>	<u>--</u>	<u>1,875</u>
Total Cash and Investments	\$ <u>718,305</u>	<u>26,746</u>	<u>745,051</u>	<u>285,839</u>	<u>1,030,890</u>

Restricted cash and investments consist of amounts required by bond financing terms to be segregated in a debt service reserve account, a closure fund required by the Virginia Resource Authority (VRA) for the Landfill Revenue Bonds, 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, 2011		
	Restricted Cash & Temporary Investments	Restricted Investments
PRIMARY GOVERNMENT		
General Fund:		
IDA Lease Revenue Bonds	\$ 1,176	\$ --
Total General Fund	1,176	--
Capital Projects Funds:		
General Obligation Bonds	21,952	--
Certificates of Participation	2,170	--
VRA Lease Revenue Bonds	2,677	--
Retainages	389	--
Total Capital Projects Funds	27,188	--
Enterprise Funds:		
Revenue Bond Funds	377	625
VRA Closure Fund	13,629	--
Retainages	380	--
Total Enterprise Funds	14,386	625
Internal Service Funds:		
Insurance Pool Collateral	--	1,250
Total Internal Service Funds	--	1,250
Total Primary Government	42,750	1,875
COMPONENT UNITS		
Adult Detention Center		
Certificates of Participation	69	--
Total Adult Detention Center	69	--
School Board:		
School Bonds	23,128	--
Total School Board	23,128	--
Total Reporting Entity	\$ 65,947	\$ 1,875

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, 2010, upon which the July 1, 2010, levy was based, was approximately \$42.7 billion.

Current tax collections for the year ended June 30, 2011, were 99.6% of the July 1, 2010, 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, 2011, related to property taxes due on July 15 of the following fiscal year are recorded as deferred revenues at June 30, 2011.

The County calculates its allowance for uncollectible accounts using historical collection data. Taxes receivable as of June 30, 2011, is detailed in Illustration 3-1.

Illustration 3-1 Property Taxes Receivable at June 30, 2011			
	Gross Tax Receivable	Allowance for Uncollectible Accounts	Net Tax Receivable
Real estate taxes	\$ 5,192	2,279	2,913
Personal property taxes	6,152	5,088	1,064
Total	\$ 11,344	7,367	3,977

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, 2011	
PRIMARY GOVERNMENT	
Unearned Lease Revenues – amounts due in connection with direct financing leases	\$ 6,587
Prepaid Taxes – Taxes due subsequent to June 30, 2011, but paid in advance by taxpayers	187,438
Other Unearned Revenue – Prepaid recreation fees, developer fees, health premiums, and other unearned revenue	32,774
Total Primary Government	226,799
COMPONENT UNITS	
School Board	7,473
Adult Detention Center	---
Park Authority	971
Total Reporting Entity	\$ 235,243

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, 2011	
PRIMARY GOVERNMENT	
Deferred Taxes – Uncollected tax billings not available to fund current expenditures	\$ 2,826
Deferred Lease Revenues – Uncollected revenues associated with direct financing leases	20,393
Total Reporting Entity	\$ 23,219

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, 2011			
	Volunteer Fire & Rescue Companies	Other	Total
Total minimum lease payments to be received	\$ 22,737	4,243	26,980
Less: Unearned revenue	5,981	606	6,587
Net investment in direct financing leases	\$ 16,756	3,637	20,393

Illustration 5-2 shows the scheduled minimum lease payments as of June 30, 2011.

Illustration 5-2 Scheduled Minimum Lease Payments at June 30, 2011			
	Volunteer Fire & Rescue Companies	Other	Total
FY 2012	\$ 2,061	636	2,697
FY 2013	2,021	636	2,657
FY 2014	1,961	636	2,597
FY 2015	1,776	636	2,412
FY 2016	1,740	636	2,376
Thereafter	13,178	1,063	14,241
Total minimum lease payments	\$ 22,737	4,243	26,980

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, 2011					
	Primary Government	Component Units			Total
		School Board	ADC	Park Authority	
Accrued interest	\$ 2,688	299	--	--	2,987
Enterprise operations (net)	131	--	--	--	131
Utility/Consumption taxes	1,634	--	--	--	1,634
Transient occupancy taxes	884	--	--	--	884
Stormwater management fee	89	--	--	--	89
Cable franchise tax	252	--	--	--	252
Premiums due from participants	122	--	--	--	122
Other	6,104	1,333	413	123	7,973
Total	\$ 11,904	1,632	413	123	14,072

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, 2011			
PRIMARY GOVERNMENT			
General Fund:			
From other localities	\$	2,655	
From the Commonwealth			
Local sales taxes		8,750	
Other		8,645	
From the Federal Government		3,495	
Total General Fund			\$ 23,545
Capital Projects Fund:			
From the Commonwealth		1,039	
From the Federal Government		1,040	
			2,079
Nonmajor Governmental Funds:			
From the Federal Government			72
Internal Service Funds:			
From the Federal Government			431
Landfill Enterprise Fund:			
From other localities			93
Total Primary Government			26,220
COMPONENT UNITS			
School Board:			
From the Commonwealth		13,126	
From the Federal Government		15,672	
Total School Board			28,798
Adult Detention Center:			
From other localities		2,670	
From the Federal Government		50	
Total Adult Detention Center			2,720
Total Reporting Entity			\$ 57,738

Illustration 6-2 details the amounts due to other governmental units at June 30, 2011.

Illustration 6-2 Due to Other Governmental Units at June 30, 2011			
PRIMARY GOVERNMENT			
General Fund:			
To other localities	\$	860	
To the Commonwealth		16	
Total General Fund			876
Other - Capital Projects Fund:			
To the Federal Government			38
Total Primary Government			914
COMPONENT UNITS			
School Board:			
To the Federal Government			264
Total Reporting Entity	\$		1,178

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, 2011, 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, 2011.

Illustration 7-1 Due From and Due To Other Funds at June 30, 2011			
		Due from Other Funds	Due to Other Funds
General Fund	\$	1,261	5
Major Enterprise Fund – Landfill		--	1,261
Internal Service Fund – Self-Insurance Casualty Pool		5	--
Total	\$	1,267	1,267

Illustration 7-2 details the transfers between funds for the year ended June 30, 2011.

Illustration 7-2 Interfund Transfers for the Year Ended June 30, 2011					
Transfer to General Fund from:			Transfer from General Fund to:		
Streets and Roads – Capital Projects Fund	\$ 3	3,001	Streets and Roads – Capital Projects Fund		
Other Capital Projects Fund	3,095	5,222	Other Capital Projects Fund		
Major Enterprise Fund – Landfill	1,556	2,589	Nonmajor Governmental Funds		
Nonmajor Governmental Funds	13,508	1,368	Internal Service Funds		
Internal Service Funds	165				
Total General Fund Transfers In	18,327	12,180	Total General Fund Transfers Out		
Transfer to Streets and Roads - Capital Projects Fund from:			Transfer from Streets and Roads - Capital Projects Fund to:		
General Fund	3,001	3	General Fund		
Innovation Enterprise Fund	2,137				
Total Streets and Roads – Capital Projects Fund Transfers In	5,138	3	Total Streets and Roads – Capital Projects Fund Transfers Out		
Transfer to Other Capital Projects Fund from:			Transfer from Other Capital Projects Fund to:		
General Fund	5,222	3,095	Other Capital Projects Fund		
Nonmajor Governmental Funds	1,284	2,137	Innovation Enterprise Fund		
Internal Service Fund	5	112	Nonmajor Governmental Funds		
		167	Internal Service Fund		
Total Other Capital Projects Fund Transfers In	6,511	5,511	Total Other Capital Projects Fund Transfers Out		
Transfer to Nonmajor Governmental Funds from:			Transfer from Nonmajor Governmental Funds to:		
General Fund	2,589	13,508	General Fund		
Other Capital Projects Fund	112	1,284	Other Capital Projects Fund		
Total Nonmajor Governmental Funds Transfers In	2,701	14,792	Total Nonmajor Governmental Fund Transfers Out		
Transfers to Landfill Enterprise Fund from:			Transfers from Landfill Enterprise Fund to:		
		1,556	General Fund		
Total Landfill Enterprise Fund Transfers In		1,556	Total Landfill Enterprise Fund Transfers Out		
Transfer to Innovation Enterprise Fund from:			Transfer from Innovation Enterprise Fund to:		
Other Capital Projects Fund	2,137				
		2,137	Streets and Roads – Capital Project Fund		
Total Innovation Enterprise Fund Transfers In	2,137	2,137	Total Innovation Enterprise Fund Transfers Out		
Transfers to Internal Service Funds from:			Transfers from Internal Service Funds to:		
General Fund	1,368	165	General Fund		
Other Capital Projects Fund	167	5	Other Capital Projects Fund		
Total Internal Service Funds Transfers In	1,535	170	Total Internal Service Funds Transfers Out		
Total Primary Government Transfers In	\$ 36,349	36,349	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, 2011.

Illustration 8-1 Due From Primary Government/Due to Component Units at June 30, 2011			
	Due From Primary Government	Due to Component Unit	
PRIMARY GOVERNMENT			
General Fund	\$ --	10,389	
COMPONENT UNITS			
School Board	10,376	--	
Adult Detention Center	13	--	
Total Reporting Entity	\$ 10,389	10,389	

NOTE (9) - CAPITAL ASSETS

Illustration 9-1 summarizes the changes in capital assets of the governmental activities for the year ended June 30, 2011.

Illustration 9-1 Governmental Activities – Changes in Capital Assets					
	June 30, 2010	Additions	Deletions	Transfers	June 30, 2011
Governmental Activities:					
Capital assets not being depreciated:					
Land*	\$ 92,207	2,495	--	204	94,906
Construction in progress	14,091	3,978	(12,413)	--	5,656
Total capital assets not being depreciated	106,298	6,473	(12,413)	204	100,562
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	178,926	17,658	(8)	(6,524)	190,052
Equipment	37,905	2,392	(1,031)	(2,622)	36,644
Vehicles	29,563	3,263	(1,574)	(24)	31,228
Infrastructure*	149,023	11,859	--	--	160,882
Intangibles	32,816	--	--	--	32,816
Library collections	24,054	1,222	(6,247)	--	19,029
Total buildings and other capital assets being depreciated	452,287	36,394	(8,860)	(9,170)	470,651
Less accumulated depreciation for:					
Buildings and improvements to sites	(51,935)	(4,653)	--	(2,621)	(59,209)
Equipment	(30,343)	(3,444)	1,011	2,621	(30,155)
Vehicles	(23,130)	(2,946)	1,572	--	(24,504)
Infrastructure*	(21,897)	(3,216)	--	--	(25,113)
Intangibles	(28,446)	(1,014)	--	--	(29,460)
Library collections	(18,108)	(2,181)	6,247	--	(14,042)
Total accumulated depreciation	(173,859)	(17,454)	8,830	--	(182,483)
Buildings and other capital assets, net	278,428	18,940	(30)	(9,170)	288,168
Governmental activities capital assets, net	\$ 384,726	25,413	(12,443)	(8,966)	388,730

*Includes prior period restatement (see Note 1.Q)

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

General government	\$ 2,250
Judicial administration	866
Public safety	4,658
Public works	563
Health and welfare	191
Parks, recreational and cultural	2,644
Community development	4,311
Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets	1,971
Total	<u>\$ 17,454</u>

Illustration 9-2 summarizes the changes in capital assets of the business-type activities for the year ended June 30, 2011.

Illustration 9-2 Business-Type Activities – Changes in Capital Assets					
	June 30, 2010	Additions	Deletions	Transfers	June 30, 2011
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 19,144	810	(1,308)	(202)	18,444
Construction in progress	2,121	6,095	(4,797)	--	3,419
Total capital assets not being depreciated	21,265	6,905	(6,105)	(202)	21,863
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	20,111	4,375	--	--	24,486
Equipment	360	436	--	--	796
Vehicles	5,359	571	(324)	--	5,606
Total buildings and other capital assets being depreciated	25,830	5,382	(324)	--	30,888
Less accumulated depreciation for:					
Buildings and improvements to sites	(13,768)	(2,381)	--	--	(16,149)
Equipment	(227)	(38)	--	--	(265)
Vehicles	(3,342)	(458)	179	--	(3,621)
Total accumulated depreciation	(17,337)	(2,877)	179	--	(20,035)
Buildings and other capital assets, net	8,493	2,505	(145)	--	10,853
Business-type activities capital assets, net	\$ 29,758	9,410	(6,250)	(202)	32,716

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

Landfill	<u>\$ 2,877</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, 2011.

Illustration 9-3 Adult Detention Center Component Unit – Changes in Capital Assets					
	June 30, 2010	Additions	Deletions	Transfers	June 30, 2011
Adult Detention Center:					
Capital assets not being depreciated:					
Land	\$ 31	--	--	--	31
Total capital assets not being depreciated	31	--	--	--	31
Buildings and other capital assets, being depreciated:					
Buildings and improvements to sites	76,888	--	--	9,144	86,032
Equipment	203	11	--	--	214
Vehicles	641	--	(31)	24	634
Total buildings and other capital assets being depreciated	77,732	11	(31)	9,168	86,880
Less accumulated depreciation for:					
Buildings and improvements to sites	(9,768)	(1,989)	--	--	(11,757)
Equipment	(125)	(19)	--	--	(144)
Vehicles	(535)	(40)	31	--	(544)
Total accumulated depreciation	(10,428)	(2,048)	31	--	(12,445)
Buildings and other capital assets, net	67,304	(2,037)	--	9,168	74,435
Adult Detention Center capital assets, net	\$ 67,335	(2,037)	--	9,168	74,466

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

Public safety	<u>\$ 2,048</u>
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Illustration 9-4 summarizes the construction in progress at June 30, 2011.

Illustration 9-4 Construction in Progress at June 30, 2011			
	Amount Authorized	Expended to Date	Project Balance
PRIMARY GOVERNMENT			
800 MHz Radio Communications System	\$ 22,245	142	22,103
Computer-Aided Dispatch (CAD) System	6,250	60	6,190
Land Use Information System	4,250	87	4,163
Microwave System Upgrade	943	437	506
E-911 Call Trunking System	750	355	395
Real Estate Assessment System Upgrade	700	67	633
Human Resource Information System Upgrade	544	172	372
Radio Tower Site Acquisition	30	4	26
Potomac Library Patio	300	80	220
Fire Pre-emption Equipment	66	15	51
Burn Building Renovations	117	10	107
Police Equipment	18	4	14
Ben Lomond Historic Site	1,334	307	1,027
Brentsville Courthouse Restoration	3,333	1,833	1,500
Bristoe Station Battlefield Heritage Park	289	104	185
Bennett School Renovation	626	626	--
Rippon Lodge Restoration	4,097	1,234	2,863
Williams Ordinary	119	119	--
Total	\$ 46,011	5,656	40,355

The \$3,419 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, 2011.

Illustration 9-5 School Board Component Unit – Changes in Capital Assets				
	June 30, 2010	Additions/Transfers	Deletions/Transfers	June 30, 2011
School Board:				
Capital assets not being depreciated:				
Land	\$ 64,009	--	--	64,009
Construction in progress	101,143	86,721	(118,540)	69,324
Total capital assets not being depreciated	165,152	86,721	(118,540)	133,333
Buildings and other capital assets, being depreciated:				
Buildings and improvements to sites	1,000,152	118,680	--	1,118,832
Library books	3,490	713	(621)	3,582
Equipment	27,791	3,699	(231)	31,259
Vehicles	70,292	4,916	(1,399)	73,809
Total buildings and other capital assets being depreciated	1,101,725	128,008	(2,251)	1,227,482
Less accumulated depreciation for:				
Buildings and improvements to sites	(240,785)	(21,279)	--	(262,064)
Library books	(2,102)	(717)	621	(2,198)
Equipment	(11,862)	(2,351)	195	(14,018)
Vehicles	(38,461)	(5,237)	1,399	(42,299)
Total accumulated depreciation	(293,210)	(29,584)	2,215	(320,579)
Buildings and other capital assets, net	808,515	98,424	(36)	906,903
School Board capital assets, net	\$ 973,667	185,145	(118,576)	1,040,236

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

Instruction	
Regular	\$ 21,396
Special	173
Other	47
Support Services	
General administration	989
Student services	9
Curricular/staff development	10
Pupil transportation	5,494
Operations	52
Maintenance	98
Central business services	1,286
Food service	30
Total	<u>\$ 29,584</u>

Illustration 9-6 summarizes the changes in capital assets of the Park Authority component unit for the year ended June 30, 2011.

Illustration 9-6 Park Authority Component Unit – Changes in Capital Assets				
	June 30, 2010	Additions/Transfers	Deletions/Transfers	June 30, 2011
Park Authority:				
Capital assets not being depreciated:				
Land	\$ 21,998	138	--	22,136
Construction in progress	4,780	3,806	(7,249)	1,337
Total capital assets not being depreciated	26,778	3,944	(7,249)	23,473
Buildings and other capital assets, being depreciated:				
Land improvements	46,153	4,737	--	50,890
Buildings and recreational structures	44,509	1,352	(38)	45,823
Equipment	6,569	443	(318)	6,694
Vehicles	2,369	4	(4)	2,369
Total buildings and other capital assets being depreciated	99,600	6,536	(360)	105,776
Less accumulated depreciation for:				
Land improvements	(29,538)	(1,776)	--	(31,314)
Buildings and improvements to sites	(28,122)	(1,462)	38	(29,546)
Equipment	(5,110)	(594)	318	(5,386)
Vehicles	(1,805)	(247)	4	(2,048)
Total accumulated depreciation	(64,575)	(4,079)	360	(68,294)
Buildings and other capital assets, net	35,025	2,457	--	37,482
Park Authority capital assets, net	\$ 61,803	6,401	(7,249)	60,955

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

Parks, recreational and cultural	\$ 2,902
Golf courses	874
Water parks	303
Total	<u>\$ 4,079</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 2011. 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 2011 of \$775 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 2011:

- On July 8, 2010, the County sold General Obligation School Direct Payment Qualified School Construction Bonds Series 2010-1 in the amount of \$9,685 for multiple school building energy projects per Resolution No. 10-394 approved on May 4, 2010 by the Board of County Supervisors. The resolution authorized the sale of General Obligation School Bonds in an amount not to exceed \$9,800 for the purpose of financing certain projects, including but not limited to, energy efficiency improvements and renovations as well as renewable energy projects for public school buildings.
- On July 29, 2010 the County sold General Obligation Public Improvements Bonds Series 2010A in the amount of \$56,990. Of the \$56,990 General Obligation debt sold, \$48,260 are to refund certain prior General Obligation debt and the remaining \$8,730 are to provide funds for capital improvement road projects. On July 29, 2010 the County also sold General Obligation Public Improvement Taxable Build America Bonds Series 2010B in the amount of \$10,670 to provide funds for capital improvement road projects. Both sales were approved by the Board of County Supervisors on June 1, 2010 with Resolution No. 10-459 authorizing the sale of General Obligation Public Improvement Bonds in an amount not to exceed \$19,510 for capital improvement road projects and General Obligation Refunding Bonds in an amount not to exceed \$50,000 for debt service savings.

- On October 6, 2010 the County sold Lease Participation Certificates Series 2010 in the amount of \$16,025 to partially refund the 2002 Lease Participation Series per Resolution No. 10-675 approved by the Board of County Supervisors on September 14, 2010. The resolution authorized the sale of Refunding Lease Participation Certificates in an amount not to exceed \$18,500 for debt service savings.
- On November 2, 2010 the VRA sold bonds on behalf of the County in the amount of \$18,125 to refund previously issued debt related to the Yorkshire Volunteer Fire Station, the Nokesville/Linton Hall Volunteer Fire Station, and the Western District Police Station. The sale was approved by the Board of County Supervisors on October 26, 2010 per Resolution No. 10-803 authorizing the sale of Refunding Bonds in an amount not to exceed \$22,000 to refund existing Virginia Resources Authority bonds.

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 \$9,680, 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, 2011, was \$1,176 and is included in the restricted cash balance shown in Illustration 2-8.
- The outstanding Landfill enterprise fund Refunding Bonds of \$4,595 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, 2011, is \$12,765.

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, 2011, the County's total bonded debt, as defined above, was \$367,947, 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, 2011, including interest payments, are shown in Illustration 11-1. Refer to Schedule 20 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:			
2012	15,436	7,036	22,472
2013	13,792	6,447	20,239
2014	13,756	5,893	19,649
2015	13,720	5,342	19,062
2016	11,133	4,823	15,956
2017 thru 2021	50,497	16,992	67,489
2022 thru 2026	39,065	7,602	46,667
2027 thru 2031	13,491	1,197	14,688
Subtotal	170,890	55,332	226,222
Designated for School Board Projects			
Year Ending June 30:			
2012	40,818	26,504	67,322
2013	40,378	24,520	64,898
2014	40,149	22,511	62,660
2015	39,470	20,516	59,986
2016	39,417	18,541	57,958
2017 thru 2021	180,228	65,541	245,769
2022 thru 2026	124,950	27,953	152,903
2027 thru 2031	47,365	5,168	52,533
Subtotal	552,775	211,254	764,029
Total	\$ 723,665	266,586	990,251

The annual debt service requirements of all bonds outstanding in business-type activities as of June 30, 2011, 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:			
2012	1,470	159	1,629
2013	1,535	91	1,626
2014	1,590	28	1,618
Subtotal	4,595	278	4,873
Add: unamortized premium on refunding of revenue bonds	132		
Less: unamortized deferred cost on refunding	344		
Total	\$ 4,383		

B. Operating and Capital Leases

The County leases real estate and equipment under operating and capital leases expiring at various dates through 2021. 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, 2011. Total rental expense under operating leases of the primary government for the year ended June 30, 2011, was \$5,717. Illustration 11-3 summarizes the minimum lease commitments under the County's operating leases.

Illustration 11-3
Minimum Lease Commitments – Operating Leases

	Primary Government
Year Ending June 30:	
2012	5,207
2013	4,948
2014	4,605
2015	4,586
2016	4,557
2017 thru 2021	10,677
Total minimum payments	\$ 34,580

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

Illustration 11-4
Assets Acquired Through Capital Lease Obligations

	Governmental Activities	ADC
Other capital assets:		
Buildings	\$ 91,537	6,459
Improvements	12,367	105
Machinery and Equipment	1,933	--
Vehicles	20	--
Less: Accumulated Depreciation	(25,056)	(3,340)
Total assets acquired through capital lease	\$ 80,801	3,224

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

Illustration 11-5
Minimum Lease Commitments – Capital Lease Obligations

	Primary Government
Year Ending June 30:	
2012	21,345
2013	20,656
2014	19,918
2015	19,437
2016	18,935
2017 thru 2021	86,485
2022 thru 2026	56,450
2027 thru 2031	15,295
Total minimum payments	258,521
Less: Interest	(67,620)
Present value of future minimum payments	\$ 190,901

C. Changes in Long-Term Liabilities:

Changes in long-term liabilities of governmental activities for the year ended June 30, 2011 are shown in Illustration 11-6.

Illustration 11-6 Governmental Activities – Changes in Long-Term Liabilities						
	Beginning Balance	Additions	Reductions	Ending Balance	Due in more than one year	Due Within One Year
General obligation and revenue bonds:						
Designated for Roads, Parks and Other General County projects	\$ 167,224	62,660	(58,994)	170,890	155,453	15,437
Designated for School Board projects	580,200	14,685	(42,110)	552,775	511,956	40,819
Subtotal	747,424	77,345	(101,104)	723,665	667,409	56,256
Capital lease obligations	204,843	34,635	(48,577)	190,901	177,897	13,004
Unpaid losses and related liabilities (Note 20)	15,113	35,664	(34,528)	16,249	11,585	4,664
Surplus distribution payable	1,713	270	(72)	1,911	1,280	631
Compensated absences	25,314	14,699	(14,513)	25,500	24,477	1,023
Unamortized Premium	41,205	10,826	(3,253)	48,778	45,525	3,253
Total	\$ 1,035,612	173,439	(202,047)	1,007,004	928,173	78,831

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, 2011 are shown in Illustration 11-7.

Illustration 11-7 Business-Type Activities – Changes in Long-Term Liabilities						
	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
Revenue bonds	\$ 6,295	--	(1,700)	4,595	3,125	1,470
Unamortized premium on issuance of revenue bonds	198	--	(66)	132	66	66
Unamortized deferred loss on refunding	(525)	--	181	(344)	(164)	(180)
Revenue bonds, net	5,968	--	(1,585)	4,383	3,027	1,356
Compensated absences	388	261	(283)	366	351	15
Accrued closure liability (Note 13)	15,154	748	(2,692)	13,210	6,208	7,002
Total	\$ 21,510	1,009	(4,560)	17,959	9,586	8,373

Changes in long-term liabilities of the component units for the year ended June 30, 2011 is shown in Illustration 11-8.

Illustration 11-8
Component Units – Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due in More Than One Year	Due Within One Year
School Board:						
Compensated absences	\$ 26,849	9,510	(8,417)	27,942	19,069	8,873
Pollution remediation	567	1,009	(507)	1,069	--	1,069
Claims liabilities	8,909	56,545	(55,951)	9,503	2,306	7,197
Total School Board component unit	36,325	67,064	(64,875)	38,514	21,375	17,139
Adult Detention Center:						
Compensated absences	2,954	861	(888)	2,927	2,819	108
Total Adult Detention Center component unit	2,954	861	(888)	2,927	2,819	108
Park Authority:						
Capital leases	2,254	--	(565)	1,689	1,104	585
Notes payable	230	--	(152)	78	--	78
Compensated absences	1,067	962	(1,083)	946	823	123
Revenue bonds, net	12,481	--	(473)	12,008	11,527	481
Total Park Authority component unit	16,032	962	(2,273)	14,721	13,454	1,267
	\$ 55,311	68,887	(68,036)	56,162	37,648	18,514

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, 2011, \$62,435 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, 2011, the County has outstanding debt of \$552,775 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, 2011, the County has outstanding debt of \$33,100 and \$7,672 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, 2011.

Illustration 12-1 Fund Balances at June 30, 2011					
	Primary Government				ADC Component Unit
	General Fund	Capital Projects Funds	Other Governmental Funds	Total Primary Government	
Nonspendable in the form of:					
Inventory	\$ 224	--	--	224	--
Prepaid expenditures	--	34	--	34	--
Restricted for:					
General government administration	1,176	--	--	1,176	--
Public safety	--	7	58,642	58,649	69
Public works	--	26,620	7,308	33,928	--
Community development	193	171	7,223	7,587	--
Committed for:					
General government administration	50,100	39,431	--	89,531	--
Judicial administration	1,112	347	--	1,459	--
Public safety	20,789	15,312	--	36,101	9,712
Public works	26,963	43,963	--	70,926	--
Health and welfare	1,107	--	--	1,107	--
Education	10,376	--	--	10,376	--
Parks, recreational and cultural	2,332	2,895	--	5,227	--
Community development	1,032	7,465	--	8,497	--
Assigned for:					
General government administration	1,667	--	--	1,667	--
Judicial administration	531	--	--	531	--
Public safety	1,642	--	--	1,642	734
Public works	3,297	--	--	3,297	--
Health and welfare	135	--	--	135	--
Parks, recreational and cultural	70	--	--	70	--
Community development	228	--	--	228	--
Unassigned	62,422	--	--	62,422	10,288
Total	\$ 185,396	136,245	73,173	394,814	20,803

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 \$103,766 of restricted net assets at June 30, 2011. Of this amount, \$73,173 is restricted by enabling legislation.

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

At the end of fiscal year 2011, 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 \$7,143, 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 \$13,210 reported as landfill closure and post closure care liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 100% of the Phase I landfill and 35% 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 2010, is \$26,514. The County will recognize the remaining total estimated cost of closure and post closure care for the southern portion of the landfill of \$40,854 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 2011. 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. 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 10 years of service credit or age 50 with at least five 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, 2010, the date of the most recent actuarial valuation, there were 3,389 active participants and 1,326 retirees and beneficiaries receiving benefits on that date. In addition, there were 424 vested and 864 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/2010-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. The County has assumed this 5.00% member contribution. In addition, the County is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The County's contribution rate for the fiscal year ended June 30, 2011 was 10.36% of the annual covered payroll.

Annual Pension Cost:

For the fiscal year ended June 30, 2011, the annual pension cost of \$30,318 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 paid by Employer				
June 30, 2009	\$ 17,502	9,932	100%	\$	--	
June 30, 2010	\$ 17,373	9,860	100%	\$	--	
June 30, 2011	\$ 20,449	9,869	100%	\$	--	

The fiscal year 2011 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 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the County's 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 level percentage of projected payroll 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, 2010, the most recent actuarial valuation date, the plan was 76.8% funded. The actuarial accrued liability for benefits was \$866,833 and the actuarial value of assets was \$666,023 resulting in an unfunded actuarial accrued liability (UAAL) of \$200,810. The covered payroll (annual payroll of active employees covered by the plan) was \$204,285 and the ratio of the UAAL to the covered payroll was 98.3%.

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 February 3, 2009.

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, 2009, the date of the most recent actuarial valuation, there were 948 active participants and 149 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, 2009, there were 106 vested and 29 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 55th birthday or the completion of 25 years of credited service. Benefits, at the participants' election, are i) the larger of 1.5% of the participant's final average compensation times credited service or 1.65% of the final average compensation in excess of \$1.2 multiplied by the years of credited service; ii) a temporary annuity of \$0.54 per month for 15 years for participants who left employment prior to March 30, 2001, and then elect benefit commencement on or after such date or a temporary annuity of \$0.64 per month for 15 years for participants employed on or after March 30, 2001; or iii) a lump sum benefit of the participant contribution plus the employer's contributions during the period of employment. Final average compensation 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).

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 1st. The benefit will be increased by 100% of the first 3% increase in the cost-of-living index plus 50% of the increase in the cost-of-living index in excess of 3%. Increases in the cost-of-living index in excess of 7% are not recognized. Increases do not apply to supplemental benefits or early retirement pensions.

Effective July 1, 2007, contributions from both the employee and the County cease when an active employee attains the latter of age 50 and 25 years of service. 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, 2009. 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. 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, 2011, the County's annual pension cost based on the actuarially determined contribution was \$1,458 (\$729 employer and \$729 employee) which was less than the actual contribution of \$1,678 (\$839 employer and \$839 employee) resulting in a negative net pension obligation (net pension asset). Employer contributions in fiscal year 2011 represented approximately 1.37% of gross salary as compared to the actuarially determined contribution of approximately 1.19%. Employee contributions in fiscal year 2011 represented approximately 1.37% of gross salary as compared to the actuarially determined contribution of approximately 1.19%.

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.

Illustration 14-2 County Supplemental Retirement Plan Three Year Trend Information for Prince William County Employer Portion						
Fiscal Year Ending:	Percentage Annual Pension Cost (APC)	Annual Pension Cost (APC)	Contributions 1.37%	Percentage APC Contributed	Interest on NPO/NPA	Net Pension Obligation (Asset) NPO/(NPA)
June 30, 2009	1.06%	\$ 621	\$ 802	137%	\$ 10	\$ (191)
June 30, 2010	1.06%	\$ 639	\$ 827	130%	\$ 13	\$ (201)
June 30, 2011	1.19%	\$ 729	\$ 839	115%	\$ 14	\$ (124)

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

Illustration 14-3 County Supplemental Retirement Plan Three Year Trend Information for Prince William County Employee Portion						
Fiscal Year Ending:	Percentage Annual Pension Cost (APC)	Annual Pension Cost (APC)	Contributions 1.37%	Percentage APC Contributed	Interest on NPO/NPA	Net Pension Obligation (Asset) NPO/(NPA)
June 30, 2009	1.06%	\$ 621	\$ 802	137%	\$ 10	\$ (191)
June 30, 2010	1.06%	\$ 639	\$ 826	129%	\$ 13	\$ (200)
June 30, 2011	1.19%	\$ 729	\$ 839	115%	\$ 14	\$ (124)

Funded Status and Funding Progress:

As of July 1, 2009, the most recent actuarial valuation date, the plan was 89.2% funded. The actuarial accrued liability for benefits was \$29,260 and the actuarial value of assets was \$26,094, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,166. The covered payroll (annual payroll of active employees of covered by the plan) was \$62,456, and the ratio of the UAAL to the covered payroll was 5.1%.

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, 2011, 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 370 retirees and 31 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 \$1,886. 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 2011, the County Premium Plan ARC amounts were contributed by the County to the OPEB Master Trust of \$3,417. When \$3,213 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 \$1,327.

Annual OPEB Cost. For fiscal year 2011, 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 2011 and the two preceding years were as follows:

Illustration 15-1 Other Post Employment Benefits – Percentage of Annual OPEB Cost Prince William County Premium Plan			
Fiscal Year Ending:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) ending
June 30, 2009	\$ 2,750*	184.7%	\$ (163)
June 30, 2010	\$ 2,558*	100%	\$ --
June 30, 2011	\$ 3,417*	100%	\$ --

* This includes \$275, \$265, and \$349, 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:

Illustration 15-2 Other Post Employment Benefits – County Sponsored Plans Schedule of Funding Progress for Prince William County Premium Plan							
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
July 1, 2008	\$ --	\$ 23,882	\$ 23,882	0%	\$ 221,537	10.8%	
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%	

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% (lowered from 7.5%) 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 2011.

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, 2011, the County paid \$993 to 659 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 2011, the County RHICP ARC amounts were contributed by the County to the OPEB Master Trust of \$1,811. When \$993 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 \$993.

Annual OPEB Cost. For fiscal year 2011, 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 2011 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, 2009	\$ 1,944*	179.4%	\$	(108)
June 30, 2010	\$ 1,746*	100%	\$	--
June 30, 2011	\$ 1,811*	100%	\$	--

* This includes \$207, \$152 and \$157, respectively, allocated to ADC Component Unit based on proportion of RHICP budget.

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

Illustration 15-4 Other Post Employment Benefits – County Sponsored Plans Schedule of Funding Progress for Prince William County RHICP							
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
July 1, 2008	\$ --	\$ 20,256	\$ 20,256	0%	\$ 221,537	9.1%	
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%	

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% (lowered from 7.5%) 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.

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 \$53. 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 2011, the Parks Premium Plan ARC, adjustments, interest and prior year liability amounts contributed by the Park Authority to the OPEB Master Trust were \$136. When \$82 of the benefits paid on behalf of Parks' 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 \$29.

Annual OPEB Cost. For fiscal year 2011, 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 2011 and the two preceding years were as follows:

Illustration 15-5 Other Post Employment Benefits – Percentage of Annual OPEB Cost Prince William County Park Authority Premium Plan				
Fiscal Year Ending:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) ending	
June 30, 2009	\$ 124	135.8%	\$	(2)
June 30, 2010	\$ 102	100%	\$	--
June 30, 2011	\$ 136	100%	\$	--

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

Illustration 15-6 Other Post Employment Benefits – County Sponsored Plans Schedule of Funding Progress for Park Authority Premium Plan							
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
July 1, 2008	\$ --	\$ 799	\$ 799	0%	\$ 7,603	10.5%	
July 1, 2009	\$ 128	\$ 799	\$ 671	16.0%	\$ 7,206	9.3%	
July 1, 2010	\$ 222	\$ 1120	\$ 898	19.8%	\$ 7,017	12.8%	

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% (lowered from 7.5%) 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 2011.

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 2011, the County and Parks contributed the ARC amounts for the County Premium Plan, County RHICP and Parks Premium Plan of \$5,364. Plan members received \$4,288 benefits and contributed \$1,939 premiums, resulting in \$2,349 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, 2011, 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 \$5,364 (\$2,667 amortization, \$2,697 actuarial normal cost, funded) which was equal to the actual OPEB payment of \$5,364. The Park Authority's RHICP separate pass-through OPEB contribution to the Trust Fund of \$60 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 \$2,349, 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:

Illustration 15-7 Other Post Employment Benefits – Net OPEB Obligation Prince William County, including ADC Component Unit and Park Authority Premium Plan									
Fiscal Year Ending:	Annual Required Contribution (ARC)	Less NOO Amortization and Adjustments	Plus Interest Net OPEB Obligation	Annual OPEB Cost	County Contribution to Trust Fund	Pay-as-you-go OPEB Costs	Increase (Decrease) in Net OPEB Obligation	Net OPEB Obligation (NOO) beginning	Net OPEB Obligation (Asset) (NOO) ending
June 30, 2009	\$ 4,762	(198)	273	4,837*	(8,735)	--	(3,898)	3,625	\$ (273)
June 30, 2010	\$ 4,406	--	--	4,406*	(4,406)	--	--	--	\$ --
June 30, 2011	\$ 5,364	--	--	5,364*	(5,364)	--	--	--	\$ --

* This includes \$482, \$417 and \$506, 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.

Illustration 15-8 Other Post Employment Benefits – Percentage of Annual OPEB Cost Prince William County, including ADC Component Unit and Park Authority Premium Plan			
Fiscal Year Ending:	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset) (NOO) ending
June 30, 2009	\$ 4,837*	181.3%	\$ (273)
June 30, 2010	\$ 4,406*	100%	\$ --
June 30, 2011	\$ 5,364*	100%	\$ --

* This includes \$482, \$417 and \$506, 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 \$55,704 and the actuarial value of assets was \$10,535, resulting in an unfunded actuarial accrued liability (UAAL) \$45,169. The covered payroll (annual payroll of active employees covered by the plans) was \$227,406, and the ratio of the UAAL to the covered payroll was 19.9 percent. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at June 30, 2011 was 27 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 496 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, 2011, the County paid \$368, of which \$13 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, 2010, the date of the most recent actuarial valuation, there were 3,004 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, 2010 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, 2010 using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.00% (lowered from 7.50%) 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, 2010, was 26 years for the County.

Trend information:

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

Illustration 15-9					
Virginia Retirement System – Health Insurance Credit Program					
Three Year Trend Information for Prince William County					
Fiscal Year Ending:	Annual Benefit Cost (ABC)		Percentage of ABC Contributed	Net Benefit Obligation (NBO)	
		Employer Portion			
June 30, 2009	\$	557	100%	\$	--
June 30, 2010	\$	552	100%	\$	--
June 30, 2011	\$	368	100%	\$	--

Funded Status and Funding Progress:

As of June 30, 2010, the most recent actuarial valuation date, the VRS health insurance credit program was 30.6% funded. The actuarial accrued liability for benefits was \$5,606 and the actuarial value of assets was \$1,718, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,888. The covered payroll (annual payroll of active employees of covered by the plan) was \$204,285, and the ratio of the UAAL to the covered payroll was 1.90%.

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 postemployment 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. As of June 30, 2011, Trust funds were invested in the Local Government Investment Pool (LGIP).

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.

Illustration 16-1 OPEB Master Trust Fund Membership Information					
	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.

Illustration 16-2 Other Post Employment Benefits – All Plans Schedule of Funding Progress							
Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
July 1, 2008	\$ --	\$ 84,535	\$ 84,535	0%	\$ 690,758	12.2%	
July 1, 2009	\$ 11,403	\$ 86,784	\$ 75,381	13.1%	\$ 701,567	10.7%	
July 1, 2011	\$ 17,819	\$ 116,848	\$ 99,029	15.3%	\$ 712,394	13.9%	

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.

Illustration 16-3 Other Post Employment Benefits – All Plans Schedule of Employer Contributions		
Fiscal Year Ending:	Total Annual Required Contribution	Percentage Contributed
June 30, 2009	\$ 9,877	100%
June 30, 2010	\$ 9,558	100%
June 30, 2011	\$ 9,424	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:

	County and Parks Premium Plans	County and Parks RHICP	Schools
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	27 years	27 years	30 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

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 \$93 and \$0 respectively at June 30, 2011.

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 2011 was \$427. As of June 30, 2011, 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:		
2012	\$	427
2013		427
2014		427
2015		427
2016		427
2017 thru 2021		2,135
Total	\$	4,270

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 2011 was \$488. 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, 2011 is shown in Illustration 18-2.

Illustration 18-2
County's Share of NVCJTA Debt Service Requirements

Year Ending June 30:		
2012	\$	476
2013		465
2014		453
2015		442
2016		430
2017 thru 2021		1,975
2022 thru 2026		1,654
Total	\$	5,895

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, 2011, the amount of outstanding NVTC bonds issued for the Virginia Railway Express was \$24,295.

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, 2011, the outstanding balance on the capitalized lease was approximately \$19,787.

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, 2011 was \$380. 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. The first fifteen of a series of promissory notes were authorized by the end of fiscal year 2011; when all funds have been borrowed, the individual notes will be combined into a single note. The notes are secured by the revenues of VRE and the railcars. The amount of notes outstanding at June 30, 2011 was \$63,306.

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 \$6,400 annually and will be paid with the 2% 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 \$30,141 for claims, administration and premiums in fiscal year 2011.

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).

Illustration 20-1
Prince William County Self-Insurance
Other Self Insurance, Casualty Pool and Workers' Compensation Association, Health Insurance
Changes in the Aggregate Liabilities for Claims

	Other Self- Insurance	Casualty Pool	Workers' Compensation Association	Health Insurance*
Unpaid claims June 30, 2008	\$ 350	948	9,575	2,789
Total claims incurred, fiscal year 2009	--	329	2,218	22,662
Total claims paid, fiscal year 2009	(11)	(535)	(1,413)	(22,457)
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)	1,048	3,099	31,537
Total claims paid, fiscal year 2011	(38)	(868)	(2,108)	(31,514)
Unpaid claims June 30, 2011	\$ 250	857	12,279	2,863

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

NOTE (21) – SUBSEQUENT EVENTS

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.

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, 2011, employees hired subsequent to June 30, 2010 are required to contribute 5 percent of their gross salary to the VRS.

An election was held in Prince William County on November 8, 2011 to select an at-large Chairman of the Board of County Supervisors as well as the Supervisors for each of the County's seven magisterial districts for a four-year term beginning January 1, 2012. As of the date of this publication, the official results of the election were not yet available.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)



COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 1

GENERAL FUND

Page 1 of 5

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, 2011

(amounts expressed in thousands)

	Budgeted Amounts		2011	Variance With Final Budget Positive	2010
	Original	Final	Actual	(Negative)	
BUDGETARY REVENUES:					
FROM LOCAL SOURCES:					
GENERAL PROPERTY TAXES:					
Real property taxes	\$ 457,843	457,843	459,203	1,360	460,110
Real and personal property taxes of public service corporations	15,139	15,139	18,129	2,990	16,519
Personal property taxes	114,635	60,335	67,639	7,304	62,486
Penalties and interest	5,037	5,257	5,002	(255)	5,330
Total general property taxes	592,654	538,574	549,973	11,399	544,445
OTHER LOCAL TAXES:					
Short term rental tax	200	200	146	(54)	185
Local sales taxes	45,050	45,050	49,554	4,504	46,155
Consumer's utility taxes	13,050	13,050	13,190	140	12,840
Bank stock taxes	655	655	1,735	1,080	1,240
Motor vehicle licenses	6,930	6,930	7,504	574	7,221
Taxes on recordation and wills	7,050	7,050	7,562	512	7,813
Business, professional and occupational license tax	20,130	20,130	20,965	835	20,269
Public utility gross receipts tax	1,050	1,050	1,327	277	1,236
Transient occupancy tax	2,938	2,938	3,169	231	3,014
Total other local taxes	97,053	97,053	105,152	8,099	99,973
PERMITS, PRIVILEGE FEES AND					
REGULATORY LICENSES:					
Animal licenses	46	46	111	65	98
Fire protection permits	319	319	300	(19)	317
Health protection permits	152	151	138	(13)	126
Cable franchise fees	757	757	951	194	884
Permits and other licenses	103	102	169	67	200
Total permits, privilege fees and regulatory licenses	1,377	1,375	1,669	294	1,625
FINES AND FORFEITURES:					
	2,586	2,586	3,241	655	2,866
FROM USE OF MONEY AND PROPERTY:					
Use of money	12,651	9,434	8,326	(1,108)	19,889
Use of property	802	807	876	69	920
Total revenue from use of money and property	13,453	10,241	9,202	(1,039)	20,809
CHARGES FOR SERVICES:					
Court costs	3,878	3,876	4,057	181	4,111
Correction and detention	673	673	943	270	749
Commonwealth's Attorney	73	73	103	30	123
Mental health and mental retardation	531	531	906	375	698
Welfare and social services	368	483	243	(240)	605
Library	664	663	562	(101)	516
Planning and community development	36	35	27	(8)	32
Public safety	999	997	931	(66)	913
Ambulance and rescue	148	148	-	(148)	-
Other charges	787	541	554	13	558
Total charges for services	8,157	8,020	8,326	306	8,305
Total revenue from local sources	715,280	657,849	677,563	19,714	678,023

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, 2011

(amounts expressed in thousands)

	Budgeted Amounts		2011	Variance With Final Budget Positive (Negative)	2010
	Original	Final	Actual		
THE FEDERAL GOVERNMENT:					
Payments in lieu of taxes	86	86	54	(32)	105
Categorical aid grants:					
Aging programs	517	551	511	(40)	468
USDA	79	82	79	(3)	71
Welfare programs	14,564	14,341	14,006	(335)	13,340
Mental health/retardation and substance abuse programs	2,386	2,862	3,059	197	2,822
Homeland Security Grants	1,134	1,105	631	(474)	598
Police federal forfeitures and grant programs	291	408	585	177	290
Expenditure reimbursement for social services	330	330	330	-	330
Other	4,055	2,211	3,700	1,489	1,520
Total revenue from the federal government	23,442	21,976	22,955	979	19,544
THE COMMONWEALTH:					
NONCATEGORICAL AID:					
PPTRA revenue	-	54,300	54,288	(12)	54,288
Communications sales and use tax	20,650	20,650	20,182	(468)	20,282
Anti-Annexation public safety	9,522	9,522	9,002	(520)	9,042
Mobile home tax	35	35	35	-	38
Rental car tax	750	750	829	79	752
Rolling stock tax	93	93	84	(9)	92
Total noncategorical aid	31,050	85,350	84,420	(930)	84,494
SHARED EXPENDITURES:					
Commonwealth's Attorney	1,204	1,256	1,453	197	1,452
Sheriff	1,743	1,743	1,603	(140)	719
Director of Finance	564	564	607	43	672
Registrar	87	87	95	8	94
Clerk of the Court	505	505	318	(187)	317
Total shared expenditures	4,103	4,155	4,076	(79)	3,254
CATEGORICAL AID:					
Public safety	533	623	4,720	4,097	13,869
Fire programs	950	949	1,126	177	1,079
Library	528	528	502	(26)	569
Public assistance and welfare administration	10,235	10,534	10,844	310	10,324
Public health	28	28	387	359	547
Total categorical aid	12,274	12,662	17,579	4,917	26,388
OTHER CATEGORICAL AID:					
Aging program	229	243	264	21	272
Office on youth	1	1	1	-	2
Community services	10,130	10,695	10,523	(172)	9,837
Juvenile detention	1,915	1,780	1,789	9	1,914
Criminal justice services	935	935	947	12	1,201
Communications	43	43	-	(43)	40
Police extraditions	32	32	25	(7)	41
Sheriff extraditions	30	30	22	(8)	27
Victim/witness program	156	43	43	-	174
Other	538	751	654	(97)	638
Total other categorical aid	14,009	14,553	14,268	(285)	14,146
Total revenue from the Commonwealth	61,436	116,720	120,343	3,623	128,282
LOCAL GOVERNMENTS:					
City of Manassas	4,766	4,928	4,906	(22)	5,148
City of Manassas Park	1,734	1,819	1,926	107	1,898
Potomac/Rappahannock Transportation Commission	1,516	1,516	1,516	-	1,520
Other localities	404	10	118	108	279
Total revenues from local governments	8,420	8,273	8,466	193	8,845

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, 2011

(amounts expressed in thousands)

	Budgeted Amounts		2011 Actual	Variance With Final Budget Positive (Negative)	2010
	Original	Final			
MISCELLANEOUS:					
Expenditure refunds	174	173	308	135	197
Donations - Proffers	1,477	6,029	6,030	1	17,274
Donations - Other	175	997	939	(58)	302
Insurance recoveries	3	3	25	22	40
Other	75	74	106	32	130
Total miscellaneous revenues	1,904	7,276	7,408	132	17,943
 Total budgetary revenues	 810,482	 812,094	 836,735	 24,641	 852,637
BUDGETARY EXPENDITURES:					
GENERAL GOVERNMENTAL ADMINISTRATION:					
Board of Supervisors	4,184	2,911	2,840	71	2,541
County Attorney	3,105	3,168	3,146	22	3,393
Office of Executive Management	7,888	8,317	6,701	1,616	6,684
Technology and Support Services	11,414	6,168	5,249	919	4,910
Finance	14,181	14,504	13,979	525	13,586
Audit Services	754	767	708	59	-
Board of Equalization	53	55	33	22	42
Human Rights	538	552	551	1	543
Board of Registration/Elections	1,297	1,132	1,058	74	1,187
Mailroom and Print Shop	999	1,010	945	65	949
Contingency Reserve	850	-	-	-	-
Unemployment Insurance Reserves	84	90	86	4	147
Total general governmental administration	45,347	38,674	35,296	3,378	33,982
 JUDICIAL ADMINISTRATION:					
Commonwealth Attorney	4,516	4,713	4,542	171	4,477
Sheriff	8,311	8,438	8,353	85	7,773
Juvenile and Domestic Relations Court	62	71	64	7	68
Clerk of Court/Judges Chambers	4,277	4,696	3,991	705	4,103
General District Court	245	245	203	42	217
Magistrates	190	205	205	-	191
Law Library	156	156	147	9	142
Total judicial administration	17,757	18,524	17,505	1,019	16,971
 PUBLIC SAFETY:					
Public Works - Development	2,521	2,575	2,341	234	2,478
Police	75,670	77,374	75,748	1,626	74,318
Juvenile Court Services Unit	1,080	1,107	1,076	31	1,139
Adult Detention Center	21,243	20,967	20,967	-	20,976
Correction and Detention of Youth	5,087	5,061	4,920	141	4,906
Criminal Justice Services	3,199	3,050	2,928	122	2,937
Public Safety Communications	8,787	9,156	8,578	578	8,379
Fire Service	61,541	62,031	56,740	5,291	53,593
Northern Virginia Criminal Justice Training Academy	-	488	488	-	500
Total public safety	179,128	181,809	173,786	8,023	169,226
 PUBLIC WORKS:					
Public Works	33,390	25,808	24,681	1,127	22,356
Transportation	2,598	2,573	2,182	391	2,194
Property and Miscellaneous Insurance	5,767	1,686	345	1,341	289
Upper Occoquan Sewage Authority	427	427	427	-	427
Total public works	42,182	30,494	27,635	2,859	25,266

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, 2011

(amounts expressed in thousands)

	Budgeted Amounts		2011		Variance With Final Budget Positive (Negative)	2010
	Original	Final	Actual			
HEALTH AND WELFARE:						
Social Services	31,379	32,006	30,207	1,799		30,510
Public Health	3,871	3,885	3,880	5		4,068
Community Services Board	30,729	31,751	30,563	1,188		29,647
At-Risk Youth and Family Services	8,068	8,058	8,032	26		6,935
Office on Aging	4,257	4,458	4,099	359		3,030
School Age Child Care	171	165	115	50		403
Total health and welfare	78,475	80,323	76,896	3,427		74,593
EDUCATION:						
Schools	405,255	346,314	346,314	-		354,042
PARKS, RECREATIONAL AND CULTURAL:						
Parks	13,757	14,769	14,769	-		14,864
Library	13,578	14,183	13,802	381		14,820
Total parks, recreational and cultural	27,335	28,952	28,571	381		29,684
COMMUNITY DEVELOPMENT:						
Office of Planning	2,130	2,273	2,170	103		2,406
Economic and Community Development	3,207	3,611	3,160	451		2,804
Extension and Continuing Education	885	916	845	71		865
Transportation	327	327	327	-		329
Total community development	6,549	7,127	6,502	625		6,404
DEBT SERVICE:						
Principal retirement	25,302	61,602	66,811	(5,209)		92,223
Interest and other debt costs	25,899	51,155	43,298	7,857		43,148
Total debt service	51,201	112,757	110,109	2,648		135,371
Total budgetary expenditures	853,229	844,974	822,614	22,360		845,539
Excess (deficiency) of budgetary revenues over (under) budgetary expenditures	(42,747)	(32,880)	14,121	47,001		7,098
OTHER FINANCING SOURCES (USES):						
TRANSFERS IN:						
Special revenue funds	13,539	13,525	13,508	(17)		9,365
Capital projects funds	3,000	3,098	3,098	-		4,995
Internal service funds	-	165	165	-		328
Enterprise funds	1,556	1,556	1,556	-		810
Total transfers in	18,095	18,344	18,327	(17)		15,498
TRANSFERS OUT:						
Special revenue funds	(2,159)	(2,589)	(2,589)	-		(2,378)
Capital projects funds	(6,678)	(8,397)	(8,397)	-		(19,190)
Internal service funds	(1,240)	(1,194)	(1,194)	-		(1,282)
Total transfers out	(10,077)	(12,180)	(12,180)	-		(22,850)
NON-REVENUE RECEIPTS:						
Proceeds from refunding bonds	-	-	82,410	82,410		-
Premium on refunding of bonds	-	-	9,757	9,757		-
Payment to refunded bond escrow agent	-	-	(91,667)	(91,667)		-
Sale of surplus property	174	174	188	14		250
Total non-revenue receipts	174	174	688	514		250
Total other financing sources (uses)	8,192	6,338	6,835	497		(7,102)
Net change in budgetary fund balance	(34,555)	(26,542)	20,956	47,498		(4)
BUDGETARY FUND BALANCE, beginning of year	168,877	168,877	168,877	-		168,881
BUDGETARY FUND BALANCE, end of year	\$ 134,322	142,335	189,833	47,498		168,877

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, 2011

(amounts expressed in thousands)

	Budgeted Amounts		2011	Variance With Final Budget Positive	
	Original	Final	Actual	(Negative)	2010
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 1)	\$ 13,453	10,241	9,202	(1,039)	20,809
Fair Value Adjustment	-	-	(4,437)	(4,437)	-
Use of money and property (Exhibit 5)	13,453	10,241	4,765	(5,476)	20,809
BUDGETARY FUND BALANCE, end of year	134,322	142,335	189,833	47,498	168,877
Total adjustments	-	-	(4,437)	(4,437)	-
FUND BALANCE, end of year	<u>\$ 134,322</u>	<u>142,335</u>	<u>185,396</u>	<u>43,061</u>	<u>168,877</u>

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, 2005	\$ 452,581	526,900	74,319	85.9%	160,806	46.2%
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%

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, 2009	\$ 26,094	29,260	3,166	89.2%	62,456	5.1%

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, 2008	\$ -	44,937	44,937	0.0%	229,140	19.6%
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%

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, 2008	\$ 1,186	5,554	4,368	21.4%	201,955	2.2%
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%

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, 2011

With Comparative Totals for June 30, 2010

(amounts expressed in thousands)

	Fire and Rescue Levy	Transportation Districts	Stormwater Management District/Gypsy Moth Levy	Development Fee Services
ASSETS				
Equity in pooled cash and investments	\$ 58,446	1,016	7,993	1,990
Accounts receivable, net	345	7	118	59
Due from other governmental units	-	-	-	-
Total assets	<u>\$ 58,791</u>	<u>1,023</u>	<u>8,111</u>	<u>2,049</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	\$ 1,382	82	51	9
Wages and benefits payable	-	-	171	465
Deposits and escrows	1	-	-	-
Unearned revenue	-	-	1,522	-
Total liabilities	<u>1,383</u>	<u>82</u>	<u>1,744</u>	<u>474</u>
FUND BALANCES:				
Restricted	57,408	941	6,367	1,575
Total fund balances	<u>57,408</u>	<u>941</u>	<u>6,367</u>	<u>1,575</u>
Total liabilities and fund balances	<u>\$ 58,791</u>	<u>1,023</u>	<u>8,111</u>	<u>2,049</u>

Housing	2011	2010 (restated)	
6,967	76,412	70,892	ASSETS
160	689	552	Equity in pooled cash and investments
72	72	1,248	Accounts receivable, net
7,199	77,173	72,692	Due from other governmental units
			Total assets
			LIABILITIES AND FUND BALANCE
			LIABILITIES:
99	1,623	3,180	Accounts payable
95	731	688	Wages and benefits payable
5	6	14	Deposits and escrows
118	1,640	1,471	Unearned revenue
317	4,000	5,353	Total liabilities
			FUND BALANCES:
6,882	73,173	67,339	Restricted
6,882	73,173	67,339	Total fund balances
7,199	77,173	72,692	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, 2011

With Comparative Totals for the Year Ended June 30, 2010

(amounts expressed in thousands)

	Fire and Rescue Levy	Transportation Districts	Stormwater Management District/Gypsy Moth Levy	Development Fee Services
REVENUES:				
General property taxes	\$ 29,764	2,501	982	-
Permits, privilege fees and regulatory licenses	-	-	4	9,822
From use of money and property	903	32	118	29
Charges for services	-	3	5,031	344
Intergovernmental revenues:				
Federal	-	-	-	-
State	-	-	17	-
Local	7	-	-	-
Donations and contributions	-	-	-	-
Miscellaneous	16	-	-	256
Total revenues	30,690	2,536	6,152	10,451
EXPENDITURES:				
Public safety - Fire & Rescue	16,878	-	-	-
Public safety - Public Works	-	-	-	7,738
Public works - Public Works	-	101	-	-
Community development - Housing	-	-	-	-
Community development - Public Works	-	-	5,278	4,340
Total expenditures	16,878	101	5,278	12,078
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General fund	250	-	-	2,288
Special revenue funds	-	-	-	3
Capital projects funds	-	-	80	32
Transfers out:				
General fund	(7,100)	(2,289)	(881)	(2,655)
Special revenue funds	-	-	(3)	-
Capital projects funds	(677)	-	(607)	-
Internal service funds	-	-	-	-
Total other financing sources (uses)	(7,527)	(2,289)	(1,411)	(332)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	6,285	146	(537)	(1,959)
FUND BALANCE, beginning of year	51,123	795	6,904	3,534
FUND BALANCE, end of year	\$ 57,408	941	6,367	1,575

Housing	2011	2010 (restated)	
-	33,247	33,536	REVENUES:
-	9,826	8,992	General property taxes
102	1,184	2,734	Permits, privilege fees and regulatory licenses
268	5,646	5,446	From use of money and property
			Charges for services
			Intergovernmental revenues:
31,099	31,099	27,218	Federal
25	42	84	State
-	7	-	Local
-	-	3	Donations and contributions
-	272	297	Miscellaneous
<u>31,494</u>	<u>81,323</u>	<u>78,310</u>	Total revenues
			EXPENDITURES:
-	16,878	25,044	Public safety - Fire & Rescue
-	7,738	7,926	Public safety - Public Works
-	101	279	Public works - Public Works
29,063	29,063	28,520	Community development - Housing
-	9,618	9,465	Community development - Public Works
<u>29,063</u>	<u>63,398</u>	<u>71,234</u>	Total expenditures
			OTHER FINANCING SOURCES (USES):
			Transfers in:
51	2,589	2,378	General fund
-	3	-	Special revenue funds
-	112	621	Capital projects funds
			Transfers out:
(583)	(13,508)	(9,365)	General fund
-	(3)	-	Special revenue funds
-	(1,284)	(608)	Capital projects funds
-	-	(260)	Internal service funds
<u>(532)</u>	<u>(12,091)</u>	<u>(7,234)</u>	Total other financing sources (uses)
			Excess (deficiency) of revenues and other sources
1,899	5,834	(158)	over (under) expenditures and other uses
<u>4,983</u>	<u>67,339</u>	<u>67,497</u>	FUND BALANCE, beginning of year
<u>6,882</u>	<u>73,173</u>	<u>67,339</u>	FUND BALANCE, end of year

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, 2011

With Comparative Totals for the Year Ended June 30, 2010

(amounts expressed in thousands)

	Budgeted Amounts		Variance With Final Budget Positive (Negative)		
	Original	Final	2011 Actual		2010
BUDGETARY REVENUES:					
General property taxes	\$ 29,160	29,160	29,764	604	29,745
From use of money and property	-	-	1,444	1,444	2,009
Intergovernmental revenues:					
Local	-	-	7	7	-
Miscellaneous	-	-	16	16	39
Total budgetary revenues	29,160	29,160	31,231	2,071	31,793
BUDGETARY EXPENDITURES:					
Public safety - Fire & Rescue	43,436	30,168	16,878	13,290	25,044
Total budgetary expenditures	43,436	30,168	16,878	13,290	25,044
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	250	250	250	-	250
Capital projects funds	-	-	-	-	621
Transfers out:					
General fund	(7,047)	(7,117)	(7,100)	17	(3,164)
Capital projects funds	(677)	(677)	(677)	-	-
Total other financing sources (uses)	(7,474)	(7,544)	(7,527)	17	(2,293)
Excess (deficiency) of budgetary revenues and other sources over (under) budgetary expenditures and other uses	(21,750)	(8,552)	6,826	15,378	4,456
BUDGETARY FUND BALANCE, beginning of year	51,123	51,123	51,123	-	46,667
BUDGETARY FUND BALANCE, end of year	\$ 29,373	42,571	57,949	15,378	51,123
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 5)	\$ -	-	1,444	1,444	2,009
Fair Value Adjustment	-	-	(541)	(541)	-
Use of money and property (Schedule 4)	-	-	903	903	2,009
BUDGETARY FUND BALANCE, end of year	29,373	42,571	57,949	15,378	51,123
Total adjustments	-	-	(541)	(541)	-
FUND BALANCE, end of year	\$ 29,373	42,571	57,408	14,837	51,123

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, 2011

With Comparative Totals for the Year Ended June 30, 2010

(amounts expressed in thousands)

	Budgeted Amounts		2011 Actual	Variance With Final Budget Positive (Negative)	2010
	Original	Final			
BUDGETARY REVENUES:					
General property taxes	\$ 2,449	2,449	2,501	52	2,791
From use of money and property	11	10	49	39	98
Charges for services	-	-	3	3	6
Total budgetary revenues	2,460	2,459	2,553	94	2,895
BUDGETARY EXPENDITURES:					
Public works - Public Works	211	129	101	28	279
Total budgetary expenditures	211	129	101	28	279
OTHER FINANCING SOURCES (USES):					
Transfers out:					
General fund	(2,289)	(2,289)	(2,289)	-	(2,888)
Total other financing sources (uses)	(2,289)	(2,289)	(2,289)	-	(2,888)
Excess (deficiency) of budgetary revenues and other sources over (under) budgetary expenditures and other uses	(40)	41	163	122	(272)
BUDGETARY FUND BALANCE, beginning of year	795	795	795	-	1,067
BUDGETARY FUND BALANCE, end of year	\$ 755	836	958	122	795
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 6)	\$ 11	10	49	39	98
Fair Value Adjustment	-	-	(17)	(17)	-
Use of money and property (Schedule 4)	11	10	32	22	98
BUDGETARY FUND BALANCE, end of year	755	836	958	122	795
Total adjustments	-	-	(17)	(17)	-
FUND BALANCE, end of year	\$ 755	836	941	105	795

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, 2011

With Comparative Totals for the Year Ended June 30, 2010

(amounts expressed in thousands)

	Budgeted Amounts		2011	Variance With Final Budget Positive (Negative)	
	Original	Final	Actual		2010
BUDGETARY REVENUES:					
General property taxes	\$ 1,457	1,457	982	(475)	1,000
Permits, privilege fees and regulatory licenses	-	-	4	4	2
From use of money and property	328	328	196	(132)	324
Charges for services	4,757	4,757	5,031	274	4,898
Intergovernmental revenues:					
State	-	-	17	17	37
Total budgetary revenues	6,542	6,542	6,230	(312)	6,261
BUDGETARY EXPENDITURES:					
Public works - Public Works	6,146	6,000	5,278	722	5,089
Total budgetary expenditures	6,146	6,000	5,278	722	5,089
OTHER FINANCING SOURCES (USES):					
Transfers in:					
Special revenue funds	-	-	-	-	40
Capital projects funds	-	80	80	-	-
Transfers out:					
General fund	(876)	(881)	(881)	-	(862)
Special revenue funds	-	(3)	(3)	-	-
Capital projects funds	(607)	(607)	(607)	-	(608)
Total other financing sources (uses)	(1,483)	(1,411)	(1,411)	-	(1,430)
Excess (deficiency) of budgetary revenues and other sources over (under) budgetary expenditures and other uses	(1,087)	(869)	(459)	410	(258)
BUDGETARY FUND BALANCE, beginning of year	6,904	6,904	6,904	-	7,162
BUDGETARY FUND BALANCE, end of year	\$ 5,817	6,035	6,445	410	6,904
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 7)	\$ 328	328	196	(132)	324
Fair Value Adjustment	-	-	(78)	(78)	-
Use of money and property (Schedule 4)	328	328	118	(210)	324
BUDGETARY FUND BALANCE, end of year	5,817	6,035	6,445	410	6,904
Total adjustments	-	-	(78)	(78)	-
FUND BALANCE, end of year	\$ 5,817	6,035	6,367	332	6,904

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, 2011

With Comparative Totals for the Year Ended June 30, 2010

(amounts expressed in thousands)

	Budgeted Amounts		2011	Variance With Final Budget Positive (Negative)	
	Original	Final	Actual		2010
BUDGETARY REVENUES:					
Permits, privilege fees and regulatory licenses	\$ 9,102	9,100	9,822	722	8,990
From use of money and property	235	236	61	(175)	185
Charges for services	23	23	344	321	146
Intergovernmental revenues:					
State	3	3	-	(3)	18
Miscellaneous	273	273	256	(17)	258
Total budgetary revenues	<u>9,636</u>	<u>9,635</u>	<u>10,483</u>	<u>848</u>	<u>9,597</u>
BUDGETARY EXPENDITURES:					
Public safety - Public Works	8,625	8,465	7,738	727	7,926
Community development - Public Works	4,486	4,481	4,340	141	4,376
Total budgetary expenditures	<u>13,111</u>	<u>12,946</u>	<u>12,078</u>	<u>868</u>	<u>12,302</u>
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	1,897	2,288	2,288	-	2,061
Special revenue funds	86	3	3	-	-
Capital projects funds	-	32	32	-	-
Transfers out:					
General fund	(2,654)	(2,655)	(2,655)	-	(2,191)
Special revenue funds	(86)	-	-	-	(40)
Internal service funds	-	-	-	-	(260)
Total other financing sources (uses)	<u>(757)</u>	<u>(332)</u>	<u>(332)</u>	<u>-</u>	<u>(430)</u>
Excess (deficiency) of budgetary revenues and other sources over (under) budgetary expenditures and other uses	<u>(4,232)</u>	<u>(3,643)</u>	<u>(1,927)</u>	<u>1,716</u>	<u>(3,135)</u>
BUDGETARY FUND BALANCE, beginning of year	<u>3,534</u>	<u>3,534</u>	<u>3,534</u>	<u>-</u>	<u>6,669</u>
BUDGETARY FUND BALANCE/(DEFICIT), end of year	<u>\$ (698)</u>	<u>(109)</u>	<u>1,607</u>	<u>1,716</u>	<u>3,534</u>
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 8)	\$ 235	236	61	(175)	185
Fair Value Adjustment	-	-	(32)	(32)	-
Use of money and property (Schedule 4)	<u>235</u>	<u>236</u>	<u>29</u>	<u>(207)</u>	<u>185</u>
BUDGETARY FUND BALANCE, end of year	<u>(698)</u>	<u>(109)</u>	<u>1,607</u>	<u>1,716</u>	<u>3,534</u>
Total adjustments	<u>-</u>	<u>-</u>	<u>(32)</u>	<u>(32)</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ (698)</u>	<u>(109)</u>	<u>1,575</u>	<u>1,684</u>	<u>3,534</u>

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, 2011

With Comparative Totals for the Year Ended June 30, 2010

(amounts expressed in thousands)

	Budgeted Amounts		2011 Actual	Variance With Final Budget Positive (Negative)	2010
	Original	Final			
BUDGETARY REVENUES:					
From use of money and property	\$ -	-	102	102	118
Charges for services	875	852	268	(584)	396
Intergovernmental revenues:					
Federal	33,532	32,000	31,099	(901)	27,218
State	49	49	25	(24)	29
Miscellaneous	10	-	-	-	3
Total budgetary revenues	34,466	32,901	31,494	(1,407)	27,764
BUDGETARY EXPENDITURES:					
Community development - Housing	33,705	32,157	29,063	3,094	28,520
Total budgetary expenditures	33,705	32,157	29,063	3,094	28,520
OTHER FINANCING SOURCES (USES):					
Transfers in:					
General fund	11	51	51	-	67
Transfers out:					
General fund	(670)	(583)	(583)	-	(260)
Total other financing sources (uses)	(659)	(532)	(532)	-	(193)
Excess (deficiency) of budgetary revenues and other sources over (under) budgetary expenditures and other uses	102	212	1,899	1,687	(949)
BUDGETARY FUND BALANCE, beginning of year	4,983	4,983	4,983	-	5,932
BUDGETARY FUND BALANCE, end of year	\$ 5,085	5,195	6,882	1,687	4,983
Reconciliation of Budgetary Basis to GAAP Basis:					
Use of money and property (Schedule 9)	\$ -	-	102	102	118
Fair Value Adjustment	-	-	-	-	-
Use of money and property (Schedule 4)	-	-	102	102	118
BUDGETARY FUND BALANCE, end of year	5,085	5,195	6,882	1,687	4,983
Total adjustments	-	-	-	-	-
FUND BALANCE, end of year	\$ 5,085	5,195	6,882	1,687	4,983

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, 2011

With Comparative Totals for June 30, 2010

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals	
						2011	2010
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 27,203	271	1,891	5,346	24,482	59,193	62,235
Investments	-	-	2,683	18,152	-	20,835	12,396
Accounts receivable, net	112	-	15	107	2,493	2,727	2,737
Due from other governmental units	-	-	-	-	431	431	-
Due from other funds	-	-	5	-	-	5	-
Due from component units	-	-	-	-	-	-	13
Inventory	254	-	-	-	-	254	228
Prepays	-	-	52	2	609	663	410
Total current assets	27,569	271	4,646	23,607	28,015	84,108	78,019
Non-current assets:							
Restricted investments	-	-	500	750	-	1,250	1,250
Capital assets:							
Land and construction in progress	1,399	-	-	-	-	1,399	149
Buildings and other capital assets, net of depreciation	5,929	-	-	-	-	5,929	6,877
Total non-current assets	7,328	-	500	750	-	8,578	8,276
Total assets	34,897	271	5,146	24,357	28,015	92,686	86,295
LIABILITIES							
Current liabilities:							
Accounts payable	1,118	-	28	93	450	1,689	1,615
Wages and benefits payable	348	-	-	-	3	351	329
Unpaid losses, related liabilities and IBNR	-	47	352	1,402	2,863	4,664	4,570
Due to other funds	-	-	-	-	-	-	21
Due to component units	-	-	-	13	-	13	-
Unearned revenue	-	-	-	-	2,453	2,453	2,301
Current portion of surplus distribution payable	-	-	303	328	-	631	631
Compensated absences	37	-	-	-	-	37	37
Total current liabilities	1,503	47	683	1,836	5,769	9,838	9,504
Non-current liabilities:							
Unpaid losses, related liabilities and IBNR	-	203	505	10,877	-	11,585	10,543
Surplus distribution payable	-	-	380	900	-	1,280	1,082
Compensated absences	890	-	-	-	-	890	865
Total non-current liabilities	890	203	885	11,777	-	13,755	12,490
Total liabilities	2,393	250	1,568	13,613	5,769	23,593	21,994
NET ASSETS							
Invested in capital assets, net of related debt	7,328	-	-	-	-	7,328	7,026
Restricted for self-insurance funds	-	-	500	750	-	1,250	2,602
Unrestricted	25,176	21	3,078	9,994	22,246	60,515	54,673
Total net assets	\$ 32,504	21	3,578	10,744	22,246	69,093	64,301

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, 2011

With Comparative Totals for the Year Ended June 30, 2010

(amounts expressed in thousands)

	Intra-County Services	Other Self-Insurance	Self-Insurance Casualty Pool	Self-Insurance Workers' Compensation Association	Health Insurance	Totals	
						2011	2010
OPERATING REVENUES:							
Charges for services	\$ 24,573	-	1,458	3,822	34,760	64,613	60,453
Intergovernmental revenues:							
Federal	-	-	-	-	487	487	-
State	7	-	-	-	-	7	40
Miscellaneous	-	20	-	-	2,610	2,630	3,967
Total operating revenues	24,580	20	1,458	3,822	37,857	67,737	64,460
OPERATING EXPENSES:							
Personal services	8,168	-	-	-	48	8,216	7,939
Contractual services	7,631	-	-	-	3,186	10,817	9,639
Materials/supplies	5,260	-	-	-	-	5,260	5,408
Depreciation	1,971	-	-	-	-	1,971	3,251
Other	152	-	323	485	-	960	1,382
Claims and premiums	-	-	510	227	28,703	29,440	28,009
OPEB cost	-	-	-	-	4,918	4,918	4,044
Losses and loss adjustment expenses	-	-	570	2,864	23	3,457	2,366
Total operating expenses	23,182	-	1,403	3,576	36,878	65,039	62,038
Operating income	1,398	20	55	246	979	2,698	2,422
NON-OPERATING REVENUES/(EXPENSES):							
Interest income	319	6	28	267	334	954	1,666
Gain/(loss) on sale of capital assets	94	-	-	-	-	94	-
Declaration of surplus distribution	-	-	-	(900)	-	(900)	-
Total non-operating revenues/(expenses)	413	6	28	(633)	334	148	1,666
Income/(loss) before transfers and capital contributions	1,811	26	83	(387)	1,313	2,846	4,088
TRANSFERS:							
Transfers in:							
General fund	174	-	-	-	1,194	1,368	1,282
Special revenue funds	-	-	-	-	-	-	260
Capital projects funds	167	-	-	-	-	167	9,505
Transfers out:							
General fund	(159)	(6)	-	-	-	(165)	(328)
Capital projects funds	(5)	-	-	-	-	(5)	-
Total transfers	177	(6)	-	-	1,194	1,365	10,719
Capital contributions	581	-	-	-	-	581	758
Change in net assets	2,569	20	83	(387)	2,507	4,792	15,565
NET ASSETS, beginning	29,935	1	3,495	11,131	19,739	64,301	48,736
NET ASSETS, ending	\$ 32,504	21	3,578	10,744	22,246	69,093	64,301

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

For the Year Ended June 30, 2011

(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
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from County agencies	\$ 24,405	-	1,155	3,520	21,029	50,109
Cash received from employees	-	-	-	-	10,331	10,331
Cash received from other entities	98	-	-	-	3,643	3,741
Payments for claims and premiums	-	(38)	(868)	(2,108)	(31,514)	(34,528)
Payments to suppliers for goods and services	(12,638)	-	(293)	(517)	(3,266)	(16,714)
Payments to employees for services	(8,121)	-	-	-	(48)	(8,169)
Net cash provided (used) by operating activities	3,744	(38)	(6)	895	175	4,770
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Surplus distributions paid	-	-	(72)	-	-	(72)
Transfers in	341	-	-	-	1,194	1,535
Transfers out	(164)	(6)	-	-	-	(170)
Net cash provided (used) by non-capital financing activities	177	(6)	(72)	-	1,194	1,293
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(1,635)	-	-	-	-	(1,635)
Proceeds from the sale of capital assets	36	-	-	-	-	36
Net cash provided (used) by capital and related financing activities	(1,599)	-	-	-	-	(1,599)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from maturities of investments	-	-	4,575	19,823	-	24,398
Purchases of investments	-	-	(4,779)	(28,039)	-	(32,818)
Interest and dividends received on investments	319	6	41	232	316	914
Net cash provided (used) by investing activities	319	6	(163)	(7,984)	316	(7,506)
Net increase (decrease) in cash and cash equivalents	2,641	(38)	(241)	(7,089)	1,685	(3,042)
CASH AND CASH EQUIVALENTS, beginning of year	24,562	309	2,132	12,435	22,797	62,235
CASH AND CASH EQUIVALENTS, end of year	\$ 27,203	271	1,891	5,346	24,482	59,193

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

For the Year Ended June 30, 2011

(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
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income	\$ 1,398	20	55	246	979	2,698
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	1,971	-	-	-	-	1,971
Change in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable, net of accrued interest	(77)	-	(303)	(352)	107	(625)
Due from other governmental units	-	-	-	-	(431)	(431)
Due from other funds	-	-	15	31	-	46
Inventory	(27)	-	-	-	-	(27)
Prepaid items	-	-	52	19	(334)	(263)
Increase (decrease) in:						
Accounts payable and accrued liabilities, net of accrued interest	479	(58)	(5)	(14)	(298)	104
Unpaid losses and related expenses	-	-	180	991	-	1,171
Unearned revenue	-	-	-	-	152	152
Due to related parties	-	-	-	(26)	-	(26)
Total adjustments	2,346	(58)	(61)	649	(804)	2,072
Net cash provided (used) by operating activities	\$ 3,744	(38)	(6)	895	175	4,770
NON-CASH CAPITAL AND FINANCING ACTIVITIES:						
Capital contributions	\$ 581	-	-	-	-	581
Change in fair value of investments	-	-	(10)	28	-	18
Total non-cash capital and financing activities	\$ 581	-	(10)	28	-	599

Fiduciary & Agency Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others which cannot be used to support the County's programs. The County uses fiduciary funds to report the financial activities related to Other Post-Employment Benefits (OPEB) obligations and the related assets held to fund those obligations.

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

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Special Welfare Fund, the Community Service Board Payees Fund and the Housing FSS Recipients Fund are used to account for receipts and disbursements of monies for certain County welfare, mental health services and Federal Self-Sufficiency (FSS) program recipients.

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 13

FIDUCIARY FUNDS

Statement of Fiduciary Net Assets - OPEB Master Trust Fund

As of June 30, 2011

(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
ASSETS				
Restricted cash	\$ 1	1	1	3
Restricted investments, at fair value	13,134	604	11,087	24,825
Total assets	<u>\$ 13,135</u>	<u>605</u>	<u>11,088</u>	<u>24,828</u>
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable	\$ 2,320	29	-	2,349
Total liabilities	<u>2,320</u>	<u>29</u>	<u>-</u>	<u>2,349</u>
NET ASSETS:				
Held in trust for pension benefits and other purposes	10,815	576	11,088	22,479
Total net assets	<u>10,815</u>	<u>576</u>	<u>11,088</u>	<u>22,479</u>
Total liabilities and net assets	<u>\$ 13,135</u>	<u>605</u>	<u>11,088</u>	<u>24,828</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, 2011

(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
ADDITIONS				
Use of money and property:				
Interest and dividends	\$ 23	1	16	40
Contributions - employer	5,228	196	4,000	9,424
Total additions	5,251	197	4,016	9,464
DEDUCTIONS				
Other Post-Employment Benefit payments	2,320	29	-	2,349
Total deductions	2,320	29	-	2,349
Change in net assets	2,931	168	4,016	7,115
NET ASSETS, beginning of year	7,884	408	7,072	15,364
NET ASSETS, end of year	\$ 10,815	576	11,088	22,479

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 15

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

As of June 30, 2011

(amounts expressed in thousands)

		Special	Community	Housing	
		Welfare	Services Board	FSS Recipients	Total
			Payees		
ASSETS					
Equity in pooled cash and investments	\$	26	127	539	692
Total assets	\$	26	127	539	692
LIABILITIES					
Deposits and escrows	\$	26	127	539	692
Total liabilities	\$	26	127	539	692

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 16

AGENCY FUNDS**Combining Statement of Changes In Assets and Liabilities**

For the Year Ended June 30, 2011

(amounts expressed in thousands)

	Balance			Balance
	June 30, 2010	Additions	Deductions	June 30, 2011
SPECIAL WELFARE				
Equity in pooled cash and investments	\$ 45	201	220	26
Total assets	<u>\$ 45</u>	<u>201</u>	<u>220</u>	<u>26</u>
Deposits and escrows	\$ 45	201	220	26
Total liabilities	<u>\$ 45</u>	<u>201</u>	<u>220</u>	<u>26</u>
COMMUNITY SERVICES BOARD PAYEES				
Equity in pooled cash and investments	\$ 146	599	618	127
Total assets	<u>\$ 146</u>	<u>599</u>	<u>618</u>	<u>127</u>
Deposits and escrows	\$ 146	599	618	127
Total liabilities	<u>\$ 146</u>	<u>599</u>	<u>618</u>	<u>127</u>
HOUSING FSS RECIPIENTS				
Equity in pooled cash and investments	\$ 571	8	40	539
Total assets	<u>\$ 571</u>	<u>8</u>	<u>40</u>	<u>539</u>
Deposits and escrows	\$ 571	8	40	539
Total liabilities	<u>\$ 571</u>	<u>8</u>	<u>40</u>	<u>539</u>
TOTAL AGENCY FUNDS				
Equity in pooled cash and investments	\$ 762	808	878	692
Total assets	<u>\$ 762</u>	<u>808</u>	<u>878</u>	<u>692</u>
Deposits and escrows	\$ 762	808	878	692
Total liabilities	<u>\$ 762</u>	<u>808</u>	<u>878</u>	<u>692</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 17

DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER

Combining Balance Sheet

As of June 30, 2011

With Comparative Totals for June 30, 2010

(amounts expressed in thousands)

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Capital</u>		
	<u>Operating</u>	<u>Projects</u>	<u>2011</u>	<u>2010</u>
ASSETS				
Equity in pooled cash and investments	\$ 13,732	5,749	19,481	20,950
Restricted cash and temporary investments	-	69	69	2,622
Accounts receivable, net	413	-	413	-
Due from other governmental units	173	2,547	2,720	150
Due from primary government	13	-	13	-
Total assets	<u>\$ 14,331</u>	<u>8,365</u>	<u>22,696</u>	<u>23,722</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable	\$ 321	468	789	773
Wages and benefits payable	1,104	-	1,104	1,039
Due to other governmental units	-	-	-	506
Retainages	-	-	-	248
Total liabilities	<u>1,425</u>	<u>468</u>	<u>1,893</u>	<u>2,566</u>
FUND BALANCES:				
Restricted	-	69	69	-
Committed	1,884	7,828	9,712	6,730
Assigned	734	-	734	1,505
Unassigned	10,288	-	10,288	12,921
Total fund balances	<u>12,906</u>	<u>7,897</u>	<u>20,803</u>	<u>21,156</u>
Total liabilities and fund balances	<u>\$ 14,331</u>	<u>8,365</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.

74,466 67,335

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

(2,927) (2,954)

Net assets of governmental activities

\$ 92,342 85,537

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 18

DISCRETELY PRESENTED COMPONENT UNIT - ADULT DETENTION CENTER

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2011

With Comparative Totals for the Year Ended June 30, 2010

(amounts expressed in thousands)

	Governmental Fund Types		Total	
	General Operating	Capital Projects	2011	2010
REVENUES:				
From use of money and property	\$ 321	2	323	392
Charges for services	520	-	520	477
Intergovernmental revenues:				
Federal	808	-	808	8,438
State	9,321	-	9,321	2,923
Local	24,001	2,547	26,548	23,930
Miscellaneous	101	-	101	92
Total revenues	35,072	2,549	37,621	36,252
EXPENDITURES:				
Public safety	35,043	-	35,043	35,628
Capital projects	-	2,935	2,935	6,682
Total expenditures	35,043	2,935	37,978	42,310
Excess (deficiency) of revenues over (under) expenditures	29	(386)	(357)	(6,058)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	48	48	40
Transfers out	(48)	-	(48)	(40)
Sale of surplus property	4	-	4	1
Total other financing sources (uses)	(44)	48	4	1
Net change in fund balances	(15)	(338)	(353)	(6,057)
FUND BALANCES, beginning of year	12,921	8,235		
FUND BALANCES, end of year	\$ 12,906	7,897		

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	9,179	72
Subtract depreciation expense	(2,048)	(2,027)
Subtract net book value of assets removed from service	-	(268)

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	2,954	2,851
Subtract current year's compensated absences liability	(2,927)	(2,954)

Change in Adult Detention Center net assets	\$ 6,805	(8,383)
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COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule 19

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, 2011

With Comparative Totals for the Year Ended June 30, 2010

(amounts expressed in thousands)

	Budgeted Amounts		Variance With Final Budget Positive (Negative)		
	Original	Final	2011 Actual		2010
REVENUES:					
From use of money and property	\$ -	321	321	-	378
Charges for services	663	663	520	(143)	477
Intergovernmental revenues:					
Federal	483	483	808	325	8,438
State	9,637	9,637	9,321	(316)	2,923
From other localities:					
Manassas	2,606	2,640	2,524	(116)	2,560
Manassas Park	376	376	510	134	394
Prince William County	20,936	20,967	20,967	-	20,976
Miscellaneous	57	57	101	44	92
Total revenues	34,758	35,144	35,072	(72)	36,238
EXPENDITURES:					
Public safety - Adult Detention	35,268	35,946	35,043	903	35,628
Total expenditures	35,268	35,946	35,043	903	35,628
OTHER FINANCING SOURCES (USES):					
Transfers out:					
Capital projects funds	(40)	(48)	(48)	-	(40)
Sale of surplus property	-	-	4	4	1
Total other financing sources (uses)	(40)	(48)	(44)	4	(39)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(550)	(850)	(15)	835	571
FUND BALANCE, beginning of year	12,921	12,921	12,921	-	12,350
FUND BALANCE, end of year	\$ 12,371	12,071	12,906	835	12,921

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, 2011

(amounts expressed in thousands)

Total Outstanding at June 30, 2011																				
Description	Authorized	Issued	Date Issued	General	Adult		Park	School	Total	Interest Rate (%)	Maturing Amount	Annually Fiscal Year								
				County Related Debt	Road Related Debt	Detention Center Related Debt	Authority Related Debt	Board Related Debt	Outstanding (Not Matured) at June 30, 2011											
General Obligation and Revenue Bonds:																				
Park Authority Bonds	\$ 5,080	5,080	15-Apr-03	--	--	--	1,035	--	1,035	4.00	255	2012								
										3.25	255	2013								
										4.00	255	2014								
										3.75	85	2016								
										3.75	90	2017								
									4.00	95	2018									
1998 Referendum:	38,450	545	15-Oct-01	--	25	--	--	500	525	4.00	525	2012								
										12,510	15-Apr-03	--	2,537	--	--	--	2,537	4.00	625	2012
			3.25	625	2013															
			4.00	625	2014															
			3.75	214	2016															
			3.75	222	2017															
			4.00	226	2018															
		10,350	8-Jun-04	--	2,595	--	--	--	2,595	5.00	520	2012 thru 2014								
										5.25	520	2015								
										5.00	515	2025								
		11,445	9-Nov-04	--	5,145	--	--	--	5,145	4.00	573	2012								
										5.00	573	2013 thru 2014								
										5.00	571	2015								
										4.00	571	2020 thru 2022								
										4.75	571	2024 thru 2025								
1998 Referendum Total		38,450	34,850	--	10,302	--	--	500	10,802											
2002 Referendum:	86,700	3,000	15-Apr-03	--	608	--	--	--	608	4.00	150	2012								
										3.25	150	2013								
										4.00	150	2014								
										3.75	51	2016								
										3.75	53	2017								
										4.00	54	2018								
										10,000	8-Jun-04	--	2,500	--	--	--	2,500	5.00	500	2012 thru 2014
																		5.25	500	2015
																		5.00	500	2025
										26,555	9-Nov-04	--	11,970	--	--	--	11,970	4.00	1,332	2012
																		5.00	1,332	2013 thru 2014
																		5.00	1,329	2015
																		4.00	1,329	2020 thru 2022
																		4.75	1,329	2024 thru 2025
										22,085	12-Jun-07	--	13,245	--	--	--	13,245	4.25	1,106	2012 thru 2013
																		5.00	1,106	2014 thru 2016
																		4.75	1,102	2021 thru 2025
																		5.00	1,102	2026
																		5.00	1,103	2027
										15,755	6-Aug-08	--	11,814	--	--	--	11,814	3.25	788	2012
5.00	788	2013																		
3.38	788	2014																		
3.50	789	2015																		
3.75	788	2016 thru 2017																		
4.00	788	2018 thru 2019																		
4.13	788	2023																		
4.25	789	2024																		
4.38	786	2025																		
5.00	787	2026																		
4.38	787	2027																		
4.50	786	2028 thru 2029																		

GOVERNMENTAL FUNDS

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

As of June 30, 2011

(amounts expressed in thousands)

Total Outstanding at June 30, 2011												
Description	Authorized	Issued	Date Issued	General	Adult	Park	School	Total	Interest	Maturing	Annually	
				County	Detention	Authority	Board	Outstanding				
				Related Debt	Road Related Debt	Center Related Debt	Related Debt	Related Debt	(Not Matured) at June 30, 2011	Rate (%)	Amount	Fiscal Year
General Obligation and Revenue Bonds (cont'd):												
2002 Referendum (cont'd):		4,955	29-Jul-10	--	4,955	--	--	--	4,955	3.00	551	2012
										4.00	551	2013
										1.20	551	2014
										3.00	551	2015
										4.00	551	2016
										3.00	550	2017 thru 2018
										5.00	550	2019
										3.00	550	2020
2002 Referendum Total	86,700	82,350		--	45,092	--	--	--	45,092			
2006 Referendum:	369,550	10,370	12-Jun-07	--	6,220	--	--	--	6,220	4.25	519	2012 thru 2013
										5.00	519	2014 thru 2016
										4.75	518	2021 thru 2025
										5.00	518	2026
										5.00	517	2027
		31,175	6-Aug-08	--	20,111	--	3,265	--	23,376	3.25	1,563	2012
										5.00	1,562	2013
										3.38	1,562	2014
										3.50	1,562	2015
										3.75	1,562	2016 thru 2017
										4.00	1,562	2018 thru 2019
										4.13	1,557	2023
										4.25	1,557	2024
										4.38	1,553	2025
										5.00	1,553	2026
										4.38	1,553	2027
										4.50	1,553	2028 thru 2029
		3,775	29-Jul-10	--	3,775	--	--	--	3,775	3.00	419	2012
										4.00	419	2013
										1.20	419	2014
										3.00	419	2015
										4.00	419	2016
										3.00	420	2017 thru 2018
										5.00	420	2019
										3.00	420	2020
Taxable - Local Build America Bonds	10,670	29-Jul-10	--	10,670	--	--	--	--	10,670	3.68	1,000	2021
										4.28	960	2022
										4.28	965	2023 thru 2026
										5.31	970	2027 thru 2031
2006 Referendum Total	369,550	55,990		--	40,776	--	3,265	--	44,041			
School Bonds	6,544	6,544	31-Jul-91	--	--	--	--	390	390	6.60	390	2012
	7,100	7,100	29-Apr-93	--	--	--	--	490	490	5.50	265	2012
										5.50	225	2013
	13,150	13,150	5-May-94	--	--	--	--	2,025	2,025	6.23	675	2012 thru 2013
										6.30	675	2014
	25,760	25,760	1-May-95	--	--	--	--	6,425	6,425	5.85	1,285	2012
										5.90	1,285	2013 thru 2014
										5.98	1,285	2015 thru 2016
	19,900	19,900	1-Apr-97	--	--	--	--	6,965	6,965	5.48	995	2012
										5.60	995	2013 thru 2018
	9,850	9,850	30-Apr-99	--	--	--	--	3,920	3,920	5.10	490	2012
										5.23	490	2013
										4.98	490	2014 thru 2015
										5.10	490	2016 thru 2019

GOVERNMENTAL FUNDS

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

As of June 30, 2011

(amounts expressed in thousands)

				Total Outstanding at June 30, 2011								
Description	Authorized	Issued	Date Issued	General		Adult	Park	School	Total	Interest		
				County	Road	Detention	Authority	Board	Outstanding		Rate	Maturing
				Related	Related	Center	Related	Related	(Not Matured)	(%)	Amount	Fiscal Year
				Debt	Debt	Related	Debt	Debt	at June 30, 2011			
General Obligation and Revenue Bonds (cont'd):												
School Bonds (cont'd)	11,930	11,930	13-May-99	--	--	--	--	5,355	5,355	4.60	595	2012 thru 2013
										4.73	595	2014 thru 2015
										5.10	595	2016 thru 2018
										5.23	595	2019 thru 2020
	33,650	33,650	18-May-00	--	--	--	--	16,800	16,800	5.23	1,680	2012
										5.60	1,680	2013 thru 2021
	48,175	48,175	17-May-01	--	--	--	--	26,485	26,485	5.60	2,410	2012
										4.85	2,410	2013
										5.10	2,410	2014 thru 2017
										5.10	2,405	2018 thru 2022
	52,660	52,660	16-May-02	--	--	--	--	31,580	31,580	5.60	2,635	2012 thru 2013
										5.10	2,635	2014 thru 2015
										5.10	2,630	2016 thru 2023
	80,675	80,675	15-May-03	--	--	--	--	52,430	52,430	5.10	4,035	2012 thru 2016
										4.10	4,035	2017
										5.10	4,035	2018 thru 2019
										5.10	4,030	2020 thru 2021
										4.60	4,030	2022 thru 2024
	48,795	48,795	13-May-04	--	--	--	--	34,155	34,155	5.10	2,440	2012 thru 2024
										5.10	2,435	2025
	62,320	62,320	12-May-05	--	--	--	--	46,725	46,725	5.10	3,115	2012 thru 2019
										4.10	3,115	2020
										5.10	3,115	2021 thru 2025
										4.35	3,115	2026
	61,605	61,605	11-May-06	--	--	--	--	49,280	49,280	5.10	3,080	2012 thru 2021
										4.48	3,080	2022
										4.60	3,080	2023 thru 2026
										5.10	3,080	2027
	64,975	64,975	10-May-07	--	--	--	--	55,225	55,225	5.10	3,250	2012 thru 2020
										4.10	3,250	2021
										5.10	3,250	2022 thru 2023
										4.48	3,245	2024
										4.50	3,245	2025 thru 2026
	45,890	45,890	15-May-08	--	--	--	--	41,300	41,300	5.10	2,295	2012 thru 2027
										5.10	2,290	2028
										4.60	2,290	2029
	51,020	51,020	15-May-09	--	--	--	--	48,465	48,465	4.05	2,555	2012 thru 2013
										5.05	2,555	2014
										5.05	2,550	2015 thru 2019
										4.05	2,550	2020
										5.05	2,550	2021 thru 2025
										4.05	2,550	2026
										5.05	2,550	2027
										4.30	2,550	2028
										5.05	2,550	2029
										4.25	2,550	2030
	23,935	23,935	13-May-10	--	--	--	--	23,935	23,935	3.05	3,985	2012
										4.05	3,990	2013
										5.05	3,990	2014 thru 2016
										3.05	3,990	2017

GOVERNMENTAL FUNDS

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

As of June 30, 2011

(amounts expressed in thousands)

Total Outstanding at June 30, 2011																															
Description	Authorized	Issued	Date Issued	General	Detention	Adult	Park	School	Total	Interest Rate (%)	Maturing Amount	Annually Fiscal Year																			
				County Related Debt	Road Related Debt	Center Related Debt	Authority Related Debt	Board Related Debt	Outstanding (Not Matured) at June 30, 2011																						
General Obligation and Revenue Bonds (cont'd):																															
Taxable - Local Build America Bonds	60,765	56,445	13-May-10	--	--	--	--	56,445	56,445	3.85	4,035	2018																			
										4.22	4,035	2019																			
										4.42	4,035	2020																			
										4.52	4,035	2021																			
										4.72	4,035	2022																			
										4.82	4,030	2023																			
										4.97	4,030	2024																			
										5.07	4,030	2025																			
										5.17	4,030	2026																			
5.56	4,030	2027 thru 2031																													
Direct Payment Qualified School Construction Bonds ^A	9,800	9,685	8-Jul-10	--	--	--	--	9,120	9,120	-	570	2012 thru 2027																			
Total School Bonds	738,499	734,064		--	--	--	--	517,515	517,515																						
Refunding Bonds	67,165	67,165	15-Apr-03	1,831	12,220	--	--	904	14,955	4.00	2,500	2012																			
										3.25	3,520	2013																			
										4.00	3,455	2014																			
										4.00	3,345	2015																			
										3.75	740	2016																			
										3.75	710	2017																			
										4.00	685	2018																			
										47,175	47,175	1-Sep-04	5,949	--	--	--	25,856	31,805	5.00	4,765	2012										
																			5.00	3,685	2013 thru 2014										
																			5.00	3,690	2015										
																			5.00	3,685	2016										
																			5.00	3,665	2017										
																			5.00	3,645	2018										
																			4.00	2,000	2019										
																			4.00	1,995	2020										
																			4.13	990	2021										
										50,000	48,260	29-Jul-10	--	40,350	--	2,910	5,000	48,260	3.00	1,670	2012										
																			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										
																			State Literary Fund Loans: Benton Middle School	5,000	5,000	1-Jul-02	--	--	--	--	3,000	3,000	4.00	250	2012 thru 2023
																			IDA Lease Revenue Bond - Refunding American Type Culture Collection (ATCC) Building	10,690	10,690	10-May-05	7,160	--	--	--	--	7,160	3.75	900	2012
										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																													
Total General Obligation and Revenue Bonds	\$ 1,418,309	1,090,624		14,940	148,740	--	7,210	552,775	723,665																						

GOVERNMENTAL FUNDS

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

As of June 30, 2011

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2011					Total Outstanding (Not Matured) at June 30, 2011	Interest Rate (%)	Maturing Amount	Annually Fiscal Year	
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Authority Related Debt	School Board Related Debt					
Capital Lease Obligations:													
2002 LPC - Judicial Center	\$ 30,965	30,965	1-Jun-02	1,580	--	--	--	--	1,580	4.00	1,580	2012	
2003 VRA - Yorkshire Fire Station	4,500	4,500	1-May-03	205	--	--	--	--	205	3.48	205	2012	
2003 VRA - Western District	21,475	21,475	1-May-03	985	--	--	--	--	985	3.48	985	2012	
2004 VRA - Nokesville Fire Station	6,345	6,345	4-Dec-03	1,910	--	--	--	--	1,910	4.54	320	2012	
										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	1,805	--	--	--	--	1,805	3.48	270	2012	
										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	--	15,905	--	--	--	15,905	4.79	1,065	2012 thru 2012	
										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	26,578	--	--	462	--	27,040	3.75	1,935	2012	
										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	4,000	--	--	--	--	4,000	4.65	250	2012 thru 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	--	316	--	--	--	316	5.98	207	2012	
										5.98	109	2013	
2006A COP - Adult Detention Center	34,505	34,505	1-Aug-06	--	--	27,600	--	--	27,600	4.25	1,725	2012 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	
2006B COP - Adult Detention Center	33,500	33,500	1-Aug-06	--	--	5,500	--	--	5,500	variable	1,040	2025	
										variable	2,230	2026 thru 2027	

GOVERNMENTAL FUNDS

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

As of June 30, 2011

(amounts expressed in thousands)

Total Outstanding at June 30, 2011												
Description	Authorized	Issued	Date Issued	General	Adult	Park	School	Total Outstanding (Not Matured) at June 30, 2011	Interest Rate (%)	Maturing Annually		
				County Related Debt	Road Related Debt	Detention Center Related Debt	Authority Related Debt			Board Related Debt	Amount	Fiscal Year
Capital Lease Obligations (cont'd):												
2007 VRA - Roads	14,795	14,795	7-Jun-07	--	11,825	--	--	--	11,825	4.72	745	2012
										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
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	--	5,625	--	--	--	5,625	3.45	315	2012
										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
										4.88	310	2025 thru 2026
										4.92	310	2027 thru 2029
2008 VRA - Birchdale Fire Station	4,455	4,455	19-Jun-08	4,005	--	--	--	--	4,005	3.46	225	2012
										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
										4.88	220	2025 thru 2026
										4.92	220	2027 thru 2029
2009 VRA - Roads	37,945	37,945	19-Jun-08	--	36,045	--	--	--	36,045	4.83	1,900	2012 thru 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
Refunding LPC	15,550	15,550	19-Oct-05	7,715	--	--	--	--	7,715	3.50	920	2012
										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, 2011

(amounts expressed in thousands)

Description	Authorized	Issued	Date Issued	Total Outstanding at June 30, 2011					Total Outstanding (Not Matured) at June 30, 2011	Interest Rate (%)	Maturing Amount	Annually Fiscal Year										
				General County Related Debt	Road Related Debt	Adult Detention Center Related Debt	Park Authority Related Debt	School Board Related Debt														
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	485	--	--	--	--	485	5.26	87	2012
																				5.26	92	2013
																				5.26	97	2014
																				5.26	102	2015
																				5.26	107	2016
Total Capital Lease Obligations	\$ 326,206	319,856		87,623	69,716	33,100	462	--	190,901													
Total General Obligation, Capital Leases and Other Long-Term Debt	\$ 1,744,515	1,410,480		102,563	218,456	33,100	7,672	552,775	914,566													

^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. The County implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Contents	Page
Financial Trends	150
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	160
These schedules contain information to help the reader assess the County's most significant local revenue source, the real estate tax, as well as other revenue sources.	
Debt Capacity	168
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	175
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information	177
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	
Other Statistical Tables	180
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)

	2002	2003	2004	2005	2006
Governmental activities:					
Invested in capital assets, net of related debt	\$ 70,329	\$ 129,691	\$ 157,675	\$ 157,297	\$ 181,314
Restricted	58,494	31,218	63,091	97,948	80,709
Unrestricted	<u>(308,434)</u>	<u>(369,091)</u>	<u>(416,662)</u>	<u>(448,851)</u>	<u>(456,650)</u>
Total governmental activities net assets	<u>\$ (179,611)</u>	<u>\$ (208,182)</u>	<u>\$ (195,896)</u>	<u>\$ (193,606)</u>	<u>\$ (194,627)</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 12,068	\$ 13,665	\$ 15,597	\$ 16,580	\$ 19,534
Unrestricted	<u>11,375</u>	<u>13,187</u>	<u>10,709</u>	<u>10,879</u>	<u>5,246</u>
Total business-type activities net assets	<u>\$ 23,443</u>	<u>\$ 26,852</u>	<u>\$ 26,306</u>	<u>\$ 27,459</u>	<u>\$ 24,780</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 82,397	\$ 143,356	\$ 173,272	\$ 173,877	\$ 200,848
Restricted	58,494	31,218	63,091	97,948	80,709
Unrestricted	<u>(297,059)</u>	<u>(355,904)</u>	<u>(405,953)</u>	<u>(437,972)</u>	<u>(451,404)</u>
Total primary government net assets	<u>\$ (156,168)</u>	<u>\$ (181,330)</u>	<u>\$ (169,590)</u>	<u>\$ (166,147)</u>	<u>\$ (169,847)</u>
Component units: ^a					
Invested in capital assets, net of related debt	\$ 435,749	\$ 508,244	\$ 600,839	\$ 673,971	\$ 760,726
Restricted	77,489	110,929	99,225	91,563	93,803
Unrestricted	<u>27,659</u>	<u>44,598</u>	<u>34,938</u>	<u>68,448</u>	<u>85,543</u>
Total component units net assets	<u>\$ 540,897</u>	<u>\$ 663,771</u>	<u>\$ 735,002</u>	<u>\$ 833,982</u>	<u>\$ 940,072</u>
Total reporting entity:					
Invested in capital assets, net of related debt ^b	\$ 206,963	\$ 367,027	\$ 460,590	\$ 492,349	\$ 573,997
Restricted ^b	135,983	43,471	65,261	100,132	82,914
Unrestricted	<u>41,783</u>	<u>71,943</u>	<u>39,561</u>	<u>75,354</u>	<u>113,314</u>
Total reporting entity net assets	<u>\$ 384,729</u>	<u>\$ 482,441</u>	<u>\$ 565,412</u>	<u>\$ 667,835</u>	<u>\$ 770,225</u>

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

^b The sum of the rows does not equal the amount reported for the total reporting entity because certain debt related to the School Board, 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.

^c 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.

2007	2008 ^c	2009	2010	2011	
\$ 176,505	\$ 228,235	\$ 252,588	\$ 308,128	\$ 309,109	Governmental activities:
127,372	97,828	126,792	79,067	103,766	Invested in capital assets, net of related debt
(557,515)	(572,351)	(637,188)	(586,903)	(541,674)	Restricted
\$ (253,638)	\$ (246,288)	\$ (257,808)	\$ (199,708)	\$ (128,799)	Unrestricted
					Total governmental activities net assets
\$ 20,316	\$ 21,238	\$ 22,020	\$ 23,790	\$ 28,333	Business-type activities:
1,784	6,345	7,411	12,253	9,506	Invested in capital assets, net of related debt
\$ 22,100	\$ 27,583	\$ 29,431	\$ 36,043	\$ 37,839	Unrestricted
					Total business-type activities net assets
\$ 196,821	\$ 249,473	\$ 274,608	\$ 331,918	\$ 337,442	Primary government:
127,372	97,828	126,792	79,067	103,766	Invested in capital assets, net of related debt
(555,731)	(566,006)	(629,777)	(574,650)	(532,168)	Restricted
\$ (231,538)	\$ (218,705)	\$ (228,377)	\$ (163,665)	\$ (90,960)	Unrestricted
					Total primary government net assets
\$ 849,253	\$ 959,640	\$ 1,021,548	\$ 1,087,841	\$ 1,161,881	Component units: ^a
150,427	111,676	90,441	90,969	23,197	Invested in capital assets, net of related debt
105,568	85,760	126,805	146,002	155,345	Restricted
\$ 1,105,248	\$ 1,157,076	\$ 1,238,794	\$ 1,324,812	\$ 1,340,423	Unrestricted
					Total component units net assets
\$ 611,788	\$ 728,795	\$ 777,478	\$ 887,366	\$ 928,973	Total reporting entity:
130,976	98,566	126,792	79,067	103,766	Invested in capital assets, net of related debt ^o
130,946	111,010	106,147	194,714	216,724	Restricted ^o
\$ 873,710	\$ 938,371	\$ 1,010,417	\$ 1,161,147	\$ 1,249,463	Unrestricted
					Total reporting entity net assets

COUNTY OF PRINCE WILLIAM, VIRGINIA

Page 1 of 2

TABLE 2 - Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Primary Government:										
Expenses										
Governmental activities:										
General government administration	\$ 26,166	\$ 30,036	\$ 28,115	\$ 33,959	\$ 38,146	\$ 38,452	\$ 40,289	\$ 41,470	\$ 37,377	\$ 45,435
Judicial administration	14,053	15,064	15,518	15,661	17,130	18,097	19,260	19,004	17,471	18,157
Public safety	104,747	111,177	137,522	146,097	176,300	247,862	194,468	210,257	197,928	205,341
Public works	34,215	31,400	32,207	58,200	73,149	90,004	94,042	124,491	54,892	48,819
Health and welfare	51,702	55,111	59,249	63,111	65,580	70,062	75,112	75,163	74,268	76,664
Education	302,203	328,645	310,767	360,258	386,995	413,349	403,396	434,797	440,443	368,236
Parks, recreational and cultural	25,397	27,501	30,277	28,904	31,479	36,114	37,291	35,793	38,347	33,728
Community development	11,483	36,862	47,136	48,079	50,363	45,225	45,474	49,100	49,524	50,227
Interest on long-term debt	20,787	24,200	27,432	31,923	33,684	40,074	41,526	41,868	44,253	44,095
Total governmental activities expenses	590,753	659,996	688,223	786,192	872,826	999,239	950,858	1,031,943	954,503	890,702
Business-type activities:										
Landfill	7,896	11,259	11,683	13,919	13,885	14,461	14,955	12,181	10,724	15,804
Sanitary/Service Districts	217	112	--	--	--	--	--	--	--	--
Innovation Technology Park	130	946	129	877	157	949	209	242	49	48
Total business-type activities expenses	8,243	12,317	11,812	14,796	14,042	15,410	15,164	12,423	10,773	15,852
Total primary government expenses	\$ 598,996	\$ 672,313	\$ 700,035	\$ 800,988	\$ 886,868	\$ 1,014,649	\$ 966,022	\$ 1,044,366	\$ 965,276	\$ 906,554
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 425	\$ 456	\$ 377	\$ 477	\$ 513	\$ 539	\$ 570	\$ 678	\$ 554	\$ 554
Judicial administration	3,699	4,887	5,628	6,558	7,213	5,577	4,796	4,695	4,234	4,160
Public safety	2,838	2,770	3,481	4,317	4,630	6,002	6,412	5,783	6,027	6,646
Public works	6,517	7,048	7,274	7,447	6,692	6,851	8,796	4,669	4,958	5,038
Health and welfare	1,448	1,281	1,473	1,666	1,619	1,751	2,000	1,850	1,429	1,287
Parks, recreational and cultural	324	358	441	590	575	553	517	526	520	562
Community development	12,458	14,980	17,374	17,527	17,216	11,121	11,624	10,457	9,564	10,461
Operating grants and contributions	43,980	62,448	67,689	68,900	69,496	74,152	76,200	86,411	90,529	88,851
Capital grants and contributions	25,610	26,950	23,364	20,346	26,259	37,673	31,514	40,183	28,271	46,890
Total governmental activities program revenues	97,299	121,178	127,101	127,828	134,213	144,219	142,429	155,252	146,086	164,449
Business-type activities:										
Charges for services:										
Landfill	10,742	11,845	12,543	13,305	13,296	14,567	14,948	15,840	16,244	17,696
Sanitary/Service Districts	92	4	--	--	--	--	--	--	--	--
Innovation Technology Park	48	3,454	474	3,098	1,416	7,812	2,168	1,373	7	--
Capital grants and contributions	--	--	--	--	--	--	--	27	177	66
Total business-type activities program revenues	10,882	15,303	13,017	16,403	14,712	22,379	17,116	17,240	16,428	17,762
Total primary government program revenues	\$ 108,181	\$ 136,481	\$ 140,118	\$ 144,231	\$ 148,925	\$ 166,598	\$ 159,545	\$ 172,492	\$ 162,514	\$ 182,211
Net (Expense)/Revenue										
Governmental activities	\$ (493,454)	\$ (538,818)	\$ (561,122)	\$ (658,364)	\$ (738,613)	\$ (855,020)	\$ (808,429)	\$ (876,691)	\$ (808,417)	\$ (726,253)
Business-type activities	2,639	2,986	1,205	1,607	670	6,969	1,952	4,817	5,655	1,910
Total primary government net (expense)/revenue	\$ (490,815)	\$ (535,832)	\$ (559,917)	\$ (656,757)	\$ (737,943)	\$ (848,051)	\$ (806,477)	\$ (871,874)	\$ (802,762)	\$ (724,343)
General Revenues and Other										
Changes in Net Assets										
Governmental activities:										
Taxes										
Real property	\$ 263,815	\$ 304,326	\$ 340,470	\$ 388,216	\$ 418,990	\$ 461,230	\$ 484,368	\$ 545,021	\$ 509,007	\$ 508,761
Personal property	37,335	44,195	51,285	52,625	62,368	75,030	77,509	80,642	67,816	72,641
Local sales	33,444	35,224	40,721	43,857	46,649	47,921	46,155	45,055	46,155	49,554
Consumers utility	19,247	20,257	22,870	25,452	26,295	18,522	12,354	12,596	12,840	13,190
Telecommunications sales and use tax	--	--	--	--	--	9,533	22,230	20,198	--	--
Cable franchise tax	3,150	2,700	3,262	3,252	3,431	2,021	--	--	--	--
Business, professional and occupational license	13,385	14,836	17,564	19,534	23,071	22,809	21,173	19,931	20,269	20,965
Recordation	5,854	8,572	10,713	19,491	22,741	15,143	11,528	10,669	7,813	7,562
Motor vehicle licenses	5,142	5,441	5,829	6,275	6,641	6,534	6,651	6,874	7,221	7,504
Public safety E-911	1,873	3,022	3,047	2,957	2,931	1,536	--	--	--	--
Transient occupancy	2,135	2,137	2,357	2,793	3,026	3,294	3,389	3,189	3,014	3,169
Short term rental, bank stock, public utility gross receipts	1,616	1,582	1,764	1,803	2,151	2,044	1,990	2,220	2,661	3,208
Payment from School Board	28,462	--	--	--	--	--	--	--	--	--
Grants and contributions not restricted to specific programs	47,854	52,230	57,450	59,608	67,359	62,227	62,580	62,765	82,882	82,422
Investment earnings	9,274	7,570	5,232	13,909	20,823	31,484	35,361	26,777	31,700	11,754
Gain/(loss) on disposition of capital assets	--	--	--	--	--	--	(170)	--	--	--
Miscellaneous	9,505	7,459	7,989	18,976	26,291	24,720	24,633	24,357	21,954	14,876
Transfers	(3,191)	696	2,831	1,736	4,825	11,961	(789)	4,877	810	1,556
Total governmental activities	478,900	510,247	573,384	660,484	737,592	796,009	808,962	865,171	814,142	797,162

COUNTY OF PRINCE WILLIAM, VIRGINIA

Page 2 of 2

TABLE 2 - Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:										
Taxes										
General property taxes-pledged	166	91	--	--	--	--	--	--	--	--
Grants and contributions not restricted to specific programs	--	--	144	--	--	--	--	1	--	--
Investment earnings	639	437	213	637	712	1,272	1,228	1,003	928	343
Gain/(loss) on disposition of capital assets	--	--	--	--	--	--	--	(141)	--	--
Miscellaneous	(734)	591	746	816	764	1,040	1,514	1,045	839	1,099
Transfers	3,191	(696)	(2,831)	(1,736)	(4,825)	(11,961)	789	(4,877)	(810)	(1,556)
Total business-type activities	3,262	423	(1,728)	(283)	(3,349)	(9,649)	3,531	(2,969)	957	(114)
Total primary government	\$ 482,162	\$ 510,670	\$ 571,656	\$ 660,201	\$ 734,243	\$ 786,360	\$ 812,493	\$ 862,202	\$ 815,099	\$ 797,048
Change in Net Assets										
Governmental activities	\$ (14,554)	\$ (28,571)	\$ 12,262	\$ 2,120	\$ (1,021)	\$ (59,011)	\$ 533	\$ (11,520)	\$ 5,725	\$ 70,909
Business-type activities	5,901	3,409	(523)	1,324	(2,679)	(2,680)	5,483	1,848	6,612	1,796
Total primary government	\$ (8,653)	\$ (25,162)	\$ 11,739	\$ 3,444	\$ (3,700)	\$ (61,691)	\$ 6,016	\$ (9,672)	\$ 12,337	\$ 72,705
Component Units:										
Expenses										
School Board	\$ 467,267	\$ 521,985	\$ 568,664	\$ 647,871	\$ 709,940	\$ 797,465	\$ 854,175	\$ 879,594	\$ 879,024	\$ 885,979
Adult Detention Center	18,756	20,410	22,150	25,259	26,265	30,075	36,428	37,479	44,635	30,816
Park Authority	21,306	23,099	24,945	26,558	27,806	29,401	31,416	30,749	29,754	29,517
Convention & Visitors Bureau	680	--	--	--	--	--	--	--	--	--
Total component unit expenses	\$ 508,009	\$ 565,494	\$ 615,759	\$ 699,688	\$ 764,011	\$ 856,941	\$ 922,019	\$ 947,822	\$ 953,413	\$ 946,312
Program Revenues										
Charges for services	\$ 30,669	\$ 30,902	\$ 27,590	\$ 30,618	\$ 31,784	\$ 33,552	\$ 35,946	\$ 36,270	\$ 34,948	\$ 35,144
Operating grants and contributions	64,777	65,760	74,567	86,295	93,688	103,107	109,227	117,803	120,782	144,496
Capital grants and contributions	1,653	881	902	904	1,598	990	4,540	4,395	4,863	209
Total component unit program revenues	\$ 97,099	\$ 97,543	\$ 103,059	\$ 117,817	\$ 127,070	\$ 137,649	\$ 149,713	\$ 158,468	\$ 160,593	\$ 179,849
General Revenues and Other										
Changes in Net Assets										
Payment from primary government	\$ 322,386	\$ 388,246	\$ 375,493	\$ 435,390	\$ 476,726	\$ 575,240	\$ 505,409	\$ 538,853	\$ 544,019	\$ 469,759
Grants and contributions not restricted to specific programs	168,747	187,352	203,673	238,381	257,076	293,972	307,491	323,233	324,506	306,261
Investment earnings	3,310	2,193	1,698	2,965	5,994	10,772	9,389	6,856	5,367	4,358
Loss on disposal of capital assets	372	--	--	3	--	--	(17)	--	--	--
Miscellaneous	3,033	13,034	3,067	4,112	3,235	4,484	1,862	2,130	1,812	1,696
Total general revenues and other changes in net assets	\$ 497,848	\$ 590,825	\$ 583,931	\$ 680,851	\$ 743,031	\$ 884,468	\$ 824,134	\$ 871,072	\$ 875,704	\$ 782,074
Total component unit change in net assets	\$ 86,938	\$ 122,874	\$ 71,231	\$ 98,980	\$ 106,090	\$ 165,176	\$ 51,828	\$ 81,718	\$ 82,884	\$ 15,611

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

Last Ten Fiscal Years

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

	2002	2003	2004	2005	2006
General Fund:					
Non-spendable	\$ 403	\$ 343	\$ 345	\$ 725	\$ 689
Restricted	5,935	6,424	8,499	1,453	1,534
Committed	51,786	53,511	51,755	76,876	67,313
Assigned	--	--	--	5,358	5,947
Unassigned	<u>32,734</u>	<u>36,940</u>	<u>43,939</u>	<u>52,351</u>	<u>58,462</u>
Total general fund	<u>\$ 90,859</u>	<u>\$ 97,218</u>	<u>\$ 104,538</u>	<u>\$ 136,763</u>	<u>\$ 133,944</u>
Capital Projects:					
Non-spendable	\$ --	\$ --	\$ --	\$ --	\$ --
Restricted	32,128	52,852	67,266	57,930	39,189
Committed	<u>7,747</u>	<u>21,676</u>	<u>29,786</u>	<u>50,666</u>	<u>95,576</u>
Total capital projects	<u>\$ 39,875</u>	<u>\$ 74,528</u>	<u>\$ 97,052</u>	<u>\$ 108,596</u>	<u>\$ 134,765</u>
Non-major Special Revenue Funds:					
Restricted	<u>23,999</u>	<u>28,292</u>	<u>30,518</u>	<u>38,359</u>	<u>38,935</u>
Total non-major special revenue funds	<u>\$ 23,999</u>	<u>\$ 28,292</u>	<u>\$ 30,518</u>	<u>\$ 38,359</u>	<u>\$ 38,935</u>

2007	2008	2009	2010	2011	
\$ 381	\$ 324	\$ 293	\$ 201	\$ 224	General Fund:
1,597	1,861	1,559	1,321	1,369	Non-spendable
68,070	59,181	95,532	99,627	113,811	Restricted
8,378	7,331	4,311	3,780	7,570	Committed
61,666	63,228	67,187	63,948	62,422	Assigned
\$ 140,092	\$ 131,925	\$ 168,882	\$ 168,877	\$ 185,396	Unassigned
					Total general fund
\$ --	\$ 23	\$ 34	\$ 34	\$ 34	Capital Projects:
77,160	32,911	55,992	8,550	26,798	Non-spendable
87,835	104,452	87,102	111,574	109,413	Restricted
\$ 164,995	\$ 137,386	\$ 143,128	\$ 120,158	136,245	Committed
					Total capital projects
47,502	61,807	67,497	67,339	73,173	Non-major Special Revenue Funds:
\$ 47,502	\$ 61,807	\$ 67,497	\$ 67,339	\$ 73,173	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)

	2002	2003	2004	2005	2006
REVENUES:					
General property taxes	\$ 301,735	\$ 347,248	\$ 390,802	\$ 440,822	\$ 482,075
Other local taxes	82,696	91,071	104,865	126,063	136,936
Permits, privilege fees and regulatory licenses	19,123	21,552	23,480	20,418	18,793
Fines and forfeitures	2,020	1,880	2,329	2,392	2,469
From use of money and property	8,869	7,076	4,258	12,494	18,213
Charges for services	9,716	11,048	13,501	15,133	17,203
Intergovernmental revenues:					
Federal	23,431	39,251	43,909	44,354	43,677
State	87,716	83,945	86,794	88,567	102,420
Local	6,297	7,097	7,333	8,085	8,289
Donations and contributions	130	91	113	147	129
Miscellaneous	9,482	7,138	7,957	18,994	26,285
Total revenues	<u>551,215</u>	<u>617,397</u>	<u>685,341</u>	<u>777,469</u>	<u>856,489</u>
EXPENDITURES:					
General government administration	26,594	28,098	29,981	33,176	35,685
Judicial administration	11,638	12,709	14,679	14,589	16,180
Public safety	96,844	113,988	132,761	144,058	171,717
Public works	16,987	21,857	19,854	22,296	23,567
Health and welfare	52,011	55,020	59,572	61,534	64,880
Education	273,741	323,263	314,193	357,726	388,718
Parks, recreational and cultural	25,500	26,769	28,197	27,600	29,922
Community development	19,177	37,726	43,447	43,805	47,938
Debt service:					
Principal retirement	27,179	31,236	35,615	40,323	47,955
Interest and other debt costs	20,294	24,200	25,493	30,029	33,171
Intergovernmental - arbitrage rebate	(238)	52	(126)	71	217
Capital outlays	44,660	30,548	33,759	61,804	104,042
Total expenditures	<u>614,387</u>	<u>705,466</u>	<u>737,425</u>	<u>837,011</u>	<u>963,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,172)</u>	<u>(88,069)</u>	<u>(52,084)</u>	<u>(59,542)</u>	<u>(107,503)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	43,703	22,240	38,058	33,756	72,779
Transfers out	(47,538)	(24,660)	(35,151)	(31,785)	(67,675)
Sale of lease participation certificates	--	--	6,345	3,300	59,885
Bonds, notes and capital leases	94,170	127,918	69,233	100,320	61,605
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	2,265	11,107	4,346	5,003	2,353
Premium from refunding bonds	--	--	--	3,841	--
Premium on sale of lease participation certificates	293	--	328	54	2,164
Premiums from refunding lease participation certificates	--	--	--	--	17
Insurance recoveries	--	--	35	--	--
State literary fund proceeds	--	854	--	--	--
Sale of surplus property	429	398	829	205	145
Total other financing sources (uses)	<u>93,322</u>	<u>133,544</u>	<u>84,023</u>	<u>111,267</u>	<u>131,534</u>
Net change in fund balances	<u>\$ 30,150</u>	<u>\$ 45,475</u>	<u>\$ 31,939</u>	<u>\$ 51,725</u>	<u>\$ 24,031</u>
Debt service as a percentage of noncapital expenditures	8.13%	8.33%	8.50%	8.58%	8.93%

2007	2008	2009	2010	2011	
					REVENUES:
\$ 535,367	\$ 560,637	\$ 623,758	\$ 577,981	583,220	General property taxes
129,357	125,470	120,732	99,973	105,152	Other local taxes
14,596	13,607	11,374	10,617	11,495	Permits, privilege fees and regulatory licenses
2,767	2,664	2,759	2,866	3,241	Fines and forfeitures
27,476	30,579	22,431	27,489	7,547	From use of money and property
15,035	18,446	14,528	13,803	13,972	Charges for services
					Intergovernmental revenues:
44,802	46,133	40,735	47,201	62,154	Federal
99,511	96,842	117,091	133,976	126,233	State
10,095	10,307	9,378	8,912	8,473	Local
119	107	95	61	70	Donations and contributions
24,735	25,656	26,255	21,893	15,706	Miscellaneous
903,860	930,448	989,136	944,772	937,263	Total revenues
					EXPENDITURES:
34,649	35,838	35,712	33,982	35,296	General government administration
17,599	18,182	18,271	16,971	17,505	Judicial administration
244,659	191,061	207,920	202,196	198,402	Public safety
27,738	30,188	29,218	25,545	27,736	Public works
70,596	75,562	74,765	74,593	76,896	Health and welfare
416,114	403,396	434,596	437,057	361,447	Education
32,828	36,097	34,549	36,485	29,849	Parks, recreational and cultural
44,123	42,353	43,107	44,389	45,183	Community development
					Debt service:
52,455	60,162	61,753	92,223	66,811	Principal retirement
37,675	39,990	41,029	43,326	43,817	Interest and other debt costs
1,060	147	--	--	--	Intergovernmental - arbitrage rebate
89,033	74,601	112,121	34,063	26,914	Capital outlays
1,068,529	1,007,577	1,093,041	1,040,830	929,856	Total expenditures
					Excess (deficiency) of revenues over
(164,669)	(77,129)	(103,905)	(96,058)	7,407	(under) expenditures
					OTHER FINANCING SOURCES (USES):
73,392	54,079	47,880	39,033	32,677	Transfers in
(60,932)	(58,921)	(40,621)	(48,942)	(32,486)	Transfers out
93,075	10,710	37,945	--	--	Sale of lease participation certificates
98,730	45,890	97,950	80,380	29,085	Bonds, notes and capital leases
--	--	--	--	--	Refunding of lease participation certificates
--	--	--	--	82,410	Refunding bonds
--	--	--	--	--	Payments to refunded lease participation
--	--	--	--	--	certificates escrow agent
--	--	--	--	(91,667)	Payments to refunded bond escrow agent
3,905	3,343	8,976	2,205	1,069	Premium on sale of bonds
--	--	--	--	9,757	Premium from refunding bonds
1,368	457	--	--	--	Premium on sale of lease participation certificates
--	--	--	--	--	Premiums from refunding lease participation certificates
--	--	--	--	--	Insurance recoveries
--	--	--	--	--	State literary fund proceeds
75	135	154	250	188	Sale of surplus property
209,613	55,693	152,284	72,926	31,033	Total other financing sources (uses)
\$ 44,944	\$ (21,436)	\$ 48,379	\$ (23,132)	38,440	Net change in fund balances
8.74%	10.03%	9.49%	13.20%	12.00%	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)

	2002	2003	2004	2005	2006
Additions					
Member contributions	\$ 462	\$ 504	\$ 558	\$ 593	\$ 669
Employer contributions	462	504	558	593	669
Investment income (net of expenses)	<u>(50)</u>	<u>1,035</u>	<u>2,590</u>	<u>2,278</u>	<u>2,066</u>
Total additions to plan net assets	<u>\$ 874</u>	<u>\$ 2,043</u>	<u>\$ 3,706</u>	<u>\$ 3,464</u>	<u>\$ 3,404</u>
Deductions					
Benefit payments	\$ 417	\$ 590	\$ 853	\$ 834	\$ 1,002
Refunds	37	56	63	19	75
Administrative expenses	<u>95</u>	<u>68</u>	<u>51</u>	<u>79</u>	<u>73</u>
Change in net assets	<u><u>\$ 325</u></u>	<u><u>\$ 1,329</u></u>	<u><u>\$ 2,739</u></u>	<u><u>\$ 2,532</u></u>	<u><u>\$ 2,254</u></u>

2007	2008	2009	2010	2011	
					Additions
\$ 722	\$ 757	\$ 802	\$ 826	\$ 839	Member contributions
722	757	802	827	839	Employer contributions
<u>3,479</u>	<u>(603)</u>	<u>(4,577)</u>	<u>2,003</u>	<u>4,983</u>	Investment income (net of expenses)
\$ <u>4,923</u>	\$ <u>911</u>	\$ <u>(2,973)</u>	\$ <u>3,656</u>	\$ <u>6,661</u>	Total additions to plan net assets
					Deductions
\$ 1,089	\$ 1,121	\$ 1,291	\$ 1,475	\$ 1,763	Benefit payments
34	149	37	200	86	Refunds
<u>69</u>	<u>73</u>	<u>127</u>	<u>137</u>	<u>105</u>	Administrative expenses
\$ <u><u>3,731</u></u>	\$ <u><u>(432)</u></u>	\$ <u><u>(4,428)</u></u>	\$ <u><u>1,844</u></u>	\$ <u><u>4,707</u></u>	Change in net assets

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 6 - General Governmental Revenues by Source^a

Last Ten Fiscal Years

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

Fiscal Year	Taxes ^b	Licenses, Fees & Permits	Fines & Forfeitures	Use of Money & Property	Charges for Services
2002	\$ 384,431	\$ 19,123	\$ 2,020	\$ 12,399	\$ 27,854
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
Change 2002 - 2011	79.06%	-39.89%	60.45%	0.06%	25.49%

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

^b 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 27.5% for fiscal year 2000, 47.5% for fiscal year 2001, 70.0% for fiscal years 2002 through 2006, and 61.5% for fiscal year 2007 through 2008. The reimbursement for fiscal year 2011 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 thous

Fiscal Year	Real Estate	Personal Property ^a	Public Service	Total General ^b Property Taxes	Sales Tax
2002	\$ 248,430	\$ 38,675	\$ 12,286	\$ 299,391	\$ 33,444
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
Change 2002 - 2011	99.21%	77.87%	38.78%	93.97%	48.17%

^a Starting in fiscal year 2000, the personal property tax revenues exclude reimbursements from the Commonwealth under the Personal Property Tax Relief Act.

^b Excludes administration fees, penalties and interest related to property taxes. These revenues are included in "All Other" column.

Inter-Governmental ^b						
PPTRA	All Others	Miscellaneous	Total	Fiscal Year		
\$ 41,144	\$ 311,322	\$ 11,015	\$ 809,308	2002		
\$ 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		
31.95%	110.96%	63.68%	82.82%	Change 2002 - 2011		

Utility Taxes	BPOL Tax	All Other ^b	Total	Fiscal Year		
\$ 19,247	\$ 13,385	\$ 18,964	\$ 384,431	2002		
\$ 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		
-31.47%	56.63%	26.17%	79.06%	Change 2002 - 2011		

COUNTY OF PRINCE WILLIAM, VIRGINIA
TABLE 7 - Assessed Value and Actual Value of Taxable Real Property

Last Ten Fiscal Years

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

Fiscal Year	Residential ^a	Apartments ^a	Commercial & Industrial ^a	Public Service ^a	Vacant Land & Other ^a	Total Taxable Assessed Value	Total Direct Tax Rate ^b	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2002	\$13,995,425	\$770,902	\$2,797,878	\$887,526	\$337,530	\$18,789,261	\$1.38	\$23,422,264	80.22%
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	\$43,756,257	89.72%

^a Net of tax-exempt property:

2002 - \$1,529,681	2007 - \$3,049,599
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

^b See Table 8, Direct and Overlapping Property Tax Rates.

TABLE 7A - Commercial to Total Assessment Ratio, Construction and Bank Deposits

Last Ten Fiscal Years

(dollars expressed in millions)

Fiscal Year	Commercial as a		New Construction ^a					Bank Deposits ^b
	Percent of Total Taxable		Residential		Non-Residential			
	Commercial to	Commercial & Public Service to	Permits	Value	Permits	Value		
2002	14.9%	19.6%	4,528	\$ 502	83	\$ 132	\$ 1,433	
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	

^a Building Development Division, Department of Public Works.

^b Includes deposits in commercial banks, savings banks and credit unions at June 30 for year shown. 2002-2011, 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	2002	2003	2004	2005	2006
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
Real Estate - General Fund	\$1.30000	\$1.23000	\$1.16000	\$1.07000	\$0.91000
Fire and Rescue Levy (Countywide)	\$0.07280	\$0.07280	\$0.07280	\$0.06600	\$0.05600
Gypsy Moth Levy (Countywide)	\$0.00400	\$0.00400	\$0.00400	\$0.00400	\$0.00250
Total Direct Tax Rate	<u>\$1.37680</u>	<u>\$1.30680</u>	<u>\$1.23680</u>	<u>\$1.14000</u>	<u>\$0.96850</u>
Sanitary District Levy					
Bull Run	\$0.00001	\$0.00001	\$0.00001	\$0.00001	\$0.00001
Occoquan Forest	\$0.16000	\$0.00001	\$0.00001	\$0.00001	\$0.00001
Service District Levies -					
Bull Run	\$0.10000	\$0.10000	\$0.10000	\$0.10000	\$0.10000
Lake Jackson	\$0.11000	\$0.11000	\$0.11000	\$0.11000	\$0.11000
Circuit Court	--	--	\$0.28000	\$0.28000	\$0.23000
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	\$0.23000	\$0.22000	--
Woodbine Forest Service	\$0.14000	\$0.07000	--	--	--
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
Town of Dumfries	\$0.12420	\$0.12420	\$0.12420	\$0.12420	\$0.13000
Town of Haymarket	\$0.14000	\$0.14000	\$0.14000	\$0.14000	\$0.14000
Town of Occoquan	\$0.05000	\$0.05000	\$0.05000	\$0.05000	\$0.05000
Town of Quantico	\$0.20000	\$0.20000	\$0.20000	\$0.20000	\$0.15000

2007	2008	2009	2010	2011	Type of Tax
PRINCE WILLIAM COUNTY					
<i>Countywide Tax Levies:</i>					
\$0.75800	\$0.78700	\$0.97000	\$1.21200	\$1.23600	Real Estate - General Fund
\$0.04660	\$0.04840	\$0.05970	\$0.07460	\$0.07610	Fire and Rescue Levy (Countywide)
\$0.00250	\$0.00250	\$0.00250	\$0.00250	\$0.00250	Gypsy Moth Levy (Countywide)
<u>\$0.80710</u>	<u>\$0.83790</u>	<u>\$1.03220</u>	<u>\$1.28910</u>	<u>\$1.31460</u>	Total Direct Tax Rate
Sanitary District Levy					
--	--	--	--	--	Bull Run
--	--	--	--	--	Occoquan Forest
Service District Levies -					
\$0.12000	\$0.12000	\$0.13800	\$0.19900	\$0.20100	Bull Run
\$0.11000	\$0.11000	\$0.12300	\$0.17200	\$0.17500	Lake Jackson
\$0.19000	\$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
OVERLAPPING GOVERNMENTS					
<i>Real Estate Tax Levy:</i>					
\$0.18000	\$0.18000	\$0.18000	\$0.35330	\$0.33350	Town of Dumfries
\$0.12000	\$0.12800	\$0.16400	\$0.16400	\$0.16400	Town of Haymarket
\$0.08500	\$0.08500	\$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	2011				2002			
	Taxable Assessed		Percentage of Total County Taxable Assessed		Taxable Assessed		Percentage of Total County Taxable Assessed	
	Value	Rank	Value ^a		Value	Rank	Value ^a	
VA Electric & Power Company	\$ 705,155	1	1.80%		\$ 392,130	1	2.09%	
Mall at Potomac Mills, LLC	400,609	2	1.02%		238,986	2	1.27%	
Northern Virginia Electric Co-op	263,114	3	0.67%		156,279	3	0.83%	
Verizon South, Inc.	169,997	4	0.43%		136,455	4	0.73%	
Washington Gas Light Company	96,901	5	0.25%		62,206	7	0.33%	
Prince William Square Investors LLC	81,111	6	0.21%		-		-	
Manassas Owner LLC	77,179	7	0.20%		-		-	
TR Rolling Brook Corp.	75,033	8	0.19%		-		-	
Stellar Chatsworth LLC	72,568	9	0.18%		-		-	
Dominion Country Club, LP	67,914	10	0.17%		-		-	
AOL LLC	-		-		73,681	5	0.39%	
Manassas Mall LLC	-		-		65,048	6	0.35%	
WNH Limited Partnership	-		-		61,715	8	0.33%	
Kir Smoketown Station LP	-		-		52,297	9	0.28%	
Hylton	-		-		47,258	10	0.25%	
	<u>\$ 2,009,581</u>		<u>5.12%</u>		<u>\$ 1,286,055</u>		<u>6.84%</u>	

^a See Table 7 for a ten-year listing of Taxable Assessed Values.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 10 - Real Property Tax Levies and Collections

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Collected within the Fiscal Year of the Levy				Total Collections to Date ^b					
	Total Adjusted Tax Levy ^a	Amount	Percentage of Levy	Collections in Subsequent Years	Percentage of Levy Collected	Penalties on Taxes Collected	Amount	Percentage of Levy		
2002	\$ 258,953	\$ 256,934	99.2%	\$ 1,709	99.9%	\$ 1,134	\$ 259,777	100.3%		
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%	\$ 1,794	99.8%	\$ 1,698	\$ 511,756	100.2%		
2011	\$ 511,316	\$ 509,154	99.6%	\$ --	99.6%	\$ 1,376	\$ 510,530	99.8%		

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

^b Total collections to date include the effects of penalties assessed on amounts paid past the due date.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 11 - Ratios of Outstanding Debt by Type, Primary Government and Component Units

Last Ten Fiscal Years

(amounts expressed in thousands, except percentage and per capita)

	2002	2003	2004	2005	2006
Primary Government					
<i>Governmental Activities:</i>					
General Obligation Bonds ^a					
General Government	\$ 92,272	\$ 96,668	\$ 108,292	\$ 140,039	\$ 128,525
School Board-Related	305,091	367,341	395,333	432,562	467,363
Park Authority-Related	2,888	9,699	9,531	7,000	6,267
IDA Lease Revenue Bonds	13,410	12,875	12,315	11,970	11,140
Literary Fund Loans	6,093	6,209	5,713	5,316	4,918
Real Property Capital Leases					
General Government	55,245	78,590	80,645	79,025	132,825
Adult Detention Center	--	--	--	--	--
Park Authority	--	--	--	--	--
Commuter Rail Capital Leases**	3,608	3,301	2,977	2,629	2,258
Equipment Capital Leases	--	562	527	381	228
Installment Notes Payable	1,158	1,045	924	795	657
Internal Service Funds Leases and Notes	24	12	--	--	--
<i>Business-Type Activities:</i>					
Solid Waste System Revenue Bonds**	\$ 20,119	\$ 18,327	\$ 17,179	\$ 13,920	\$ 12,550
Sanitary District Bonds**	--	--	--	--	--
Taxable Revenue Notes	1,100	250	250	250	3,250
Total Primary Government	<u>\$ 501,008</u>	<u>\$ 594,879</u>	<u>\$ 633,686</u>	<u>\$ 693,887</u>	<u>\$ 769,981</u>
Percentage of Personal Income ^b	4.31%	4.80%	4.62%	4.62%	4.79%
Per Capita ^b	1,676	1,908	1,960	2,056	2,196
Component Units					
Park Authority Component Unit ^c :					
Series 1999 Revenue Bonds**	20,780	20,425	19,112	18,795	18,459
Equipment Capital Leases**	527	2,003	1,833	1,353	2,249
Installment Notes Payable** / ^d	2,087	1,718	1,023	904	780
Total Component Units	<u>23,394</u>	<u>24,146</u>	<u>21,968</u>	<u>21,052</u>	<u>21,488</u>
Total Reporting Entity Outstanding Debt	524,402	619,025	655,654	714,939	791,469
Less: Self-Supporting Revenue and Other Bonds	<u>47,121</u>	<u>45,774</u>	<u>42,124</u>	<u>37,601</u>	<u>36,296</u>
Net Tax-Supported Debt	<u>\$ 477,281</u>	<u>\$ 573,251</u>	<u>\$ 613,530</u>	<u>\$ 677,338</u>	<u>\$ 755,173</u>

* Not available

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

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

^b See Table 16 for personal income and population data.

^c 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.

^d Restated in fiscal year 2003.

2007	2008	2009	2010	2011	
					Primary Government
					<i>Governmental Activities:</i>
					General Obligation Bonds ^a
\$ 149,362	\$ 136,200	\$ 165,649	\$ 151,352	\$ 156,520	General Government
502,453	515,486	531,815	576,826	549,775	School Board-Related
5,537	4,810	8,477	7,842	7,210	Park Authority-Related
10,430	9,680	8,870	8,030	7,160	IDA Lease Revenue Bonds
4,520	4,124	3,749	3,374	3,000	Literary Fund Loans
					Real Property Capital Leases
150,189	151,039	179,298	169,012	156,854	General Government
68,005	66,275	64,550	34,825	33,100	Adult Detention Center
594	561	528	495	462	Park Authority
1,863	1,442	992	511	--	Commuter Rail Capital Leases**
68	--	--	--	485	Equipment Capital Leases
509	351	182	--	--	Installment Notes Payable
--	--	--	--	--	Internal Service Funds Leases and Notes
					<i>Business-Type Activities:</i>
\$ 11,065	\$ 9,535	\$ 7,945	\$ 6,295	4,595	Solid Waste System Revenue Bonds**
--	--	--	--	--	Sanitary District Bonds**
3,250	--	--	--	--	Taxable Revenue Notes
<u>\$ 907,845</u>	<u>\$ 899,503</u>	<u>\$ 972,055</u>	<u>\$ 958,562</u>	<u>919,161</u>	Total Primary Government
5.28%	4.93%	5.19%	4.78%	*	Percentage of Personal Income ^b
2,528	2,444	2,594	2,464	2,263	Per Capita ^b
					Component Units
					Park Authority Component Unit ^c :
18,101	17,725	17,323	12,481	12,008	Series 1999 Revenue Bonds**
1,710	3,116	2,800	2,254	1,689	Equipment Capital Leases**
651	517	376	230	78	Installment Notes Payable** / ^d
<u>20,462</u>	<u>21,358</u>	<u>20,499</u>	<u>14,965</u>	<u>13,775</u>	Total Component Units
928,307	920,861	992,554	973,527	932,936	Total Reporting Entity Outstanding Debt
<u>33,390</u>	<u>32,335</u>	<u>29,436</u>	<u>21,771</u>	<u>18,370</u>	Less: Self-Supporting Revenue and Other Bonds
<u>\$ 894,917</u>	<u>\$ 888,526</u>	<u>\$ 963,118</u>	<u>\$ 951,756</u>	<u>\$ 914,566</u>	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 ^a	IDA Lease Revenue Bonds	Solid Waste System Revenue Bonds	Total	Percentage of Estimated Actual Taxable Value of Property ^b	Per Capita ^c
2002	\$ 400,251	13,410	20,119	433,780	1.85%	1,452
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	1.66%	1,786

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

^b See Table 7 for property value data.

^c See Table 16 for population data.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 13 - Direct and Overlapping Governmental Activities Debt

As of June 30, 2011

(amounts expressed in thousands)

	Outstanding on June 30, 2011	Percent Applicable to County	Amount Applicable to County	Percent of Assessed Value ^b
Direct:				
Net Tax Supported Debt ^a	\$ 914,566	100.00%	\$ 914,566	2.3297%
Overlapping:				
Town of Dumfries	3,122	100.00%	3,122	0.0080%
Town of Quantico	230	100.00%	230	0.0006%
Town of Haymarket	2,062	100.00%	2,062	0.0053%
Heritage Hunt Commercial Community Development Authority Special Assessment Bonds Series 1999 A and B	1,957	100.00%	1,957	0.0050%
Virginia Gateway Community Development Authority Special Assessment Bond Series 1999 and 2003 B	12,128	100.00%	12,128	0.0309%
Northern Virginia Transportation Commission - Virginia Railway Express ^c	107,767	39.73%	42,815	0.1091%
Northern Virginia Criminal Justice Training Academy (NVCJTA) ^c	15,505	28.02%	4,345	0.0111%
Upper Occoquan Sewage Authority (UOSA) ^c	276,288	1.55%	4,270	0.0109%
Total Overlapping Governmental Activities Debt	\$ 419,058	16.93%	\$ 70,928	0.1807%
Total Direct and Overlapping Governmental Activities Debt	\$ 1,333,624	73.90%	\$ 985,494	2.5104%

^a From Table 11.

^b Assessed value of taxable property is from Table 7.

^c Amount applicable determined on basis other than assessed value of taxable property.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 14 - Debt Ratio Information

Last Ten Fiscal Years

(amounts expressed in thousands)

The issuance of bonds by Virginia counties is not subject to statutory limitation. However, counties generally are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum. This referendum requirement does not apply to bonds for capital projects for school purposes sold to the Literary Fund or the Virginia Public School Authority. The County has \$325,945 in general obligation bonds authorized in referenda which have not been issued as of June 30, 2011. 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.

	2002	2003	2004	2005	2006
General Government ^a					
Principal	26,892	30,929	35,165	39,975	47,584
Interest ^b	20,035	23,959	25,247	29,849	32,995
Internal Service Fund Debt Service ^c	11	12	12	--	--
Debt Service on Net Tax-Supported Debt	46,938	54,900	60,424	69,824	80,579
Total Government Expenditures ^d	744,959	845,342	925,866	1,033,382	1,125,453
Ratio of Debt Service to Expenditures	6.3%	6.5%	6.5%	6.8%	7.2%
Total Revenues ^e	775,222	820,465	956,529	1,089,605	1,188,320
Ratio of Debt Service to Revenues	6.1%	6.7%	6.3%	6.4%	6.8%
Net Tax-Supported Debt ^f	477,281	573,251	613,530	677,338	755,173
Assessed Value of Taxable Property ^g	21,202,151	25,551,796	30,498,825	37,138,437	47,160,546
Ratio of Net Tax-Supported Debt to Asses:	2.3%	2.2%	2.0%	1.8%	1.6%

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%.

^a Includes debt service expenditures of the General Fund, Special Revenue Funds (excluding the PRTC lease), Capital Projects Funds, and the School Board and Adult Detention Center Component Units.

^b Excludes bond issuance and other costs.

^c Debt Service expenditures in the Internal Service Funds are included since operating revenues available to pay debt service in these funds comes primarily from charges to the General Fund.

^d Total Expenditures excluding capital projects from Table 22.

^e Includes revenues of the General Fund, Special Revenue Funds (excluding the Fire & Rescue Levy Fund) and School Board and Adult Detention Center Component Units for all years through fiscal year 2002. Beginning in fiscal year 2003 the Fire & Rescue Levy Fund is included.

^f From Table 11.

^g From Table 7 and Table 21.

2007	2008	2009	2010	2011	
52,060	59,741	61,303	91,742	66,299	General Government ^a
37,524	39,865	41,032	43,272	43,783	Principal
--	--	--	--	--	Interest ^b
89,584	99,606	102,335	135,014	110,082	Internal Service Fund Debt Service ^c
1,310,566	1,325,488	1,331,692	1,386,901	1,337,189	Debt Service on Net Tax-Supported Debt
6.8%	7.5%	7.7%	9.7%	8.2%	Total Government Expenditures ^d
1,360,579	1,364,972	1,441,690	1,392,237	1,439,786	Ratio of Debt Service to Expenditures
6.6%	7.3%	7.1%	9.7%	7.6%	Total Revenues ^e
894,917	888,526	963,118	951,756	914,566	Ratio of Debt Service to Revenues
61,267,297	62,011,351	56,999,051	43,359,775	42,750,432	Net Tax-Supported Debt ^f
1.5%	1.4%	1.7%	2.2%	2.1%	Assessed Value of Taxable Property ^g
					Ratio of Net Tax-Supported Debt to Assessed Value

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 15 - Revenue Bond Coverage for Solid Waste System Revenue Bonds

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	System Revenues ^a	Operating Expenses and Transfers ^b	Closure Payment ^c	Net Revenue Available for Debt Service	Debt Service Payments ^d		Total	Coverage ^f
					Principal ^e	Interest		
2002	\$ 11,622	\$ 6,893	\$ --	\$ 4,729	\$ 1,766	\$ 1,222	\$ 2,988	1.58
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

^a 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.

^b 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.

^c There is no provision for fiscal years 2002, 2009, or 2010 closure payment due to revised engineering estimate increasing the capacity because of changes in slope design.

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

^e In fiscal year 2005, certain bonds were refunded, and a portion of the proceeds were used to pay down principal resulting in excess principal payments of \$1.9 million. This amount is excluded from the normal principal payments noted above.

^f Required coverage is 1.15.

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

Year	Population ^a	Personal Income ^b (in thousands)	Per Capita Income ^b	Fall School Enrollment ^c	Average Civilian Labor Force ^d	Average Unemployment Rate ^d
2002	298,843	\$11,616,846	\$32,563	57,397	168,053	3.6%
2003	311,749	\$12,399,884	\$33,636	59,835	174,911	3.9%
2004	323,377	\$13,723,915	\$35,963	62,691	183,258	3.1%
2005	337,439	\$15,012,664	\$38,120	65,541	192,173	3.0%
2006	350,612	\$16,088,936	\$40,238	67,708	198,763	2.6%
2007	359,174	\$17,200,916	\$42,267	70,195	202,351	2.6%
2008	368,016	\$18,244,144	\$44,265	72,186	206,764	3.4%
2009	374,776	\$18,745,817	\$43,827	73,918	213,697	5.9%
2010	389,001	\$20,051,058	\$42,901	76,874	215,230	5.8%
2011	406,110	*	*	79,379	216,725	5.3%

* Not available

^a US Census Bureau, Population Estimates Program (data as of July 1, 2010).

^b Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Includes cities of Manassas and Manassas Park (data as of April, 2009).

2010 data estimated based upon ten-year growth rates on BEA data from 2000 through 2009.

^c Fall Membership by Division, by Grade, Virginia Department of Education; Prince William County Public Schools, as of December 2, 2010.

^d Bureau of Labor Statistics, LAUS data (data are annual averages with the exception of the most recent monthly data)

TABLE 16A - Comparative Demographic Statistics
 2000 & 2010 U.S. Census Bureau Data

	2000	2010			
	Prince William County	William County	Washington MSA	Virginia	United States
Population^a:					
Median Age	31.9	33.5	33.8	37.5	37.2
Percent School Age	24.4%	23.1%	15.1%	19.7%	20.4%
Percent Working Age	62.3%	61.9%	68.1%	61.8%	60.0%
Percent 65 and over	4.8%	6.8%	11.5%	12.2%	13.1%
Education^b:					
High School or Higher	88.8%	87.6%	89.6%	86.5%	85.6%
Bachelor's Degree or Higher	31.5%	36.9%	46.8%	34.2%	28.2%
Income^b:					
Median Family Income	\$71,622	\$102,117	\$100,921	\$72,476	\$60,609
Percent Below Poverty Level	4.4%	4.4%	5.4%	7.7%	11.3%
Housing:					
Number Persons / Household ^a	2.9	3.1	2.1	2.5	2.6
Percent Owner Occupied ^b	71.0%	73.2%	42.0%	67.2%	65.1%
Owner Occupied Median Value ^b	\$149,600	\$316,600	\$376,200	\$249,100	\$179,900

^a U.S. Bureau of the Census Bureau, 2000 and 2010 Census Data.

^b U.S. Bureau of the Census Bureau, 2000 and 2010 American Community Survey-1 Year Estimates.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 17 - Principal Employers

Current Year and Nine Years Ago

Employer ^a	2011			2002		
	Ownership	Rank	Number of Employees ^b	Ownership	Rank	Number of Employees ^b
Prince William County School Board	Local Government	1	1000 and over	Local Government	1	1000 and over
U.S. Department of Defense	Federal Government	2	1000 and over	Federal Government	3	1000 and over
County of Prince William	Local Government	3	1000 and over	Local Government	2	1000 and over
U.S. Federal Bureau of Investigation	Federal Government	4	1000 and over			
Wal Mart	Private	5	1000 and over	Private	9	500 to 999
Sentara Healthcare/Potomac Hospital Corporation	Private	6	1000 and over	Private	5	500 to 999
Morale Welfare and Recreation	Federal Government	7	1000 and over	Federal Government	10	500 to 999
Target Corp	Private	8	500 to 999			
Wegmans Store #07	Private	9	500 to 999			
Minnieland Private Day School	Private	10	500 to 999			
Temporary Solutions				Private	4	1000 and over
S.W. Rogers Corporation				Private	6	500 to 999
Giant Food				Private	7	500 to 999
Northern Virginia Community College				State Government	8	500 to 999

^a All data provided by the Virginia Employment Commission (1st Quarter, 2011 & 2002).

^b Prince William County is prohibited from publishing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act of 2002 – Title V of Public Law 107-347.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 18 - Full-Time Equivalent County Government Employees by Function

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Board of Supervisors	12.12	12.12	12.12	12.12	17.00	17.00	17.00	17.00	19.00	18.00
County Attorney	21.00	24.00	26.00	26.00	27.00	29.00	27.00	27.00	25.00	24.00
Audit Services	--	--	--	--	--	--	--	--	--	7.00
Office of Executive Management	50.90	54.90	57.40	59.40	61.40	62.38	59.98	61.98	54.95	49.95
Technology and Support Services	85.53	89.53	90.53	92.53	97.53	97.53	85.53	85.53	77.53	77.53
Finance	130.33	132.33	133.80	134.80	139.55	142.80	139.80	144.80	145.00	147.00
Human Rights	5.80	5.80	7.00	6.00	6.00	6.00	6.00	6.00	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
Judicial Administration										
Commonwealth Attorney	38.00	39.00	39.00	39.00	41.00	41.00	41.00	41.00	41.00	41.00
Sheriff	69.00	73.00	74.00	79.00	82.00	87.00	87.00	89.00	87.00	89.00
Juvenile and Domestic Relations Court	3.00	5.00	7.00	8.00	8.00	8.00	8.00	9.00	9.00	8.00
Clerk of Court/Judges Chambers	57.70	58.70	60.70	61.00	61.00	62.00	62.00	60.00	57.00	55.00
General District Court	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Law Library	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety										
Police	578.67	604.07	628.07	655.40	673.40	701.40	725.40	758.40	750.20	747.20
Criminal Justice Services	23.86	23.86	25.58	25.95	31.00	32.50	35.50	37.90	37.60	37.60
Public Safety Communications	88.00	88.00	89.00	92.00	95.00	95.00	98.00	98.00	98.00	98.00
Fire Service	277.00	299.00	328.00	357.00	374.00	415.50	445.50	493.50	484.50	514.50
Public Works										
Public Works	263.75	240.48	272.34	292.63	340.07	364.54	332.69	320.68	219.29	225.61
Transportation	--	39.24	41.24	42.24	44.26	62.00	53.00	56.80	53.80	53.80
Solid Waste	47.71	47.71	49.05	51.05	55.38	57.38	57.38	57.39	57.39	57.71
Fleet Management	30.08	30.08	31.08	31.08	33.12	33.12	33.12	34.12	34.15	34.15
Small Project Construction	23.79	23.79	23.79	22.36	23.36	24.20	23.75	23.75	25.11	19.80
Health & Welfare										
Social Services	312.80	323.45	307.95	314.22	315.69	319.31	309.81	313.31	298.36	307.99
Public Health	8.96	9.96	9.96	9.96	9.96	9.96	9.96	9.96	6.60	3.60
Community Services Board	233.46	234.86	223.36	232.53	240.77	248.11	260.11	265.11	265.38	264.88
At-Risk Youth and Family Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Office on Aging	41.25	42.52	42.09	44.26	44.62	44.56	43.53	35.13	28.21	30.07
Office for Women	--	--	--	--	--	--	--	--	--	--
Office on Youth	3.00	2.80	3.00	3.00	7.00	7.00	7.00	8.00	--	--
School Age Child Care	5.00	5.00	5.00	4.00	--	--	--	--	--	--
Parks, Recreational and Cultural										
Library	191.25	191.25	189.68	188.68	188.65	187.74	185.94	184.94	168.39	164.33
Planning/Community Development										
Development Services	--	--	--	--	--	--	--	--	87.50	86.50
Office of Planning	48.00	51.00	55.00	56.00	61.50	63.50	58.50	58.50	33.05	32.05
Economic and Community Development	12.00	12.00	12.00	12.50	12.50	13.00	13.00	13.00	13.00	13.00
Housing & Community Development	27.60	31.80	33.80	33.80	34.00	35.00	29.00	29.00	29.00	29.00
Extension and Continuing Education	8.32	9.08	9.65	9.65	9.65	9.94	9.92	9.92	7.02	7.69
Total Primary Government	<u>2,711.88</u>	<u>2,818.33</u>	<u>2,901.19</u>	<u>3,010.16</u>	<u>3,148.41</u>	<u>3,290.47</u>	<u>3,278.42</u>	<u>3,363.72</u>	<u>3,232.03</u>	<u>3,263.96</u>
Component Units										
Education										
School Board	6,994.00	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
Public Safety										
Adult Detention Center	217.00	225.00	230.00	232.00	244.80	261.80	308.00	337.00	337.00	337.00
Parks, Recreational and Cultural										
Park Authority ^a	363.00	396.00	389.00	380.00	388.00	384.00	389.00	390.00	369.00	372.00
Total Reporting Entity	<u>10,285.88</u>	<u>10,878.33</u>	<u>12,010.19</u>	<u>12,254.16</u>	<u>13,292.21</u>	<u>13,379.27</u>	<u>13,695.42</u>	<u>13,891.97</u>	<u>13,594.03</u>	<u>13,613.96</u>

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.

^aPark Authority figures for years prior to 2004 are as of December 31.

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 19 - Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Judicial Administration										
Land Records Instruments Recorded	132,405	178,717	199,588	188,985	186,802	131,269	93,435	88,932	79,665	78,794
Civil Cases Concluded	3,223	4,089	3,828	3,666	3,649	3,701	3,721	4,269	3,521	4,335
Criminal Cases Concluded	3,067	3,265	3,338	3,317	3,278	4,112	4,509	4,347	4,606	4,159
Public Safety										
<u>Fire & Rescue:</u>										
Fire Incidents	6,458	6,083	6,405	5,766	6,810	6,180	5,761	5,440	5,293	*
EMS Incidents	21,991	22,238	23,509	23,881	25,173	25,568	24,439	24,707	25,479	*
<u>Police:</u>										
Criminal Arrests	12,362	12,304	12,579	12,761	13,374	13,979	14,405	14,307	13,973	*
Calls for Service Handled	192,147	196,352	200,389	208,668	222,818	228,785	238,651	238,376	236,426	*
<u>Jail:</u>										
Inmate Population	664	658	684	698	719	734	737	840	905	850
Public Works										
Facilities Constructed	3	1	1	--	1	3	--	2	--	2
Health & Welfare										
Total CSB Clients Served	7,255	7,490	7,009	6,781	7,234	7,767	7,438	7,904	6,829	7,661
At-Risk Youth & Family Service										
Residential Placements	100	151	151	140	118	147	151	143	131	130
Parks, Recreational and Cultural										
Participant Visits	*	*	*	3,341	3,502	3,702	3,657	3,621	3,693	3,798
Library Patrons (Library Card Holders)	164,864	189,930	205,591	232,448	256,496	263,371	277,077	298,829	264,930	288,752
Planning/Community Development										
Non-residential Permits	3,054	3,673	4,122	4,862	2,871	2,364	1,616	1,340	1,074	1,034
Residential Permits	15,074	16,679	17,807	15,860	10,584	7,375	5,142	4,771	5,325	4,547

Sources: Various county departments.

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

^a 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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Administrative Buildings	3	3	3	3	3	4	4	4	4	4
Judicial Administration										
Courthouse Complex	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police Stations	2	2	2	2	2	3	3	3	3	3
Fire Stations	17	18	18	19	19	19	19	19	19	20
Public Works										
Fleet/Fuel Facilities	2	2	3	3	3	3	3	3	3	3
Health & Welfare										
Senior Centers	2	2	2	2	2	2	2	2	2	2
Group Homes/Clinics	3	3	3	3	3	4	4	5	5	5
Housing/Shelters	4	4	4	4	4	4	4	4	4	4
Parks, Recreational and Cultural										
Athletic Fields ^a	304	304	304	304	304	274	304	282	291	298
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	10	17	15	16	29	29
Indoor Gymnasiums ^a	59	59	59	59	59	59	59	58	68	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
Multi-use Courts	*	*	*	*	*	*	*	*	*	*
Nature Areas	3	3	3	3	3	3	3	4	5	5
Outdoor Basketball Courts	23	23	23	25	25	27	27	27	27	27
Outdoor Swimming Pools	6	6	6	6	6	6	4	4	4	4
Outdoor Volleyball Courts	11	11	11	11	11	9	9	9	9	9
Picnic Shelters	63	63	63	63	63	62	63	63	63	63
Playgrounds	29	29	29	30	30	32	31	33	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	2
Tennis & Racquetball Courts	51	51	51	53	53	33	47	33	32	30
Waterparks	*	*	*	*	*	2	2	2	2	2
Regional and Community Libraries	4	4	4	4	4	4	4	4	4	4
Neighborhood Libraries	6	6	6	6	6	6	6	6	6	6

Sources: Various county departments.

Note: No capital asset indicators are available for the planning/community development function.

^a Includes 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^a

Last Ten Fiscal Years

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

	2002	2003	2004	2005	2006
Personal Property Tax Rates					
Personal Property Class:					
General Class	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Heavy Equipment and Machinery	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000
Computer Equipment	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000
Farmers Machinery and Tools	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (small scheduled)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Aircraft (all other aircraft)	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001
Mining & Manufacturing Tools	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000
Mobile Homes	\$ 1.30000	\$ 1.23000	\$ 1.16000	\$ 1.07000	\$ 0.91000
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
Personal Property Assessments^c					
Locally Assessed Value	\$ 2,410,777	\$ 2,758,620	\$ 2,939,510	\$ 2,997,032	\$ 3,419,461
Public Service Value ^b	\$ 2,113	\$ 2,599	\$ 3,329	\$ 1,358	\$ 1,257
Total Personal Property Assessments	\$ 2,412,890	\$ 2,761,219	\$ 2,942,839	\$ 2,998,390	\$ 3,420,718

^a Fiscal year values represent the assessed value for the prior January 1 (e.g. fiscal year 2011 values are based on the January 1, 2010 assessment).

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

^c The estimated market value of personal property is assumed to equal 100% of the assessed value.

2007	2008	2009	2010	2011	
					Personal Property Tax Rates
					Personal Property Class:
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	General Class
\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	\$ 3.70000	Heavy Equipment and Machinery
\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	\$ 1.25000	Computer Equipment
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Farmers Machinery and Tools
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (small scheduled)
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	Aircraft (all other aircraft)
\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	\$ 2.00000	Mining & Manufacturing Tools
\$ 0.76700	\$ 0.78700	\$ 0.97000	\$ 1.21200	\$ 1.23600	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
\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	\$ 0.00001	
\$ 3,608,756	\$ 3,717,730	\$ 3,769,937	\$ 3,365,319	\$ 3,492,204	Locally Assessed Value
\$ 1,693	\$ 2,210	\$ 3,370	\$ 2,550	\$ 2,157	Public Service Value ^b
<u>\$ 3,610,449</u>	<u>\$ 3,719,940</u>	<u>\$ 3,773,307</u>	<u>\$ 3,367,869</u>	<u>\$ 3,494,361</u>	Total Personal Property Assessments

COUNTY OF PRINCE WILLIAM, VIRGINIA

TABLE 22 - General Governmental Expenditures by Function^a

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Health & Welfare	Education
2002	\$ 26,594	\$ 11,638	\$ 107,171	\$ 16,987	\$ 52,011	\$ 438,646
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

^a 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.

^b Includes principal retirement, interest and other debt costs, and intergovernmental rebate.

TABLE 22A - Capital Projects Expenditures by Function^a

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	General Government	Judicial Administration	Public Safety	Public Works	Health & Welfare	Education
2002	\$ 2,005	\$ 1,407	\$ 17,406	\$ 17,577	\$ 558	\$ 69,544
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

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

	Parks, Recreation & Culture ^b		Community Development		Capital Projects		Debt Service ^c		Total	Fiscal Year
\$	25,500	\$	19,177	\$	114,319	\$	47,235	\$	859,278	2002
\$	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

	Parks, Recreation & Culture		Community Development		Total	Fiscal Year
\$	39	\$	5,783	\$	114,319	2002
\$	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

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

June 30, 2011

Date of County Organization:	March 25, 1731
Form of Government:	County Executive (as provided for by the Code of Virginia)
Area:	348 Square Miles
Services of Primary Government:	
Fire protection:	
Number of career employees	468
Number of volunteers	1,027
Police protection:	
Number of police officers	569
Public Safety Communications:	
Number of employees	98
Services not included in the Primary Government:	
Education (School Board Component Unit):	
Number of public elementary, middle, and other schools	77
Number of public high schools	10
Membership as of September 30, 2010 (FY11)	79,379
Number of personnel (full-time equivalent)	9,641
Recreation (Park Authority Component Unit):	
Acres developed or reserved for County parks	3,886
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
Other statistical data:	
Elections:	
Registered voters at last general election	224,401
Number of votes cast in last general election	96,366
Percent voting in last general election	43%
Water and Wastewater Treatment	
<i>(provided by Prince William County Service Authority):</i>	
Miles of water mains	1,149
Miles of sanitary sewer mains	1,082

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, 2011

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

Public Official Bond - Melissa S. Peacor, County Executive	\$25,000
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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, 2011
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
OFFICE OF NATIONAL DRUG CONTROL POLICY:			
* Pass-Through Payments from University of Maryland: High Intensity Drug Trafficking Area (HIDTA) Project	07.000	not available	\$ 858
Total Office of National Drug Control Policy			<u>\$ 858</u>
DEPARTMENT OF AGRICULTURE:			
* Direct Payments: Child & Adult Care Food Program	10.558	not applicable	\$ 23
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Agriculture:			
Distance Learning - Forest Service	10.000	not available	140
Food Donation - Commodities	10.550	not available	4
Fresh Fruit and Vegetable Program	10.582	17901-40599	215
* Department of Social Services:			
State Administrative Matching Grant for Food Stamp Program	10.561 ⁴	45213-90303 45213-90304 46003-90103 46003-90104 46003-90213 46003-90403 46003-90404 46006-90223 46006-90224 46006-90703 46006-90704	3,148
ARRA - State Administrative Matching Grant for Food Stamp Program	10.561 ⁴	not available	132
* Department of Education:			
Schools and Roads - Grants to States	10.665	17901-43850	1
Child Nutrition Cluster ¹			
* Department of Agriculture & Consumer Services:			
National School Lunch Program - Commodities	10.555 ²	not available	1,659
* Department of Education:			
School Breakfast Program	10.553 ³	17901-40591	3,181
National School Lunch Program	10.555 ²	17901-40623	12,362
* Department of Juvenile Justice:			
School Breakfast Program	10.553 ³	36001-00000	24
National School Lunch Program	10.555 ²	36001-00000 36003-00000	52
Total Department of Agriculture			<u>\$ 20,941</u>

¹ Child Nutrition Cluster Total \$17,278

² CFDA 10.555 Total \$14,073

³ CFDA 10.553 Total \$3,205

⁴ CFDA 10.561 Total \$3,280

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2011
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF DEFENSE:			
* Direct Payments:			
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment or Closure of a Military Installation	12.607	not applicable	\$ 122
Junior ROTC Program	12.000	not applicable	594
Total Department of Defense			<u>\$ 716</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
* Direct Payments:			
Housing Counseling Assistance Program	14.169	not applicable	\$ 101
Community Development Block Grants / Entitlement Grants	14.218 ⁵	not applicable	3,285
Emergency Shelter Grants Program	14.231	not applicable	112
Supportive Housing Program	14.235	not applicable	620
HOME Investment Partnerships Program	14.239	not applicable	1,145
Section 8 Housing Choice Vouchers	14.871	not applicable	25,783
Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253 ⁵	not applicable	69
Homelessness Prevention and Rapid Re-Housing Program ARRA	14.257	not applicable	514
* Pass-Through Payments from Northern Virginia Planning District Commission: Housing Opportunities for Persons with AIDS	14.241	not available	184
Total Department of Housing and Urban Development			<u>\$ 31,813</u>
DEPARTMENT OF THE INTERIOR:			
* Direct Payments:			
Payments in Lieu of Taxes - Public Law # 97-258	15.226	not applicable	\$ 53
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Historic Resources:			
American Battlefield Protection	15.926	not available	512
Save America's Treasures	15.929	not available	13
Total Department of the Interior			<u>\$ 578</u>
DEPARTMENT OF JUSTICE:			
* Direct Payments:			
Criminal Forfeitures	16.000	not applicable	\$ 125
ARRA Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	not applicable	144
Crime Victim Assistance	16.575	not applicable	130
Bulletproof Vest Partnership Program	16.607	not applicable	22
Edward Byrne Memorial Justice Assistance Grant Program	16.738	not applicable	19
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	39001-46500 39001-67700	86
* Pass-Through Payments from Loudoun County: Congressionally Recommended Awards	16.753	not available	390
Total Department of Justice			<u>\$ 916</u>

⁵ CFDA 14.218 & 14.253 Total \$3,354

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2011
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF LABOR:			
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
WIA Adult Program	17.258	18101-86712	\$ 25
WIA Youth Activities	17.259	18101-86713	27
WIA Dislocated Workers - ARRA	17.260	18101-86711	36
Total Department of Labor			<u>\$ 88</u>
DEPARTMENT OF TRANSPORTATION:			
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	60507-50330	\$ 121
Highway Planning and Construction	20.205 ⁶	not available	2,518
ARRA Highway Planning and Construction	20.205 ⁶	not available	5,073
State & Community Highway Safety (Section 402)	20.600	60507-50202 60507-51303	91
* Pass-Through Payments from The Metropolitan Washington Council of Governments New Freedom Program	20.521	not applicable	82
Total Department of Transportation			<u>\$ 7,885</u>
DEPARTMENT OF VETERANS AFFAIRS:			
* Direct Payments:			
Veterans Medical Care Benefits	64.009	not applicable	\$ 1
Total Department of Veterans Affairs			<u>\$ 1</u>
DEPARTMENT OF ENERGY:			
* Direct Payments:			
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	not applicable	\$ 1,540
Total Department of Energy			<u>\$ 1,540</u>

⁶ CFDA 20.205 Total \$7,591

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2011
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF EDUCATION:			
* Direct Payments:			
Impact Aid	84.041	not applicable	\$ 1,215
Fund for the Improvement of Education	84.215	not applicable	353
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Education:			
Adult Education - State Grant Program	84.002	17901-42801 17901-61380	445
Title I Grants to Local Educational Agencies	84.010 ⁷	17901-42892 17901-42901 17901-42935	5,499
Title I Program for Neglected & Delinquent Children	84.013 ⁷	17901-42948	3
Vocational Education - Basic Grants to States	84.048	17901-61095	698
Safe and Drug-Free Schools and Communities National Programs	18.184	18204	42
Safe & Drug-Free Schools & Communities - State Grants	84.186	17901-60511	121
Education for Homeless Children and Youth	84.196	not available	39
Twenty-First Century Community Learning Centers	84.287	17901-60565	151
Education Technology State Grants	84.318	17901-61600	41
English Language Acquisition Grants	84.365	17901-60512	1,419
Title II Part A Improving Teacher Quality State Grants	84.367	17901-61480	1,526
School Improvement Grants	84.377	17901-43040	22
Teacher Incentive Fund, Recovery Act	84.385	not available	109
Education Technology State Grants ARRA	84.386	17901-60897	12
Title I Grants to Local Educational Agencies ARRA	84.389 ⁷	17901-42913	3,109
State Fiscal Stabilization Fund (SFSF) - Education State Grants ARRA	84.394	17901-62532	9,561
Education Jobs Fund - ARRA	84.410	17901-62700	17,016
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Special Education - Grants for Infants & Families with Disabilities	84.181 ⁸	44507-43073	398
Special Education - Grants for Infants and Families ARRA	84.393 ⁸	44507-43173	275
* State Council of Higher Education for Virginia			
Gaining Early Awareness and Readiness for Undergrad Program	84.334	17117	31
Special Education Cluster ⁹			
* Department of Education:			
Special Education - Grants to States	84.027	17901-43071	5,770
Special Education - Preschool Grants	84.173	17901-62521	191
Special Education Grants to State - Recovery Act	84.391	17901-61245	5,713
Special Education - Preschool Grants ARRA	84.392	17901-61247	1,088
* Pass-Through Payments from College of William and Mary			
Education for Homeless Children and Youth ARRA	84.387	not available	10
Total Department of Education			<u>\$ 54,857</u>

⁷ Title I Part A Cluster Total \$8,611

⁸ Early Intervention Services (IDEA) Cluster Total \$673

⁹ Special Education Cluster Total \$12,762

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2011
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
* Direct Payments:			
Head Start Cluster ¹⁰			
Head Start	93.600	not applicable	\$ 2,451
ARRA - Head Start	93.708	not applicable	964
* 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	6
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	45504-45000 45504-45001	2
Special Programs for the Aging Title IV and Title II Discretionary	93.048	45504-51150	9
National Family Caregiver Support, Title III, Part E	93.052	45504-46000	50
Medicare Enrollment Assistance Program	93.071	45504-62004 45504-62005	13
Centers for Medicare & Medicaid Services Research, Demonstrations, & Evaluations	93.779	45504-60000	21
* Department of Mental Health, Mental Retardation & Substance Abuse:			
Block Grants for Community Mental Health Services	93.958	44506-50120	142
Block Grants for the Prevention & Treatment of Substance Abuse	93.959	44501-50149 44501-50160	1,162
Promoting Safe & Stable Families	93.556	46006-90247 46006-90249 46901-90359 46901-90360 46901-90361	265
* Department of Social Services:			
Temporary Assistance for Needy Families	93.558	45201-90603 45212-90366 45212-90377 45805-49415 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 46006-90247	1,553
Refugee & Entrant Assistance - State Administered Programs	93.566	46003-90113 46003-90127 46003-90413 46006-90233 46006-90713 49102-90623	63

¹⁰ Head Start Cluster Total \$3,415

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2011
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Low-Income Home Energy Assistance	93.568	46003-90114 46003-90115 46006-90234 46006-90235	65
Chafee Education and Training Vouchers Program (ETV)	93.599	46901-90353	7
Child Welfare Services State Grants	93.645	46006-90131 46006-90251	8
Foster Care - Title IV-E	93.658 ¹¹	46003-90105 46003-90106 46003-90147 46003-90405 46003-90406 46003-90658 46006-90225 46006-90226 46006-90227 46006-90258 46006-90267 46006-90705 46006-90706 46006-90707 46006-90738 46901-90047 46901-90636 46901-90639	1,020
Foster Care - Title IV-E, Recovery Act	93.658 ¹¹	46901-90636 46901-90639	14
Adoption Assistance	93.659 ¹²	46003-90108 46003-90408 46006-90228 46006-90708 46903-90606 46903-90607 46903-90627	426
Adoption Assistance, Recovery Act	93.659 ¹²	46903-90606 46903-90607	25

¹¹ Foster Care - Title IV-E Cluster Total \$1,034

¹² Adoption Assistance Cluster Total \$451

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2011
 (amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
* Department of Social Services (cont'd):			
Social Services Block Grant	93.667	46003-90120 46003-90123 46003-90124 46003-90125 46003-90126 46006-90240 46006-90242 46006-90243 46006-90244 46006-90245 46006-90246 46006-90262 46802-90312 46802-90313 46802-90332 46802-90338 46802-90340 46802-90379 46901-90351 46901-90358	1,017
Chafee Foster Care Independence Program	93.674	46006-90253 46006-90254 46006-90733 46901-90354	35
Children's Health Insurance Program	93.767	46003-90102 46003-90402 46006-90222 46006-90702	73
Medical Assistance Program	93.778	46003-90101 46003-90146 46003-90401 46003-90446 46006-90221 46006-90266 46006-90701 46006-90746	1,341
Aging Cluster ¹³			
* Department of Aging:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	45504-44110 45504-44111	127
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	45701-40570 45701-44120 45701-44121 45703-44120 45703-44121 45703-44130	179
Aging Home-Delivered Nutrition Services for States ARRA	93.705	45703-69998	5
Aging Congregate Nutrition Services for States ARRA	93.707	45701-69997	15

¹³ Aging Cluster Total \$326

COUNTY OF PRINCE WILLIAM, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2011
(amounts expressed in thousands)

Federal Granting Agency/Recipient Pass-Through Agency/Grant Program	CFDA Number	Pass-Through Agency Identifying Number	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
* Pass-Through Payments from Commonwealth of Virginia (cont'd):			
Child Care Cluster ¹⁴			
* Department of Social Services:			
Child Care & Development Block Grant	93.575	45215-90544 45215-90545 46006-90238	1,929
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 46006-90238 46006-90239	2,429
ARRA - Child Care and Development Block Grant	93.713	45214-90517 45214-90529 45214-90540 45214-90541 45215-90521 45215-90545	171
Total Department of Health and Human Services			<u>\$ 15,587</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
* Direct Payments:			
Learn and Serve America School and Community Based Programs	94.004	not applicable	\$ 25
Total Corporation for National and Community Service			<u>\$ 25</u>
DEPARTMENT OF HOMELAND SECURITY:			
* Direct Payments:			
Emergency Management Performance Grants	97.042	not applicable	\$ 10
Homeland Security Grant Program	97.067 ¹⁵	not applicable	436
State Homeland Security Program (SHSP)	97.073 ¹⁶	not applicable	46
* Pass-Through Payments from Commonwealth of Virginia:			
* Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	77602-146/148	227
State Homeland Security Program (SHSP)	97.073 ¹⁶	77501-52708	21
* Pass-Through Payments from Northern Virginia Regional Commission Homeland Security Grant:			
Homeland Security Grant Program	97.067 ¹⁵	not applicable	134
Total Department of Homeland Security			<u>\$ 874</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 136,679</u>

¹⁴ Child Care Cluster Total \$4,529

¹⁵ Homeland Security Grant Program Total \$570

¹⁶ State Homeland Security Program (SHSP) Total \$67

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011
(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		
14.871 – Section 8 Housing Choice Vouchers	\$	25,783
14.218 & 14.253– Community Development Block Grant		3,354
20.205 – Highway Planning and Construction		7,591
81.128 – Energy Efficiency and Conservation Block Grant		1,540
84.010, 84.013 & 84.389 – Title 1 Part A Cluster		8,611
84.027, 84.173, 84.391 & 84.392 – Special Education Cluster		12,762
84.394 – State Fiscal Stabilization Fund (SFSF)		9,561
84.410 – Education Jobs Fund		17,016
93.600 & 93.708 – Head Start Cluster		3,415
93.575, 93.596 & 93.713 – Child Care Cluster		4,529
Total	\$	<u>94,162</u>

Illustration 1-2 presents the reconciliation of the County's Comprehensive Annual Financial Report (CAFR) Exhibit 5 and Schedule 18 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.pwcgov.org. School Board's CAFR may be obtained through the School's website at www.pwcs.edu.

Illustration 1-2 Reconciliation of Comprehensive Annual Financial Statements to the Schedule of Expenditures of Federal Awards		
County's Total Federal Revenue per Exhibit 5 and Schedule 18	\$	63,458
School's Total Federal Revenue per Exhibit 5		75,984
Items not subject to Single Audit:		
U. S. Marshals/I.N.S. purchase of service agreement		(853)
Other purchase of services agreements		<u>(1,910)</u>
Total Federal Expenditures per SEFA	\$	<u>136,679</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 2011. 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 2011 was \$4. These amounts have been included in the Schedule of Expenditures of Federal Awards and in the County's basic financial statements.

During fiscal year 2011, the County received and expended \$1,659 in surplus food commodities from the federal government. At year end, \$437 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 \$4,430 of which \$3,285 related to Catalog of Federal Domestic Assistance (CFDA) No. 14.218 and \$1,145 related to CFDA No. 14.239.

NOTE (6) – PRIOR YEAR ADJUSTMENT

At June 30, 2010, federal reimbursements due to Prince William County Schools for the fiscal year ended June 30, 2010 in the amount of \$3,134 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:

Illustration 6-1		
Schedule of Expenditures of Federal Awards Adjustment		
		Federal Expenditures
Reported Total Expenditures of Federal Awards for the year Ending June 30, 2010	\$	138,276
Prior Year Adjustments:		
Pass-Through Payments from Commonwealth of Virginia		
• Child Nutrition Cluster		
Department of Education		
10.553 - School Breakfast Program	608	
10.555 – School Lunch Program	2,526	
Total Prior Year Adjustments		3,134
Adjusted Total Expenditures of Federal Awards for the year Ending June 30, 2010	\$	141,140



**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, 2011, which collectively comprise County's basic financial statements and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. As discussed in Note 1.Q to the basic financial statements, the County restated beginning net assets to correct previously reported capital assets and capital leases.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Prince William'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described as Findings 11-1 and 11-2 in the accompanying schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

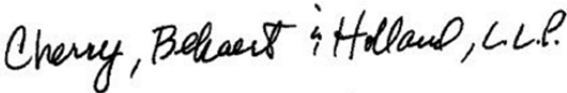
As part of obtaining reasonable assurance about whether the County of Prince William's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 other matters that we reported to management of the County of Prince William in a separate letter dated November 30, 2011.

The County of Prince William's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Prince William's response and, accordingly, we express no opinion on it.

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, L.L.P.

A handwritten signature in black ink that reads "Cherry, Bekaert & Holland, L.L.P." in a cursive, slightly slanted script.

Richmond, Virginia
November 30, 2011



**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's major federal programs for the year ended June 30, 2011. 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 County of Prince William's management. Our responsibility is to express an opinion on 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Findings 11-3 and 11-4.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 11-3 to be material weaknesses

The County of Prince William's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County of Prince William's responses and, accordingly, we express no opinion on the responses

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, L.L.P.

Cherry, Bekaert & Holland, L.L.P.

Richmond, Virginia
November 30, 2011

COUNTY OF PRINCE WILLIAM, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

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?	<u> X </u> Yes	<u> </u> No	
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> None Reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards

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

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA</u>
Section 8 Housing Choice Vouchers	14.871
Community Development Block Grant (CDBG)	14.218 & 14.253
Highway Planning and Construction	20.205
Energy Efficiency and Conservation Block Grant	81.128
Title 1 Part A Cluster	84.010, 84.013 & 84.389
Special Education	84.027, 84.173, 84.391 & 84.392
State Fiscal Stabilization Fund (SFSF)	84.394
Education Jobs Fund	84.410
Head Start Cluster	93.600 & 93.708
Child Care Cluster	93.575, 93.596 & 93.713

Dollar threshold used to distinguish between type A and type B programs (<i>in thousands</i>):	<u> \$ 3,000 </u>	
Auditee qualified as low-risk auditee	<u> </u> Yes	<u> X </u> No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

Section II - Financial Statement Findings

Finding 11-1

INTERNAL CONTROL OVER FINANCIAL REPORTING – PRINCE WILLIAM COUNTY SCHOOLS

Criteria: In order to prepare financial statements in accordance with generally accepted accounting principles (GAAP), accurate and complete accrual entries for receivables, payables and other assets and liabilities must be recorded at year-end to ensure a proper cutoff of revenues, expenditures and an accurate presentation of the financial position of Prince William County at the end of the year.

Condition: 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.

Effect: A prior period adjustment has been recorded for the year ended June 30, 2011, resulting in an increase to beginning fund balance and beginning governmental activities net assets in the amount of \$3.1 million.

Cause: Review procedures and controls over identifying and recording of amounts due from other governments were insufficient to ensure the accuracy and completeness of the amounts recorded.

Recommendation: We recommend that management review and strengthen current policies and control procedures over year end closing entries and financial reporting to ensure adequate reviews are performed that will result in proper cutoff of receivables and payables at year end, and compliance with generally accepted accounting principles.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding. Due to a transition in personnel, federal reimbursements due to Prince William County Schools at June 30, 2010 were erroneously recorded in July 2011 as fiscal year 2011 revenue. 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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

Section II - Financial Statement Findings

Finding 11-2

MATERIAL WEAKNESS IN INTERNAL CONTROL - CAPITAL ASSETS: LAND AND INFRASTRUCTURE

Criteria: The County is required to initiate, authorize, record, process, reconcile and report financial data in accordance with generally accepted accounting principles.

Condition and Context: 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.

Effect: Understatement of the County's opening land balance by \$46,338 and infrastructure balance by \$2,748.

Cause: Capital asset inventories of land were not performed prior to the current fiscal year, and therefore, not reconciled to the financial system. Decentralized departments were not properly reporting capital asset additions and dispositions in accordance with the policies and procedures of the County. In addition, the adoption of the revised Fire and Rescue Protection Code Chapter 9.1 provided a legal authority for the County to capitalize all assets bought with the Fire and Rescue levy funds.

Recommendation: We recommend that department heads are informed and trained in the County's capital asset policies and procedures for reporting capital asset additions and dispositions. We recommend that the Finance Department complete their review of all capital asset areas in order to establish the baseline for future reconciliations. We also recommend that the County perform a physical inventory on an annual basis and reconcile it to the financial system.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding. As part of the FY 2009 budget process, the Finance Department identified the need for additional accountant positions to strengthen internal controls and perform regular ongoing and timely reconciliations of its accounts and records, specifically capital assets. As a result, an additional full-time equivalent (FTE) capital asset accountant position was added to the Financial Reporting & Control Division in FY 2009. A capital asset accountant was hired in August 2008 and a capital asset reconciliation project plan was developed, targeted as a multi-year process. In year 1 (FY 2009), a complete physical inventory was taken by an independent appraisal company, the capital asset policy was modified and the equipment class of assets was reconciled and adjusted. In year 2 (FY 2010), the vehicle class of assets was reconciled and adjusted and intangible assets were identified and added retrospectively to the books and records. In year 3 (FY 2011), the land and land improvement classes of assets were reconciled and adjusted, as identified above. In addition, as a result of the newly adopted Fire and Rescue Protection Code Chapter 9.1, the County began to capitalize assets purchased from the County-wide Fire and Rescue levy. Finally, in year 4 (FY 2012), the building and building improvement classes of assets will be reconciled and adjusted and a solicitation for a more thorough independent appraisal and reconciliation process will be issued. It should be noted that the

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

Section II - Financial Statement Findings

Finding 11-2 (con't)

current budget does not include funding for an annual physical inventory, rather it is budgeted on a biennial basis. The Finance Department will pursue a request for additional appropriation authority through the County's annual budget process to perform a physical inventory on an annual basis. In addition, the County has drafted a new capital asset disposal policy. This policy will be presented to the County's Policy Committee and senior management staff during FY 2012. In addition, training will be developed and targeted to the various departmental staff responsible for the capital assets of their particular department/business unit.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

Section III – Findings and Questioned Costs for Federal Awards

Finding 11-3

Department: Department of Agriculture
Program Name: Child Nutrition Cluster
CFDA#: 10.553 & 10.555

Criteria: OMB Circular A-133, Subpart C. 300 (a) states that the auditee shall “Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.” In addition, Subpart C. 300 (d) states that the auditee shall “Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § ___.310.”

Condition: At June 30, 2010, federal reimbursements due to Prince William County Schools (“PWCS”) 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 resulted in the Schedule of Expenditures of Federal Awards for 2010 to be understated.

Context: The finding is isolated to the PWCS.

Questioned costs: This finding did not produce questioned costs at June 30, 2011.

Effect: A prior period adjustment has been recorded for the year ended June 30, 2011, the prior year Schedule of Expenditures of Federal Awards is being amended and the Data Collection Form is being updated for the additional \$3.1 million in federal revenues that were spent in fiscal year 2010.

Cause: Review procedures and controls over identifying and recording amounts related to federal expenditures were insufficient to ensure the accuracy and completeness of the amounts recorded.

Recommendation: We recommend that management review and strengthen current policies and control procedures over identifying and recording expenditures in the proper period to ensure expenditures are recorded and reported in the proper period, so that that the federal awards reported on the Schedule of Expenditures of Federal Awards is appropriate.

Views of responsible officials and planned corrective actions: Due to a transition in personnel, federal reimbursements due to PWCS at June 30, 2010 were erroneously recorded in July 2011 as fiscal year 2011 revenue. 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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

Section III – Findings and Questioned Costs for Federal Awards (cont'd)

Finding 11-4

Department: Department of Energy

Program name: Energy Efficiency and Conservation

CFDA#: 81.128

Criteria: Davis Bacon Act

Condition and Context: 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.

Questioned costs: This finding did not produce questioned costs at June 30, 2011.

Effect: The County's contractor underpaid employees for services rendered.

Cause: The County was unaware that the contractor and subcontractors were not paying the prescribed prevailing wages for the locality of the project and the County was unaware of the existence of different prevailing wage rates based upon the construction type.

Recommendation: We recommend that the County strengthen existing internal controls to ensure all contractors and subcontractors are using the correct prevailing wage rates based upon the locality and type of project when providing certified payrolls.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding. Upon learning of the finding the County notified the contractor and subcontractors in question to remunerate the underpaid individuals in accordance with DOL wage standards for Prince William County. Also effective immediately, the County notified the departments to review contracts for proper DOL wage standards for Prince William County.

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2011

Financial Statement Findings

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

Name of Contact Person: Steven A. Solomon, Director of Finance

Corrective Action:

- 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.

Proposed Completion Date: Immediately

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

Name of Contact Person: Steven A. Solomon, Director of Finance

Corrective Action:

- 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. It should be noted that the current budget does not include funding for an annual physical inventory, rather it is budgeted on a biennial basis. The Finance Department will pursue a request for additional appropriation authority through the County's annual budget process to perform a physical inventory on an annual basis. In addition, 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 drafted a new capital asset disposal policy and will be presented to the County's Policy Committee and senior management staff during FY 2012.

Proposed Completion Date: Immediately

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2011

Federal Award Findings

Finding 11-3:

Department: Department of Agriculture

Program Name: Child Nutrition Cluster

CFDA#: 10.553 & 10.555

Name of Contact Person: Steven A. Solomon, Director of Finance

Corrective Action:

- 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.

Proposed Completion Date: Immediately

Finding 11-4:

Department: Department of Energy

Program name: Energy Efficiency and Conservation

CFDA#: 81.128

Name of Contact Person: Steven A. Solomon, Director of Finance

Corrective Action:

- 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.

Proposed Completion Date: Immediately

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2011

Financial Statement Findings

Finding 10-1: COMPLIANCE WITH COMPREHENSIVE SERVICES ACT CHAPTER 52 TITLE 2.2 SECTION 2.2-5200 et. Seq. of the Code of Virginia

Summary of Finding: CSA expenditures were tested for the proper coding of mandated services and non-mandated services in their quarterly submission to the State. Service provided to a child was inadvertently coded to a different child. The child, for whom the expenditure was coded, was included in the non-mandated population, and the child to whom the service was provided was included in the mandated population. This error caused the Pooled Reimbursement Request form submitted to the state for the second quarter to be incorrect. The expenditure amount was \$75.00.

Corrective Action Taken: The system for processing provider invoices and matching them to applicable purchase orders is automated and is in place as recommended.

Finding 10-2: COMPLIANCE WITH SECTION 53.1-127.1 of the Code of Virginia

Summary of Finding: The commissary funds were tested for the proper management of the inmates' funds. It was found that two duplicate payments were made. In each of the two payments, the vendor issued a credit to the ADC for the correction of a duplicate payment, which was then reflected on the expenditure tested. On the deposit side there was a refund from a vendor which was the result of a duplicate payment. There were no questioned costs associated with the error in the payments since the vendor notified the ADC and issued a credit.

Corrective Action Taken: The ADC has implemented an invoice log, sorted by invoice number, to ensure that duplicate payments are not processed. The staff responsible for accounts payable and the supervisor of the section review the invoice numbers previously recorded in Quickbooks prior to check processing. Management has final approval of invoice payments and will ensure that new procedures are followed.

Finding 10-3: SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL

Summary of Finding: During our testing of Accounts Receivable, we noted a balance recorded in an internal service for \$329,198. This balance represented an intra-County accounts receivable, which did not have a payable in an offsetting fund. In addition, the invoice had been paid prior to 6/30/10, therefore the amount should not have been recorded as a receivable at year end.

Corrective Action Taken: The County will conduct an analytical review of account balances to prior year's balances and budgetary data, to identify fluctuations that may result into possible misstatements of the financial statements during the audit cycle and will be completed earlier in the future with adequate staffing.

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2011

Federal Award Findings

Finding 10-4: Department of Health and Human Services

CFDA: 93.575, 93.596, 93.713 - Child Care Cluster

Category: Allowable Costs and Eligibility

Summary of Finding: The child care files were tested to see if the County was following the policies set forth by the Virginia Department of Social Services Division of Child Care and Early Childhood Development over re-determination procedures. It was noted that in one instance a case worker failed to receive necessary information to complete the re-determination process in a timely fashion. The information received from the recipient indicated that the recipient lost their job six months prior. The case worker had not been previously notified and because the requests for the follow up interview were not complied with, the case worker did not discontinue the case file and did not stop payments to the vendor for four months.

Corrective Action Taken: Effective October 1, 2010, the child care work was reorganized in the Department to improve the accuracy and overall quality of the casework. Supervisors will periodically review cases and specific attention will be paid to timely case closures. Additional training in this area is planned and will be conducted at team meetings.

Finding 10-5: Department of Health and Human Services

CFDA: 93.575, 93.596, 93.713 - Child Care Cluster

Category: Eligibility

Summary of Finding: The child care files were tested to see if the County was following the policies set forth by the Virginia Department of Social Services Division of Child Care and Early Childhood Development over a Notice of Action being maintained in the file for corresponding action taken on the recipient. Two clients were determined to be eligible for benefits, however, it was difficult to follow because there was missing documentation in the file to support the payments and there was no Notice of Action maintained in the case file to support the clients' appropriate eligibility.

Corrective Action Taken: Effective October 1, 2010, the child care work was reorganized in the Department to improve the accuracy and overall quality of the casework. Supervisors will periodically review cases and specific attention will be paid to timely case closures. Additional training in this area is planned and will be conducted at team meetings.

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2011

Federal Award Findings (continued)

Finding 10-6: Department of Health and Human Services

CFDA: 93.575, 93.596, 93.713 - Child Care Cluster

Category: Eligibility

Summary of Finding: The child care files were tested to see if the County was following the policies set forth by the Virginia Department of Social Services Division of Child Care and Early Childhood Development where income information is required to be documented in the file. One client file did not have the proper documentation but was eligible to receive assistance because they were receiving TANF benefits and were eligible under the TANF guidelines.

Corrective Action Taken: Effective October 1, 2010, the child care work was reorganized in the Department to improve the accuracy and overall quality of the casework. Supervisors will periodically review cases and specific attention will be paid to timely case closures. Additional training in this area is planned and will be conducted at team meetings.

Finding 10-7: Department of Health and Human Services

CFDA: 93.575, 93.596, 93.713 - Child Care Cluster

Category: Eligibility

Summary of Finding: The child care files were tested to see if the County was following the policies set forth by the Virginia Department of Social Services Division of Child Care and Early Childhood Development and in one incase file it was noted that a Notice of Action was sent to the recipient late. The recipient was notified of their termination five months after the sixty (60) day prior to termination as required. The oversight was caught by the caseworker, however, benefits for the client were required to continue for three months because the Notice of Action had not been sent timely.

Corrective Action Taken: Effective October 1, 2010, the child care work was reorganized in the Department to improve the accuracy and overall quality of the casework. Supervisors will periodically review cases and specific attention will be paid to timely case closures. Additional training in this area is planned and will be conducted at team meetings.

